

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

**İş Finansal Kiralama
Anonim Şirketi and Its Subsidiary**

**Consolidated Financial Statements as at and for the
year ended 30 September 2021**

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET) AS AT 30 SEPTEMBER 2021**

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

	ASSETS	Notes	Reviewed Current Period 30 September 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH, CASH EQUIVALENTS and CENTRAL BANK	4	58.174	527.465	585.639	17.169	365.156	382.325
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5				3.186	-	3.186
			697	-	697			
III.	DERIVATIVE FINANCIAL ASSETS	6	-	3.725	3.725	-	6.098	6.098
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	7				319.297	-	319.297
			236.028	-	236.028			
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		6.626.597	-	13.185.293	5.783.681	5.788.145	11.571.826
5.1	Factoring Receivables	8	3.610.463	1.096.153	4.706.616	3.258.710	1.158.430	4.417.140
5.1.1	Discounted Factoring Receivables (Net)		1.280.174	439.282	1.719.456	1.126.688	415.468	1.542.156
5.1.2	Other Factoring Receivables		2.330.289	656.871	2.987.160	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	2.938.394	5.662.321	8.600.715	2.383.394	4.778.593	7.161.987
5.4.1	Finance Lease Receivables		3.694.975	6.206.759	9.901.734	2.995.236	5.272.830	8.268.066
5.4.2	Operational Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		(756.581)	(544.438)	(1.301.019)	(611.842)	(494.237)	(1.106.079)
5.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6	Non-Performing Loans	8,9	503.830	7.334	511.164	541.249	9.488	550.737
5.7	Expected Credit Loss (-) / Specific Provisions (-)		(426.090)	(207.112)	(633.202)	(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	20.529	-	20.529	18.126	-	18.126
VIII.	INTANGIBLE ASSETS (Net)	12	6.084	-	6.084	4.718	-	4.718
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSET	21	554	-	554	3.601	-	3.601
XI.	DEFERRED TAX ASSET	13	76.837	-	76.837	48.677	-	48.677
XII.	OTHER ASSETS	15	195.008	744.123	939.131	169.454	231.246	400.700
	SUB TOTAL		7.220.508	7.834.009	15.054.517	6.367.909	6.390.645	12.758.554
XIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14						
13.1	Held for Sale		572	-	572	2.058	-	2.058
13.2	Discontinued Operations		572	-	572	2.058	-	2.058
			-	-	-	-	-	-
	TOTAL ASSETS		7.221.080	7.834.009	15.055.089	6.369.967	6.390.645	12.760.612

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS AS AT 30 SEPTEMBER 2021

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

	LIABILITIES	Notes	Reviewed Current Period 30 September 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	FUNDS BORROWED	16	3.819.459	6.786.125	10.605.584	3.616.879	5.790.629	9.407.508
II.	FACTORING PAYABLES		-	-	-	-	-	-
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES	18	3.634	-	3.634	3.519	115	3.634
V.	SECURITIES ISSUED (Net)	19	1.741.447	-	1.741.447	1.146.096	-	1.146.096
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITY	6	-	95	95	-	5.915	5.915
VIII.	PROVISIONS	20	18.021	7.945	25.966	17.147	6.412	23.559
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		15.661	-	15.661	14.217	-	14.217
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		2.360	7.945	10.305	2.930	6.412	9.342
IX.	CURRENT PERIOD TAX LIABILITY	21	31.561	-	31.561	18.660	-	18.660
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED LOANS		-	-	-	-	-	-
	OTHER LIABILITY	17	184.213	558.979	743.192	104.419	333.123	437.542
	SUB TOTAL		5.798.335	7.353.144	13.151.479	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		-	-	-	-	-	-
			1.903.610	-	1.903.610	1.717.698	-	1.717.698
XIII.	SHAREHOLDER'S EQUITY							
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	(263)	-	(263)	(263)	-	(263)
13.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	23				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		250.910	-	250.910	179.322	-	179.322
13.6.1	Prior Periods Profit/Loss	25	-	-	-	(18.264)	-	(18.264)
13.6.2	Current Period Profit/Loss		250.910	-	250.910	197.586	-	197.586
	Non-Controlling Interests	22	114.279	-	114.279	103.839	-	103.839
	TOTAL LIABILITIES		7.701.945	7.353.144	15.055.089	6.624.418	6.136.194	12.760.612

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS
AS AT 30 SEPTEMBER 2021**

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

	OFF-BALANCE SHEET ITEMS	Notes	Reviewed Current Period 30 September 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	IRREVOCABLE FACTORING TRANSACTIONS		22.253	523.787	546.040	61.791	410.811	472.602
II.	REVOCABLE FACTORING TRANSACTIONS		401.664	96.176	497.840	225.283	119.935	345.218
III.	SAVING FINANCE AGREEMENTS TRANSACTIONS		-	-	-	-	-	-
IV.	COLLATERALS RECEIVED	38	57.294.119	91.133.008	148.427.127	46.662.956	73.920.723	120.583.679
V.	COLLATERALS GIVEN	26	1.253.663	16.836	1.270.499	945.079	31.821	976.900
VI.	COMMITMENTS		556.019	1.858.313	2.414.332	297.757	824.940	1.122.697
6.1	Irrevocable Commitments		-	509.210	509.210	-	220.765	220.765
6.2	Revocable Commitments		556.019	1.349.103	1.905.122	297.757	604.175	901.932
6.2.1	Lease Commitments		556.019	1.349.103	1.905.122	297.757	604.175	901.932
6.2.1.1	Finance Lease Commitments		556.019	1.349.103	1.905.122	297.757	604.175	901.932
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS	26	255.597	223.852	479.449	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		255.597	223.852	479.449	182.765	184.312	367.077
7.2.1	Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
7.2.2	Swap Purchases/Sales		255.597	223.852	479.449	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		1.246.657	201.054	1.447.711	781.364	137.396	918.760
	TOTAL OFF-BALANCE SHEET ITEMS		61.029.972	94.053.026	155.082.998	49.156.995	75.629.938	124.786.933

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 SEPTEMBER 2021
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

		Dipnot	Reviewed Current Period 01.01-30.09.2021	Unaudited Current Period 01.07-30.09.2021	Reviewed Prior Period 01.01-30.09.2020	Unaudited Prior Period 01.07-30.09.2020
	PROFIT OR LOSS STATEMENT					
I.	OPERATING INCOME	29	1.048.142	363.789	601.855	203.333
	FACTORING INCOME		459.431	154.352	221.633	68.169
1.1	Factoring Interest Income		446.167	149.160	214.517	65.353
1.1.1	Discounted		210.666	78.519	66.023	21.228
1.1.2	Other		235.501	70.641	148.494	44.125
1.2	Factoring Commission Income		13.264	5.192	7.116	2.816
1.2.1	Discounted		5.529	1.794	3.071	1.006
1.2.2	Other		7.735	3.398	4.045	1.810
	INCOME FROM FINANCING LOANS		-	-	-	-
1.3	Interest income from Financing Loans		-	-	-	-
1.4	Fees and Commission Income from Financing Loans		-	-	-	-
	LEASE INCOME		588.711	209.437	380.222	135.164
1.5	Finance Lease Income		587.652	209.065	379.594	134.898
1.6	Operational Lease Income		1.059	372	628	266
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	(692.976)	(254.336)	(336.917)	(109.839)
2.1	Interest Expense on Funds Borrowed		(490.554)	(166.407)	(284.394)	(90.223)
2.2	Interest Expense on Factoring Payables		-	-	-	-
2.3	Interest Expense of Finance Leasing Expenses		(558)	(162)	(388)	(148)
2.4	Interest Expense on Securities Issued		(176.812)	(81.394)	(40.784)	(14.273)
2.5	Other Interest Expenses		-	-	-	-
2.6	Fees and Commissions Paid		(25.052)	(6.373)	(11.351)	(5.195)
III.	GROSS PROFIT / LOSS (I+II)		355.166	109.453	264.938	93.494
IV.	OPERATING EXPENSES (-)	30	(78.892)	(25.530)	(67.419)	(21.607)
4.1	Personal Expenses		(50.787)	(16.592)	(44.696)	(14.129)
4.2	Employee Severance Indemnity Expense		(1.967)	(858)	(1.499)	(529)
4.3	Research and Development Expenses		-	-	-	-
4.4	General Administration Expenses		(25.428)	(8.080)	(21.224)	(6.949)
4.5	Other		(710)	-	-	-
V.	GROSS OPERATING PROFIT / LOSS (III+IV)		276.274	83.923	197.519	71.887
VI.	OTHER OPERATING INCOME	31	204.875	38.425	219.522	81.688
6.1	Interest Income on Bank Deposits		3.061	1.226	777	509
6.2	Interest Income on Marketable Securities Portfolio		-	-	-	-
6.3	Dividend Income		17.274	-	6.812	-
6.4	Gains on Securities Trading		108	78	38	17
6.5	Income From Derivative Financial Instruments		15.361	3.720	32.247	1.680
6.6	Foreign Exchange Gains		57.276	10.115	127.451	64.194
6.7	Other		111.795	23.286	52.197	15.288
VII.	PROVISION EXPENSES (-)	33	(105.840)	6.653	(149.633)	(23.662)
7.1	Specific Provisions		-	-	-	-
7.2	Expected Credit Losses		(105.840)	6.653	(149.633)	(23.662)
7.3	General Provisions		-	-	-	-
7.4	Other		-	-	-	-
VIII.	OTHER OPERATING EXPENSES (-)	34	(27.745)	3.350	(78.591)	(25.320)
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		(21.767)	5.715	(72.008)	(29.410)
8.5	Foreign Exchange Losses		(5)	-	-	5.762
8.6	Other		(5.973)	(2.365)	(6.583)	(1.672)
IX.	NET OPERATING PROFIT (V+...+VIII)		347.564	132.351	188.817	104.593
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)		347.564	132.351	188.817	104.593
XIV.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	35	(75.825)	(32.251)	(46.223)	(19.513)
14.1	Current Tax Provision		(103.985)	(22.751)	(60.333)	(23.508)
14.2	Deferred Tax Income Effect (+)		-	-	-	-
14.3	Deferred Tax Expense Effect (-)		28.160	(9.500)	14.110	3.995
XV.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII+XIV)		271.739	100.100	142.594	85.080
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		(20.829)	(6.261)	(5.726)	(2.000)
XXI.	NET PROFIT FOR THE PERIOD (XV+XX)		250.910	93.839	136.868	83.080
	EARNINGS PER SHARE (**)	36	0,0036	0,0013	0,0020	0,0012
	Earnings Per Share from Continued Operations		0,0036	0,0013	0,0020	0,0012
	Earnings Per Share from Discontinued Operations		-	-	-	-
	DILUTED EARNINGS PER SHARE	36	0,0036	0,0013	0,0020	0,0012
	Earnings Per Share from Continued Operations		0,0036	0,0013	0,0020	0,0012
	Earnings Per Share from Discontinued Operations		-	-	-	-

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	Reviewed Current Period	Unaudited Current Period	Reviewed Prior Period	Unaudited Prior Period
PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	01.01-30.09.2021	01.04-30.09.2021	01.01-30.09.2020	01.04-30.09.2020
I. CURRENT PERIOD PROFIT/LOSS	271.739	100.100	142.594	85.080
II. OTHER COMPREHENSIVE INCOME	(83.949)	(16.494)	84.725	53.209
2.1 Items that will not be Reclassified to Profit or Loss	-	-	-	-
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	-	-	-	-
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	-	-	-	-
2.2 Items that may be Reclassified subsequently to Profit or Loss	(83.949)	(16.494)	84.725	53.209
2.2.1 Foreign Exchange Differences for Foreign Currency Transactions	-	-	-	-
2.2.2 Value Increases or Decreases on Assets Held for Sales	(83.949)	(16.494)	84.725	53.209
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	187.790	83.606	227.319	138.289

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

	Dipnot	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss			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
						1	2	3	4	5	6					
CHANGES IN EQUITY																
Prior Period (01.01 – 30.09.2020) (Audited)																
I. Balance at the Beginning of the Period		695.303	-	-	1.938	-	(588)	-	-	55.960	-	396.081	(24.537)	84.292	65.484	1.273.933
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)	-	-	55.960	-	396.081	(24.537)	84.292	65.484	1.273.933
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	75.006	-	-	-	136.868	15.445	227.319
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		-	-	-	-	-	-	-	-	-	78.019	6.273	(84.292)	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	78.019	6.273	(84.292)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+XI)		695.303	-	-	1.938	-	(588)	-	-	130.966	-	474.100	(18.264)	136.868	80.929	1.501.252
Current Period (01.01 – 30.09.2021) (Audited)																
I. Balance at the Beginning of the Period		695.303	-	-	1.938	-	(263)	-	-	263.459	-	474.100	(18.264)	197.586	103.839	1.717.698
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)	-	-	263.459	-	474.100	(18.264)	197.586	103.839	1.717.698
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	(73.969)	-	-	-	250.910	10.849	187.790
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)	-	-	-	-	-	(1.294)	-	-	(409)	(1.878)	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	179.322	18.264	(197.586)	-	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	179.322	18.264	(197.586)	-	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+XI+XII)		695.303	-	-	1.763	-	(263)	-	-	189.490	-	652.128	-	250.910	114.279	1.903.610

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)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

		Reviewed Current Period	Reviewed Prior Period
	Notes	01.01-30.09.2021	01.01-30.09.2020
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		640.804	332.265
1.1.1 Interests Received/Lease Income		1.039.011	587.745
1.1.2 Interest Paid / Lease Expenses		(623.222)	(353.554)
1.1.3 Rental Expenses		16.716	6.812
1.1.4 Dividends Received		13.264	7.116
1.1.5 Fees and Commissions Received		79.776	18.842
1.1.6 Other Income	31	32.019	33.355
1.1.7 Collections from Non-performing Receivables		(43.628)	(39.989)
1.1.8 Payments to Personnel and Service Suppliers	21	(97.317)	(56.541)
1.1.9 Taxes Paid		224.185	128.479
1.1.10 Others			
		(991.712)	(786.892)
1.2 Changes in Operating Assets and Liabilities			
1.2.1 Net (Increase) Decrease in Factoring Receivables		(312.839)	(946.071)
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		(676.907)	(369.891)
1.2.4 Net (Increase) Decrease in Savings Financing Receivables		-	-
1.2.5 Net (Increase) Decrease in Other Assets		(539.508)	(161.414)
1.2.6 Net Increase (Decrease) in Factoring Payables		-	-
1.2.7 Net Increase (Decrease) in Lease Payables		-	3.248
1.2.8 Net Increase (Decrease) in Funds Borrowed		264.251	348.337
1.2.9 Net Increase (Decrease) in Due Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities		273.291	338.899
I. Net Cash Provided from / (Used in) Operating Activities		(350.908)	(454.627)
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	-
2.3 Purchases of Tangible and Intangible Assets	11,12	(10.672)	(12.427)
2.4 Proceeds From Sale of Tangible and Intangible Assets	11,12	214	518
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		871	-
II. Net cash used in investing activities		(2.544)	(11.909)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash obtained from funds borrowed and securities issued			
3.2 Cash used for repayment of funds borrowed and securities issued		3.993.725	1.100.687
3.3 Equity instruments issued		(3.436.829)	(662.376)
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
III. Net Cash Used in Financing Activities		556.896	438.311
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(131)	(1.241)
V. Net Increase / (Decrease) in Cash and Cash Equivalents		203.313	(29.466)
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	585.638	392.261

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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 and Financing 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 and Financing 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 and Financing 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 29,46% 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 30 September 2021, the Company and its subsidiary (“the Group”) have 243 employees (31 December 2020: 250 employees).

Dividend Payable

As at 30 September 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 30 September 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 and Financing Companies” and “Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 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)

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 30.09.2021, 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:

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 30 September 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 30 September 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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)

Basis of Consolidation (Continued)

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.

2.2 Changes in Accounting Policies

Accounting policies taken as the basis in preparing the financial statements of the accounting periods ended on September 30, 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 September 30 2021, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021 The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 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) 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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2021

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

2.4 Changes in Standards and Interpretations (Continued)

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.

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 Company / 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 Company / the Group is in the process of assessing the impact of the standard on financial position or performance of the Company / the Group.]

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2021

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

2.4 Changes in Standards and Interpretations (Continued)

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.

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2021

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

2.4 Changes in Standards and Interpretations (Continued)

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.

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.

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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.

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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 and Financing 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.

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

<u>Definition</u>	<u>Years</u>
Furniture and fixtures	5 years
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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 “TFRS 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 TFRS 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Financial Assets (Continued)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 30 September 2021 and 31 December 2020 are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
USD	8,8433	7,3405
EUR	10,3135	9.0079
GBP	11,9292	9,9438
CHF	9,4945	8,2841
100 JPY	7,9227	7,0930
AUD	6,3910	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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Discount rate	4,07%	4,07%
Expected rate of salary/limit increase	8,00%	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.

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)..

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4. CASH AND CASH EQUIVALENTS

As at 30 September 2021 and 31 December 2020, the details of the banks are as follows:

	<u>30 September 2021</u>		<u>31 December 2020</u>	
	TL	FC	TL	FC
Demand Deposits	57.174	34.636	17.169	20.943
Time Deposits	1.000	492.828	-	344.213
Interest accrual	-	1	-	-
	58.174	527.465	17.169	365.156

The details of the time deposits as at 30 September 2021 are as follows:

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>30 September 2021</u>
TL	% 16,00	1.10.2021	1.000
USD	% 0,05 - % 1,10	1.10.2021	140.426
Euro	% 0,01 - % 0,30	01.10.2021-18.10.2021	352.403
			493.829

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

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>31 December 2020</u>
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 30 September 2021, TL 506.816 portion of total foreign currency deposits (31 December 2020: TL 347.353) and TL 9.756 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:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Demand deposits	91.810	38.112
Time deposits (1-3 months) (excluding accrual)	493.828	344.213
Cash and cash equivalents	585.638	382.325

As at 30 September 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 30 September 2021 and 31 December 2020, details of financial assets at fair value through profit or loss and expected loss provision are as follows:

	30 September 2021	
	TL	FC
Debt securities issued by private sector(*)	400	-
Specific provisions/ Expected Credit Loss(-)	(400)	-
Mutual funds	697	-
	697	-

	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 investments in Türkiye İş Bankası A.Ş. mutual funds amounting to TL 697 (31 December 2020: TL 3.186).

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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

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Swap Transactions	-	3.725	-	6.098
	-	3.725	-	6.098

Derivative Financial Liabilities

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Swap Transactions	-	95	-	5.915
	-	95	-	5.915

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 30 September 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	
				30 September 2021	31 December 2020	30 September 2021	31 December 2020
<u>Quoted Investments:</u>							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	228.570	304.786
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,00	0,00	0,89	0,00	10.472
<u>Unquoted investments:</u>							
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	29	39
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İletişim Hiz. A.Ş. (İş Net)	Inf. Comm. and Techn. Services	İstanbul	0,00	0,00	0,00	-	-
Efes Varlık Yönetimi A.Ş.	Asset Management	İstanbul	5,72	10,00	5,72	7.429	4.000
TOTAL						236.028	319.297

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8. FACTORING RECEIVABLES

As at 30 September 2021 and 31 December 2020 details of factoring receivables are as follows:

	30 September 2021	31 December 2020
Factoring receivables	4.765.851	4.464.208
Factoring interest income accrual (-)	(59.235)	(47.068)
Total factoring receivables	4.706.616	4.417.140
Stage 1 (Expected Credit Loss)	(30.486)	(31.688)
Stage 2 (Expected Credit Loss)	(1.779)	(2.393)
Total factoring receivables	4.674.351	4.383.059
Non-performing factoring receivables	228.032	227.049
Specific provisions- Stage 3	(201.174)	(190.251)
Factoring receivables, net	4.701.209	4.419.857

As at 30 September 2021, the rating of factoring receivables are as follows:

Ratings 30 September 2021	Stage 1	Stage 2	Stage 3	Total
Total portfolio	4.661.643	44.973	228.032	4.934.648
Very good	2.306.751	-	-	2.306.751
Standard	2.354.892	-	-	2.354.892
Substandard	-	44.973	228.032	273.005
Expected credit losses	(30.486)	(1.779)	(201.174)	(233.439)
Factoring receivables,	4.631.157	43.194	26.858	4.701.209

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

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8. FACTORING RECEIVABLES (Continued)

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

	1 January- 30 September 2021	1 January- 30 September 2020
Provision at the beginning of the period	(224.332)	(208.548)
Additions	(25.231)	(41.633)
Collections	17.535	14.314
Write-off (*)	(1.411)	-
Provision at the end of the period	(233.439)	(235.867)

As at 30 September 2021, the average interest rates applicable for the factoring receivables are 20,79% for TL, for 4,07% USD, 3,50% for EUR and 3,46% for GBP (31 December 2020: 20,70% for TL, for 6,13% USD, 4,07% for EUR and 2,98% for GBP).

As of 30 September 2021 TL 447.366 thousand, EUR 203.335 thousand, USD 54.916 thousand Bin and GBP 57.599 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 3.165.865 thousand, EUR 265.418 thousand, USD 503.148 thousand and GBP 3.562 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 September 2021	31 December 2020
Domestic irrevocable	2.493.854	2.479.710
Foreign irrevocable	249.094	268.312
Domestic revocable	1.687.647	1.377.729
Foreign revocable	270.614	294.106
	4.701.209	4.419.857

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

	30 September 2021	31 December 2020
Up to 90 days	1.724	854
Between 90 – 180 days	813	2.537
Between 180 – 360 days	1.975	7.066
Over 360 days	223.520	216.592
	228.032	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 30 September 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		
Extended for 1 or 2 Times	-	1.289
Extended for 3,4 or 5 Times	-	13.494
Extended for More than 5 Times	-	-

	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan		
0-6 Months	-	1.289
6 Months – 12 Months	-	-
1 – 2 Years	-	-
2 –5 Years	-	13.494
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	-	-
Extended for 1 or 2 Times	-	152
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	14.784

	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	-	-

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9. LEASE RECEIVABLES

A. Financial Lease Receivables

As at 30 September 2021, details of finance lease receivables are as follows:

	Short Term	Long Term	Total			
Financial Lease Receivables	4.292.065	5.609.669	9.901.734			
Unearned interest income (-)	(694.747)	(606.272)	(1.301.019)			
Subtotal	3.597.318	5.003.397	8.600.715			
Expected Credit Loss– Stage 1	(4.863)	(22.564)	(27.427)			
Expected Credit Loss – Stage 2	(33.234)	(166.006)	(199.240)			
Total Financial Lease Receivables	3.559.221	4.814.827	8.374.048			
Non- Performing Lease Receivables	276.547	6.585	283.132			
Specific provision– Stage 3	(169.071)	(4.025)	(173.096)			
Net finance lease receivables	3.666.697	4.817.387	8.484.084			
	Carried value		Expected credit loss and specific provision			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial Assets	585.639	-	-	(744)	-	-
Financial Lease	7.794.036	806.678	283.133	(27.427)	(199.240)	(173.096)

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)

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 30 September 2021, the rating of finance lease receivables are as follows:

Ratings	Stage 1	Stage 2	Stage 3	Total
Internal ratings				
A+ (Excellent)	23.701	-	-	23.701
A (Very good))	7.365	11.115	1	18.481
A- (Good)	432.860	305	6	433.171
B+ (Enough)	1.433.008	214.282	148.640	1.795.930
B (Reasonable)	1.862.366	45.746	6.797	1.914.909
B- (Close Monitoring)	1.722.276	161.029	76.108	1.959.413
C+ (Insufficient)	920.328	49.795	7.704	977.827
C (Suspicious)	623.612	314.381	17.055	955.048
Scoring				
Y (High)	186.199	3.961	5.700	195.860
O (medium)	482.400	4.783	13.805	500.988
D (Low)	99.921	1.281	7.317	108.519
Expected Loss Provisions	(27.426)	(199.240)	(173.097)	(399.763)
Leasing receivables	7.766.610	607.438	110.036	8.484.084

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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9. LEASE RECEIVABLES(Continued)

A. Financial Lease Receivables(Continued)

As at 30 September 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	502.550	502.550
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	502.550	502.550
1 – 2 Years	-	-
2 –5 Years	-	-
5 Years and More	-	-

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	-	-

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables (Continued)

As at 30 September 2021, analysis of finance lease receivables according to their maturities is as follows:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026 and after</u>	<u>Toplam</u>
Finance lease receivables (gross)	1.198.696	3.798.927	2.505.569	1.482.380	605.180	194.351	9.785.103
Unearned interest	<u>(212.408)</u>	<u>(599.898)</u>	<u>(317.810)</u>	<u>(117.420)</u>	<u>(31.008)</u>	<u>(22.475)</u>	<u>1.301.019</u>
Finance lease receivables (net)	<u>986.288</u>	<u>3.199.029</u>	<u>2.187.759</u>	<u>1.364.960</u>	<u>574.172</u>	<u>171.876</u>	<u>8.484.084</u>

As at 31 December 2020, analysis of finance lease receivables according to their maturities is as follows:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026 and after</u>	<u>Toplam</u>
Finance lease receivables (gross)	3.437.568	2.255.037	1.449.577	737.954	271.933	105.979	8.258.048
Unearned interest	<u>(558.192)</u>	<u>(302.353)</u>	<u>(162.362)</u>	<u>(53.825)</u>	<u>(14.647)</u>	<u>(14.700)</u>	<u>(1.106.079)</u>
Finance lease receivables (net)	<u>2.879.376</u>	<u>1.952.684</u>	<u>1.287.215</u>	<u>684.129</u>	<u>257.286</u>	<u>91.279</u>	<u>7.151.969</u>

As at 30 September 2021, the average compound interest rates applicable for the finance lease receivables are 19,66% for TL, 6,86% for USD, 4,77% for EUR (31 December 2020: 16,94 % for TL, 7,11% for USD, 4,88% for EUR and 3,92% for CHF).

As at 30 September 2021, details of finance lease receivables in terms of currency types are as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principal (Net) (TL)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest (TL)</u>
USD	104.448.779	923.672	14.750.993	130.448
EUR	440.882.983	4.547.047	40.140.633	413.990
CHF	-	-	10	-
TL		3.013.365		756.581
Total		<u>8.484.084</u>		<u>1.301.019</u>

As at 31 December 2020, details of finance lease receivables in terms of currency types are as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principal (*) (Net) (TL)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest (TL)</u>
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		<u>7.151.969</u>		<u>1.106.079</u>

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables_(Continued)

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):

<u>Collateral type:</u>	<u>30 September 2021</u>	<u>31 December 2020</u>
Mortgages	411.719	370.340
Sureties of credit guarantee fund	106.162	115.521
Pledged equity	58.170	94.628
Pledged shares	18.120	26.149
Pledged movable	6.723	6.102
Letters of guarantee	13.987	7.925
Cash blockages	657	1.584
Account pledge	87	-
	615.625	622.249

In addition to collaterals above, the Group also has sureties amounting to TL 7.532.092 pledged vehicles amounting to TL 101.320, pledged accounts receivable to TL 267.934 (31 December 2020: sureties amounting to TL 6.187.761, pledged vehicles amounting to TL 31.460, pledged accounts receivable to TL 240.356).

As at 30 September 2021 and 31 December 2020 details of overdue finance lease receivables are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Up to 30 days	76.417	70.963
Between 30 – 60 days	10.190	8.880
Between 60 – 90 days	8.677	5.749
Between 90 – 180 days(*)	41.868	15.047
Total overdue	137.152	100.639

(*) Based on the decision taken by the BRSA within the scope of the COVID-19 outbreak, the 90-day delay period foreseen for classifying financial assets as non-performing loans, effective from 17.03.2020, has been implemented as 180 days until 30.09.2021. The Group allocates provisions in accordance with its risk policies.

Details of the collaterals obtained by Group for overdue lease receivables mentioned above are as follows:

<u>Collateral type</u>	<u>30 September 2021</u>	<u>31 December 2020</u>
Mortgages	61.891	107.251
Pledged equity	19.280	19.321
Sureties of credit guarantee fund	1.727	6.783
Pledged movable	1.041	-
Letters of guarantee	416	908
Commercial Enterprise Pledge	-	16.149
	84.355	150.412

In addition to above guarantees, the Group also has sureties amounting to TL 542.704, pledged vehicles amounting to TL 3.416, (31 December 2020: sureties amounting to TL 632.754 , pledged vehicles amounting to TL 6.949).

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables (Continued)

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 30 September 2021 and 31 December 2020, the aging of non-performing finance lease receivables is as follows:

	30 September 2021	31 December 2020
Between 90 – 240 days	6.054	5.136
Between 240 – 360 days	181	8.294
Over 360 days	109.764	122.038
Uninvoiced non-performing finance lease receivables	174.803	191.064
Unearned interest of non-performing finance lease receivables	(7.670)	(2.884)
	283.132	323.688

Collaterals obtained for non-performing finance lease receivables as at 30 September 2021 and 31 December 2020 are as follows:

Guarantee type:	30 September 2021	31 December 2020
Mortgages	3.594	5.832
Guarantor	2	-
Letter of Guarantee	-	2
	3.596	5.834

In addition to the above collaterals, the Group also has sureties amounting to TL 173.083, pledged vehicles amounting to TL 4.184 and leased equipments amounting to TL 102.269 (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:

<u>Movement of expected credit losses:</u>	1 January- 30 September 2021	1 January- 30 September 2020
Provision at the beginning of the period	(333.706)	(253.255)
Provision set during the period	(80.541)	(108.000)
	-	41.651
Collections	14.484	19.041
Provision at the end of the period	(399.763)	(300.563)

B. Operating Lease Receivables

	30 September 2021	31 December 2020
Operating Lease Receivables	-	-
	-	-

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9. LEASE RECEIVABLES (Continued)

B. Operating Lease Receivables (Continued)

As at 30 September 2021 and 31 December 2020 analysis of time lease receivables occurred from operating lease receivables according to their maturities is as follows :

	<u>30 September 2021</u>	<u>31 December 2020</u>
2021 Year	401	1.215
2022 Year	1.487	744
2023 Year	1.371	650
2024 Year	498	-
	<u>3.757</u>	<u>2.609</u>

10. RELATED PARTIES

As at 30 September 2021 and 31 December 2020, details of related party receivables and payables are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
<u>Finance lease receivables from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	7.147	5.617
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	1.596	2.635
Toksöz Spor Malzemeleri Ticaret A.Ş.	13	188
KKB Kredi Kayıt Bürosu A.Ş.	-	100
Total	<u>8.756</u>	<u>8.540</u>
<u>Factoring receivables from related parties</u>		
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	11.239	4.068
Nevotek Bilişim Ses Ve İletişim Sist.San. Ve Tic. A.Ş.	3.074	1.461
Toksöz Spor Malzemeleri Ticaret A.Ş.	-	-
Total	<u>14.313</u>	<u>5.529</u>
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Sigorta Primi)	37.455	23.790
Softtech Yazılım Teknolojileri	126	227
İş Faktoring A.Ş	2	4
Total	<u>37.733</u>	<u>24.354</u>

10. RELATED PARTIES (Continued)

Deposits placed to related parties

Türkiye İş Bankası A.Ş. Vadeli Mevduat	329.211	332.070
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Türkiye İş Bankası A.Ş. Vadesiz Mevduat	46.703	21.058
İşbank AG Vadesiz Mevduat	250	85
Total	376.273	353.356

Derivative financial assets held for trading from related parties

	30 September 2021	31 December 2020
Türkiye İş Bankası A.Ş.	-	-
Türkiye Sınai Kalkınma Bankası A.Ş.	-	-
Total	-	-

Derivative financial liabilities held for trading from related parties

Türkiye İş Bankası A.Ş.	-	-
Total	-	-

Finance lease liability to related parties

Türkiye İş Bankası A.Ş.	202	137
İş Gayrimenkul Yatırım Ort.A.Ş	6	5
Total	208	142

As at 30 September 2021 and 31 December 2020, details of borrowings from related parties are as follows:

Borrowings from related parties

Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	30 September 2021
TL	18,50%-22,42%	01.10.2021-07.07.2022	1.646.770
EUR	2,00%-3,25%	01.10.2021-15.12.2021	591.180
Avro	1,50%-4,50%	01.10.2021-27.12.2021	1.073.359
			3.311.309

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	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

10. RELATED PARTIES (Continued)

Türkiye Sınai Kalkınma Bankası A.Ş.

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<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>30 September 2021</u>
ABD Doları	2,68%-3,26%	29.06.2026-04.08.2023	247.457
EUR	1,99%-3,79%	17.12.2021-01.06.2026	474.188
			721.645

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2020</u>
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

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>30 September 2021</u>
TL	1,00%-2,77%	04.10.2021-26.08.2024	156.103
			156.103

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2020</u>
TL	1,15% - 2,77%	26.02.2021-17.11.2023	159.843
			159.843

10. RELATED PARTIES (Continued)

For the periods ended 30 September 2021 and 30 September 2020, finance income and expenses from related parties are as follows:

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	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021	01.01.2020- 30.09.2020	01.07.2020- 30.09.2020
<u>Finance lease interest income from related parties</u>				
Radore Veri Merkezi Hizm.A.Ş	1.080	435	646	255
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	272	78	476	139
Toksöz Spor Malzemeleri Ticaret A.Ş.	17	2	98	26
KKB Kredi Kayıt Bürosu A.Ş.	1	-	116	23
Total	1.370	515	1.336	443
<u>Operating Lease Income from related parties</u>				
Türkiye Sınai Kalkınma Bankası A.Ş.	919	325	554	262
TSKB Gayrimenkul Değerleme A.Ş.	141	48	71	3
TSKB Sürdürülebilirlik Danışmanlığı A.Ş.	-	-	3	1
Total	1.059	686	628	266
<u>Interest income from related parties</u>				
Türkiye İş Bankası A.Ş.	110	86	100	21
Total	110	86	100	21
<u>Dividend income from related parties</u>				
İş Yatırım Menkul Değerler A.Ş.	17.270	-	6.810	-
Yatırım Finansman Menkul Değerler A.Ş.	-	-	2	-
Total	17.270	-	6.812	-
<u>Finance expense</u>				
Türkiye İş Bankası A.Ş.	124.540	33.360	77.386	32.153
Türkiye Sınai Kalkınma Bankası A.Ş.	16.842	5.875	16.273	6.854
İş Yatırım Menkul Değerler A.Ş.	5.225	2.132	1.660	680
İşbank AG	2.329	846	237	201
Total	148.936	42.213	95.556	39.888
<u>Rent expense</u>				
Türkiye İş Bankası A.Ş.	2.543	845	2.265	752
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	35	12	31	10
Total	2.578	857	2.296	762

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10. RELATED PARTIES (Continued)

	<u>01.01.2021-</u> <u>30.09.2021</u>	<u>01.07.2021-</u> <u>30.09.2021</u>	<u>01.01.2020-</u> <u>30.09.2020</u>	<u>01.07.2020-</u> <u>30.09.2020</u>
<u>Factoring commission income from related parties</u>				
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	53	27	85	29
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	22	9	11	2
Toksöz Spor Malzemeleri	-	-	9	-
Toplam	75	36	105	31
<u>Factoring interest income from related parties</u>				
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	231	114	632	254
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	149	58	106	7
Toksöz Spor Malzemeleri	-	-	216	46
Anadolu Cam Sanayii A.Ş	-	-	80	-
Toplam	380	172	1.034	307
<u>Commission income</u>				
Anadolu Anonim Türk Sigorta Şirketi	7.546	2.526	2.188	535
<u>Mutual funds income</u>				
Türkiye İş Bankası A.Ş.	329	153	136	35
Toplam	329	153	136	35

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10. RELATED PARTIES (Continued)

As at 30 September 2021 and 31 December 2020, nominal values of derivative transactions with Türkiye Sınai Kalkınma Bankası A.Ş. are as follows:

	30 September 2021		31 December 2020	
	Purchase	Sale	Purchase	Sale
Swap Transactions	-	-	7.912	7.341
Total	-	-	7.912	7.341

As at 30 September 2021 and 31 December 2020, nominal values of derivative transactions with Türkiye İş Bankası A.Ş. are as follows:

	30 September 2021		31 December 2020	
	Purchase	Sale	Purchase	Sale
Swap Transactions	28.139	26.530	-	-
Total	28.139	26.530	-	-

As at 30 September 2021 and 31 December 2020, the amount of the Group’s issued debt securities in related parties’ securities portfolio are as follows:

	30 September 2021	31 December 2020
Anadolu Hayat Emeklilik A.Ş.	156.683	105.100
Millî Reasürans T.A.Ş.	131.256	59.269
Anadolu Anonim Türk Sigorta Şirketi	7.451	14.852
İş Yatırım Ortaklığı A.Ş.	315	-
Türkiye İş Bankası A.Ş.	-	5.687
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	-	-
İş Yatırım Menkul Değerler A.Ş.	-	26
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	260
	295.705	185.194

Total salaries and similar benefits paid to the (key management) (*)

For the periods ended 30 September 2021 and 30 September 2020, total salary and benefits paid to the key management during year comprised the following:

	01.01.2021- 30.09.2021	01.07.2021- 30.09.2021	01.01.2020- 30.09.2020	01.07.2020- 30.09.2020
Salaries and other short-term benefits (**)	9.507	2.838	8.093	2.408
	9.507	2.838	8.093	2.408

(*) 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 30 September 2021 and 30 September 2020, movements in tangible assets are as follows

	Döşeme ve Demirbaşla r	Özel Maliyetle r	Faaliyet Kiralamasına Konu Varlıklar	Araçla r	Diğer Maddi Varlıklar	Kullanım Hakkı	Gayri- menkulle r	Toplam
Cost								
Opening balance at 1 January 2021	9.500	4.407	3.180	1.282	1.456	7.521	8.750	36.096
Additions	2.097	1.015	1.702	-	-	2.927	-	7.741
Transfer	-	-	-	(1.099)	-	1.099	-	-
Disposals	(604)	-	(993)	-	-	(302)	-	(1.899)
Closing balance at 30 September 2021	10.993	5.422	3.889	183	1.456	11.245	8.750	41.938
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	(921)	(188)	(875)	(7)	-	(3.002)	(131)	(5.124)
Transfer	-	-	-	371	-	(371)	-	-
Disposals	390	-	993	-	-	302	-	1.685
Closing balance at 30 September 2021	(6.276)	(4.189)	(987)	(51)	(1.456)	(7.939)	(511)	(21.409)
Carrying amounts at 30 September 2021	4.717	1.233	2.902	132	-	3.306	8.239	20.529
Carrying amounts at 30 September 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	2.585	20	1.938	872	-	4.877	-	10.292
Disposals	(696)	-	(411)	-	-	(1.045)	-	(2.152)
Closing balance at 30 September 2020	8.749	4.289	3.038	1.282	1.456	7.126	8.750	34.690
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	(629)	(110)	(492)	(258)	-	(2.429)	(131)	(4.049)
Disposals	188	-	411	-	-	1.035	-	1.634
Closing balance at 30 September 2020	(5.481)	(3.965)	(885)	(310)	(1.456)	(4.115)	(336)	(16.548)
Carrying amounts at 30 September 2020	3.268	324	2.153	972	-	3.011	8.414	18.142
Carrying amounts at 30 September 2020	1.820	414	707	358	-	573	8.545	12.417

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12. INTANGIBLE ASSETS

For the periods ended 30 September 2021 and 31 December 2020, movements in intangible assets except goodwill are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
<u>Cost</u>		
Opening balance at 1 January	12.302	9.901
Additions	2.931	2.401
Disposals	-	-
Closing balance at the end of the period	<u>15.233</u>	<u>12.302</u>
<u>Amortization</u>		
Opening balance at 1 January	(7.750)	(6.102)
Amortization for the period	(1.565)	(1.648)
Disposals	-	-
Closing balance at the end of the period	<u>(9.315)</u>	<u>(7.750)</u>
Carrying amounts(*)	<u>5.918</u>	<u>4.552</u>

(*) 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 30 September 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 30 September 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	30 September 2021	31 December 2020
Expected Credit Losses for Doubtful Receivables	354.257	264.076
Unearned factoring income	57.558	47.068
Provision for lawsuit	9.785	8.816
Reserve for employee benefits	7.269	6.633
Financial assets valuation difference	5.810	(183)
Prepaid expenses	4.926	1.039
Expected credit losses of financial assets	1.060	182
Tax base differences in tangible and intangible assets	(4.840)	(3.860)
Finance lease adjustment	(20.311)	(7.254)
Finance lease income accruals	(84.829)	(81.057)
	307.601	243.388

Deferred tax assets / (liabilities)	30 September 2021	31 December 2020
Expected Credit Loss for Doubtful Receivables	83.648	52.815
Unearned factoring income	14.809	9.414
Provision for lawsuit	1.975	1.763
Reserve for employee benefits	1.850	1.327
Valuation differences on financial instruments	(908)	(37)
Expense accruals	354	208
Employee bonus accrual	1.160	1.107
Unused vacation provision	806	410
Prepaid expenses	379	68
Provision for expected loss	222	36
Tax base differences in tangible and intangible assets	(1.173)	(772)
Finance lease adjustment	(5.078)	(1.451)
Finance lease income accruals	(21.207)	(16.211)
Deferred tax asset	76.837	48.677

The tax rate used in the calculation of deferred tax assets and liabilities is 25% for the taxable income to be realized between 2020 and 2021 and 20% for the following years (31 December 2020: Calculation of deferred tax assets and liabilities is 22% for the taxable income to be realized between 2020 and 2021 and 20% for the following years).

Movements in deferred tax assets are as follows:

	30 September 2021	30 September 2020
Opening balance at 1 January	48.677	33.071
Deferred tax income / (expense)	28.160	14.110
Closing balance at at 31 December	76.837	47.181

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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As at 30 September 2021 and 31 December 2020, details of assets held for sale and discontinued operations are as follows:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Assets held for sale (*)	572	-	2.058	-
	572	-	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 30 September 2021 and 31 December 2020, details of other assets are as follows:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Leasing Contracts in Progress	99.705	261.580	108.493	36.605
Advances Given for Lease Transactions	53.778	473.940	22.715	187.996
Other Finance Lease Receivables	13.201	7.771	14.477	5.957
Commissions expense on debt securities issued and funds borrowed	14.933	-	11.029	-
Amounts to be invoiced	2.122	42	2.545	37
Advanced given	175	-	40	-
Deposits given	30	-	30	-
Others	11.064	790	10.125	651
	195.008	744.123	169.454	231.246

16. FUNDS BORROWED

As at 30 September 2021 and 31 December 2020, details of funds borrowed are as follows:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Short-term borrowings	3.813.285	4.019.059	3.594.768	3.699.037
Short-term portion of long-term borrowings	4.116	352.610	14.740	302.445
Total short-term borrowings	3.817.401	4.371.669	3.609.508	4.001.482
Long-term borrowings	2.058	2.414.456	7.371	1.789.147
Total long-term borrowings	2.058	2.414.456	7.371	1.789.147
Total borrowings	3.819.459	6.786.125	3.616.879	5.790.629

As at 30 September 2021 and 31 December 2020, borrowings has no collateral.

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16. FUNDS BORROWED (Continued)

As at 30 September 2021 and 31 December 2020, details of short term borrowings based on types of currency are as follows:

<u>Currency (*)</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>30 September 2021</u>
TL	18,00%-22,42%	3.734.915.000	3.734.915
USD	0,70%-4,75%	122.447.110	1.082.837
Euro	0,50%-4,50%	278.688.527	2.874.254
GBP	1,22%-4,50%	4.731.271	56.440
Interest accruals			83.898
TOTAL			7.832.344

<u>Currency (*)</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 December 2020</u>
TL	7,14%-26,53%	3.537.420.000	3.537.420
USD	0,75%-4,13%	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 30 September 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:

<u>Currency</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>30 September 2021</u>
TL	17,11%	6.173.568	6.174
USD	1,65% - 3,26%	62.001.476	548.298
Euro	0,80% - 4,24%	215.132.414	2.218.768
TOTAL			2.773.240

<u>Currency</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 December 2020</u>
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 30 September 2021 and 31 December 2020, compounded interest rates have been presented.

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16. FUNDS BORROWED (Continued)

As 30 September 2021 and 31 December 2020, details of borrowings based on types of interest rate are as follows:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Fixed rate	3.691.886	4.678.203	3.494.113	4.040.343
Variable rate	127.573	2.107.922	122.766	1.750.286
	3.819.459	6.786.125	3.616.879	5.790.629

Fair values of the funds borrowed are presented in Note 38.

As at 30 September 2021 the Group has available credit limit of TL 11.902.905 which has fulfilled all necessary conditions but has not been used. (31 December 2020: TL 14.939.105).

17. OTHER LIABILITIES

As at 30 September 2021 and 31 December 2020, details of miscellaneous payables are as follows:

	30 September 2021		31 December 2020	
	TL	FC	TL	FC
Payables to suppliers for lease transactions	50.204	403.212	10.137	252.110
Advances received (**)	107.348	127.905	67.340	61.097
Banking and Insurance Transaction Tax	4.851	-	4.723	-
Social Security Premium Liability	1.069	-	916	-
Income Tax Liability	907	-	827	-
Deferred Income	274	-	434	-
Other Tax and Liabilities	5.096	-	77	-
Value Added Tax	46	-	47	-
Other(*)	14.418	27.862	19.918	19.916
	184.213	558.979	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.

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18. LEASE PAYABLES

	<u>30 September 2021</u>	<u>31 December 2020</u>
Lease Payables	3.634	3.634
	3.634	3.634

As of 30 September 2021 and 31 December 2020, the group's forward-looking debt arising from leasing transactions is as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
2021	1.124	-
2022	1.695	1.631
2023	694	1.465
2024	121	538
	3.634	3.634

19. DEBT SECURITIES ISSUED

	<u>30 September 2021</u>		<u>31 December 2020</u>	
	TL	FC	TL	FC
Bills bonds	1.676.493	-	1.119.597	-
Interest accruals	64.954	-	26.499	-
	1.741.447	-	1.146.096	-

As of 30 September 2021, The characteristics of financing bills issued by the group are as follows:

<u>ISIN CODE</u>	<u>Maturity Starting Date</u>	<u>Nominal Value of Capital Market Instrument Sold</u>	<u>Maturity Date</u>	<u>Sale Type</u>	<u>Coupon Period</u>
TRFISFNE2128	02.04.2021	110.000	01.10.2021	Qualified Investor	Payment at maturity
TRFISFNA2114	11.08.2021	275.000	09.12.2021	Qualified Investor	Payment at maturity
TRFISFNA2122	26.08.2021	250.000	24.12.2021	Qualified Investor	Payment at maturity
TRFISFN12214	24.09.2021	200.000	24.01.2022	Qualified Investor	Payment at maturity
TRFISFNE2136	07.06.2021	61.890	05.10.2021	Qualified Investor	Payment at maturity
TRFISFNE2144	28.06.2021	200.000	26.10.2021	Qualified Investor	Payment at maturity
TRFISFN22213	19.08.2021	200.000	15.02.2022	Qualified Investor	Payment at maturity
TRFISFAE2115	24.06.2021	469.080	22.10.2021	Qualified Investor	Payment at maturity
TRFISFAK2117	05.07.2021	170.660	02.11.2021	Qualified Investor	Payment at maturity

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20. PROVISIONS

As at 30 September 2021 and 31 December 2020, reserve for employee benefits are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Reserve for employee severance indemnity	7.533	6.633
Vacation pay provision	3.308	2.051
Provision for employee bonus	4.820	5.533
	<u>15.661</u>	<u>14.217</u>

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 30 September 2021 and 31 December 2020, the following actuarial assumptions are used in the calculation of the total liability:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Discount rate	4,07%	4,07%
Inflation	8,00%	8,00%
Estimated probability of retirement	100%	100%

For the periods ended 30 September 2021 and 30 September 2020, movements in reserve for employee severance indemnity are as follows:

	<u>30 September 2021</u>	<u>30 September 2020</u>
Balance at the beginning of the year	6.633	5.449
Service cost	1.956	1.499
Amounts paid to employee severance indemnity	(1.056)	(385)
Balance at the end of the year	<u>7.533</u>	<u>6.563</u>

The movement of the vacation pay liability for the periods ended 30 September 2021 and 30 September 2020 are as follows:

	<u>30 September 2021</u>	<u>30 September 2020</u>
Balance at the beginning of the year	2.051	1.447
Increase during the period	1.257	835
Balance at the end of the year	<u>3.308</u>	<u>2.282</u>

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20. PROVISIONS (Continued)

The movement of the provision for employee bonus for the periods ended 30 September 2021 and 30 September 2020 are as follows:

	30 September 2021	30 September 2020
Balance at the beginning of the year	5.533	4.538
Increase during the period	5.902	3.872
Reversals	(2.508)	(1.842)
Payment made during the period	(4.107)	(2.696)
Balance at the end of the year	4.820	3.872

As at 30 September 2021 and 30 September 2020 , other provisions are as follows:

	30 September 2021	31 Aralık 2020
Provision for lawsuits	7.900	8.816
Provision for general administrative expenses	890	182
Expected Credit Loss for Financial Assets	1.515	344
	10.305	9.342

Movements in other provisions for the periods ended 30 September 2021 and 30 September 2020 are as follows:

	General provision for financial lease receivables	Provision for lawsuits	Provision for administrative expenses	Expected Credit Loss for Financial Assets
30 September 2021				
At the beginning of the year	-	8.816	344	182
Period Expense	-	1.043	1.515	890
Payments	-	-	(199)	-
Cancellations	-	(1.959)	(145)	(182)
At the end of the period	-	7.900	1.515	890

	General provision for financial lease receivables	Provision for lawsuits	Provision for administrative expenses	Expected Credit Loss for Financial Assets
30 September 2020				
At the beginning of the year	-	6.874	171	69
Period Expense	-	1.728	1.413	232
Payments	-	-	(164)	-
Cancellations	-	-	(6)	(69)
At the end of the period	-	8.602	1.414	232

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21. CURRENT PERIOD TAX ASSET AND PAYABLE

The current years tax asset as at 30 September 2021 and 31 December 2020 are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Refundable Deferred Tax	-	-
Refundable VAT	-	3.322
Income taxes withheld	554	279
Total	<u>554</u>	<u>3.601</u>

As at 30 September 2021 and 31 December 2020, details of current year tax liability are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Current period corporate tax provision (Note:35)	103.985	78.858
Payments During the Term	(78.657)	(59.307)
Taxes paid for the current period	6.233	(891)
Corporate tax payable	<u>31.561</u>	<u>18.660</u>

For the periods ended 30 September 2021 and 30 September 2020, movements of corporate tax payable are as follows:

	<u>30 September 2021</u>	<u>30 September 2020</u>
Corporate Tax Payable at the Beginning of the Term	18.660	20.637
Current Period Expense	103.985	60.333
Tax Payable	6.233	-
Prior Period Corporate Tax Provision	(97.317)	(56.541)
Payments During the Term	-	(891)
Corporate tax payable	<u>31.561</u>	<u>23.538</u>

22. NON-CONTROLLING INTERESTS

The Company owns 78,23 % of İş Faktoring A.Ş. As at 30 September 2021, the non-controlling interests amounting to 114.279 (31 December 2020: TL 103.839) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TL (14.568) (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 30 September 2021 and 31 December 2020 are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Balance at the beginning of the year	103.839	65.484
From the Profit/Loss of the year	20.829	12.035
Affiliate Sales Adjustment	(409)	-
Fair value changes of marketable securities	(9.980)	26.320
Balance at the end of the year	<u>114.279</u>	<u>103.839</u>

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23. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 30 September 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 30 September 2021 and 31 December 2020, shareholders and their ownership percentages are as follows:

Shareholders	(%)	30 September 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	0,90	6.483
Türkiye Şişe ve Cam Fab. A.Ş.	0,00	-	0,08	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	30 September 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

	30 September 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>	(263)	(263)
Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss(**)	189.490	263.459
Total	189.227	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 arised from the fair value of the financial assets.

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24. PROFIT RESERVES

As at 30 September 2021 and 31 December 2020, details of profit reserves are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Legal reserves	65.098	56.130
Extraordinary reserves	587.030	417.970
Total	<u>652.128</u>	<u>474.100</u>

(*) 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 30 September 2021 (31 December 2020: TL 22.626).

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 September 30, 2021 (31 December 2020: 18.264).

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26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 30 September 2021, TL 1.270.499 of letters of guarantee are given to customs, authorities and banks (31 December 2020: TL 976.900).

As at 30 September 2021, the total risk of litigations filed and currently pending against the Group amounting to approximately TL 15.205 (31 December 2020: TL 15.246). The Group has provided a provision amounting to TL 7.900 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 30 September 2021, the Group has letter of credit commitments of USD 12.737.457, 36.335.306, EUR 2.298.677 CHF (509.210 TL) (31 December 2020: USD 7.337.324 , EUR 18.528.743 (TL 220.765)).

As at 30 September 2021 has no factoring commitment. (31 December 2020: None)

As at 30 September 2021, the Group has lease commitments of USD 35.292.687, EUR 100.547.705 and full TL 556.018.705 (TL 1.905.122) (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 30 September 2021 details of derivatives are as follows:

	30 September 2021	
	Amount as	
	Original Currency	TL
Currency Swap Purchases:		
EUR	-	-
TL	255.597.059	255.597
		255.597
Currency Swap Sales:		
USD	13.343.589	118.001
EUR	10.263.304	105.851
CHF	-	-
		223.852

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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 30 September 2021, there is an unrealized gain amounting to TL 95, unrealized loss amounting to TL 3.725 (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 30 September 2021 analysis of derivative transactions according to their maturities is as follows:

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Currency Swap Purchases	255.597	-	255.597
Currency Swap Sales	223.852	-	223.852

As at 31 December 2020, analysis of derivative transactions according to their maturities is as follows:

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
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

<u>30 September 2021</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
Total assets	10.193.046	4.915.809	(53.766)	15.055.089
Total liabilities	8.760.201	4.391.278	-	13.151.479
Net profit for the year	176.057	95.682	(20.829)	250.910

<u>31 December 2020</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
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)

<u>30 September 2021</u>	Leasing	Factoring	Consolidation Adjustments	Total
Operating Income	588.711	459.431	-	1.048.142
Financial Expenses (-)	(348.295)	(344.681)	-	(692.976)
Gross Profit / Loss	240.416	114.750	-	355.166
Operating Expense (-)	(48.209)	(30.683)	-	(78.892)
Gross Operating Profit/Loss	192.207	84.067	-	276.274
Other Operating Income	141.171	63.704	-	204.875
Provisions (-)	(80.541)	(25.299)	-	(105.840)
Other operating Expenses (-)	(21.810)	(5.935)	-	(27.745)
Net Operating Profit / Loss	231.027	116.537	-	347.564
Profit or Loss from Continuing Operations before tax	231.027	116.537	-	347.564
Provision for Taxes from Continuing Operations (±)	(54.970)	(20.855)	-	(75.825)
Net Profit or Loss from Continuing Operations	176.057	95.682	-	271.739
Non-controlling Interests	-	-	(20.829)	(20.829)
Net Profit or Loss for the Period	176.057	95.682	(20.829)	250.910
Fixed Asset Additions	4.813	5.859	-	10.672
Depreciation and Amortisation	(3.694)	(2.995)	-	(6.689)
<u>30 September 2020</u>	Leasing	Factoring	Consolidatin Adjustmets	Total
Operating Income	380.221	221.634	-	601.855
Financial Expenses (-)	(180.083)	(156.834)	-	(336.917)
Gross Profit / Loss	200.138	64.800	-	264.938
Operating Expense (-)	(39.203)	(28.216)	-	(67.419)
Gross Operating Profit/Loss	160.935	36.584	-	197.519
Other Operating Income	166.557	52.965	-	219.522
Provisions (-)	(107.935)	(41.698)	-	(149.633)
Other operating Expenses (-)	(63.469)	(15.122)	-	(78.591)
Net Operating Profit / Loss	156.088	32.729	-	188.817
Profit or Loss from Continuing Operations	156.088	32.729	-	188.817
Provision for Taxes from Continuing Operations (±)	(39.798)	(6.425)	-	(46.223)
Net Profit or Loss from Continuing Operations	116.290	26.304	-	142.594
Non-controlling Interests	-	-	(5.726)	(5.726)
Net Profit or Loss for the Period	116.290	26.304	(5.726)	136.868
Fixed Asset Additions	8.701	3.726	-	12.427
Depreciation and Amortisation	(2.765)	(2.506)	-	(5.271)

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28. EVENTS AFTER THE REPORTING PERIOD

İş Finansal Kiralama A.Ş. The redemption payment of the bond with the ISIN code TRFISFNE2128 and a nominal amount of 110.000 TL with a maturity date of 01.10.2021 was made.

İş Finansal Kiralama A.Ş. The redemption payment of the bond with the ISIN code TRFISFNE2136 and a nominal amount of 61.890 TL with a maturity date of 05.10.2021 was made.

İş Finansal Kiralama A.Ş. The redemption payment of the bond with the ISIN code TRFISFNE2144 and a nominal amount of 200.000 TL with a maturity date of 26.10.2021 was made.

İş Finansal Kiralama A.Ş. The financing bond with a nominal amount of 100.000 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 05.10.2021 and the maturity is 29.12.2021.

İş Finansal Kiralama A.Ş. The financing bond with a nominal amount of 136.600 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 26.10.2021 and the maturity is 23.02.2022

29. OPERATING INCOME

For the periods ended 30 September 2021 and 30 September 2020, details of operating income are as follows:

	01.01.2021 - 30.09.2021	01.07.2021 - 30.09.2021	01.01.2020 - 30.09.2020	01.07.2020- 30.09.2020
Finance Lease income	587.652	209.065	379.594	134.898
Operating lease income	1.059	372	628	266
Factoring income	459.431	154.352	221.633	68.169
	1.048.142	363.789	601.855	203.333

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30. OPERATING EXPENSES

For the periods ended 30 September 2021 and 30 September 2020, operating expenses are as follows:

	01.01.2021 - 30.09.2021	01.07.2021 - 30.09.2021	01.01.2020 - 30.09.2020	01.07.2020 - 30.09.2020
Personnel expenses	(50.787)	(16.592)	(44.696)	(14.129)
Depreciation and amortization expenses	(6.689)	(2.339)	(5.271)	(1.914)
Office rent expenses	(3.849)	(1.286)	(3.504)	(1.181)
Information technology expenses	(3.746)	(1.256)	(2.950)	(1.087)
Board of Directors attendance fee	(2.344)	(813)	(2.062)	(692)
BRSA participation fee	(1.700)	(566)	(1.297)	(432)
Provision for employee severance	(1.967)	(858)	(1.499)	(529)
Taxes, duties and charges	(1.454)	(342)	(1.338)	(327)
Consultancy expenses	(664)	(179)	(600)	(213)
Travel and car expenses	(518)	(219)	(719)	(195)
Communication expense	(343)	(116)	(328)	(92)
Insurance expense	(239)	(98)	(160)	(47)
Advertising Ad Expenses	(446)	(114)	(192)	(56)
Temsil Ağır lama Giderleri	(88)	(46)	(112)	(22)
Expenses of Keeping on the Rank	(710)	-	(17)	-
Other general administrative expenses	(3.348)	(706)	(2.674)	(691)
	(78.892)	(25.530)	(67.419)	(21.607)

31. OTHER OPERATING INCOME

For the periods ended 30 September 2021 and 30 September 2020, details of other operating income are as follows:

	01.01.2021 - 30.09.2021	01.07.2021 - 30.09.2021	01.01.2020 - 30.09.2020	01.07.2020 - 30.09.2020
Income from derivative financial transactions	15.361	3.720	32.247	1.680
Foreign exchange gains	57.276	10.115	127.451	64.194
Collections from prior period non-performing receivables and cancellation income	32.019	11.813	33.355	8.061
Dividend income	3.169	1.304	815	526
Interest income	17.274	-	6.812	-
Commission income	7.546	2.526	2.188	536
Other	72.230	8.947	16.654	6.691
	204.875	38.425	219.522	81.688

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32. FINANCE EXPENSES

For the periods ended 30 September 2021 and 30 September 2020, details of finance expenses are as follows:

	01.01.2021 - 30.09.2021	01.07.2021 - 30.09.2021	01.01.2020 - 30.09.2020	01.07.2020 - 30.09.2020
Interest expense on funds borrowed	(490.554)	(166.407)	(388)	(148)
Interest expense on debt securities issued	(176.812)	(81.394)	(40.784)	(14.273)
Fees and commissions expense	(25.052)	(6.373)	(11.351)	(5.195)
Interest expense related to rents	(558)	(162)	(284.394)	(90.223)
	(692.976)	(254.336)	(336.917)	(109.839)

33. PROVISIONS

For the periods ended 30 September 2021 and 30 September 2020, details of provision for non-performing receivables are as follows:

	01.01.2021 - 30.09.2021	01.07.2021 - 30.09.2021	01.01.2020 - 30.09.2020	01.07.2020 - 30.09.2020
Specific Provisions	(105.840)	6.653	(149.633)	(23.662)
	(105.840)	6.653	(149.633)	(23.662)

34. OTHER OPERATING EXPENSES

For the periods ended 30 September 2021 and 30 September 2020, details of other operating expenses are as follows:

	01.01.2021 - 30.09.2021	01.07.2021 - 30.09.2021	01.01.2020 - 30.09.2020	01.07.2020 - 30.09.2020
Türev Finansal İşlemlerden Zararlar	(21.767)	5.715	(72.008)	(29.410)
Kur Farkı Gideri	(5)	-	-	5.762
Diğer	(5.973)	(2.365)	(6.583)	(1.672)
	(27.745)	3.350	(78.591)	(25.320)

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

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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 3.287 from measurement difference of such transactions in the Group’s financial statements as at 30 September 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 30 September 2021 and 30 September 2020, details of tax expense are as follows:

	01.01.2021 - 30.09.2021	01.07.2021 - 30.09.2021	01.01.2020 - 30.09.2020	01.07.2020 - 30.09.2020
Current corporate tax charge	(103.985)	(22.751)	(60.333)	(23.508)
Current corporate tax charge	28.160	(9.500)	14.110	3.995
	(75.825)	(32.251)	(46.223)	(19.513)

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:

	%	30 September 2021	%	30 September 2020
Net profit for the period		271.739		142.594
Total tax expense		75.825		46.223
Profit before tax		347.564		188.817
Income tax using the Group's tax rate	25,00	86.891	22,00	41.540
Non-deductible expenses	4,60	15.996	2,44	4.598
Tax exempt income	(1,24)	(4.318)	(0,79)	(1.499)
Other	(6,54)	(22.744)	(0,27)	(508)
Financial Loss	-	-	1,11	2.092
Total income tax expense	21,82	75.825	24,49	46.223

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.

As at 30 September 2021, corporate income tax rate is 25 (31 December 2020: 22).

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35. TAXATION (Continued)

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 30.09.2021 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.

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.

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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 30 September 2021 and 30 September 2020 are as follows:

	1 January- 30 September 2021	1 January- 30 September 2020
Weighted average number of outstanding shares (*)	69.530.264.500	69.530.264.500
Net profit for the year (TL)	250.910	136.868
Basic earnings per share (full TL)	0,0036	0,0020

(*) As at 30 September 2021, the share capital of the Company consists 69.530.264.500 of shares having Kurus 1 nominal price.

	30 September 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

37. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

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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 30 September 2021 and 31 December 2020, the leverage ratios are as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Funds borrowed	10.605.584	9.407.508
Debt securities issued	1.741.447	1.146.096
Other liabilities	743.192	437.542
Total liabilities	13.090.223	10.991.146
Cash and Cash Equivalents (-)	(585.639)	(382.325)
Net liabilities	12.504.584	10.608.821
Total shareholders’ equity	1.903.610	1.717.698
Shareholders’ equity / liabilities	15%	16%

According to the credit rating reports of Fitch issued at 10.05.2021 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	Stable

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

	30 September 2021	31 December 2020
<u>Financial Assets:</u>		
Cash and Cash Equivalents	585.639	382.325
Financial Assets at Fair Value Through Profit or Loss	697	3.186
Derivative Financial Assets	3.725	6.098
Finance lease receivables and non-performing receivables, net	8.484.084	7.151.969
Leasing Contracts in Progress	361.285	145.098
Advances Given for Lease Transactions	527.718	210.711
Other Finance Lease Receivables	20.972	20.434
Factoring receivables and non-performing factoring receivables, Net	4.701.209	4.419.857
Financial Assets at Fair Value Through Other Comprehensive Income	236.028	319.297
<u>Financial Liabilities:</u>		
Derivative financial liabilities at fair value	(95)	(5.915)
Finance Lease Obligations	(3.634)	(3.634)
Other liabilities	(743.192)	(437.542)
Funds borrowed	(10.605.584)	(9.407.508)
Debt securities issued	(1.741.447)	(1.146.096)

(*) Included in other receivables.

(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.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(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 30 September 2021 and 31 December 2020, details of foreign currency denominated assets and liabilities are as follows:

30 September 2021 (*)	USD (000)	Avro (000)	CHF (000)	GBP (000)	JPY (000)	AUD (000)	TL Equivalent
Banks	16.890	36.485	4	148	28	-	527.465
Finance lease receivables	104.449	440.883	-	-	-	-	5.470.718
Factoring receivables(*)	63.106	45.450	-	5.127	-	-	1.087.978
Advances given for lease transactions	13.691	28.726	3.967	850	111.000	-	473.940
Leasing contracts in progress	13.328	13.935	-	-	-	-	261.580
Other receivables from leasing transactions	174	604	-	-	-	-	7.771
Other assets	32	54	-	-	-	-	832
Total assets (**)	211.670	566.137	3.971	6.125	111.028	-	7.830.284
Funds borrowed(*)	(185.160)	(495.983)	-	(4.734)	-	-	(6.809.216)
Lease Obligations	-	-	-	-	-	-	-
Other provisions	(73)	(708)	-	-	-	-	(7.945)
Other Liabilities	(11.666)	(43.717)	(12)	(404)	-	-	(558.979)
Total liabilities (**)	(196.899)	(540.408)	(12)	(5.138)	-	-	(7.376.140)
Balance sheet position	14.771	25.729	3.959	987	111.028	-	454.144
Off balance sheet position	(13.344)	(10.263)	-	-	-	-	(223.852)
Net foreign currency position	1.427	15.466	3.959	987	111.028	-	230.292

(*) As at 30 September 2021, foreign currency indexed borrowings amounting to EUR 2.239 (Total: TL 23.091) are presented in TL column in the accompanying consolidated statement of financial position.

(**) As at 30 September 2021, derivative liabilities amounting to TL 95 and derivative financial assets amounting to TL 3.725 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
30 September 2021				
15% change of the USD against TL				
1- Net USD asset/liability	19.594	(19.594)	19.594	(19.594)
2- Hedged portion of TL against USD risk (-)	(17.701)	17.701	(17.701)	17.701
3- Net effect of USD (1+ 2)	1.893	(1.893)	1.893	(1.893)
15% change of the Euro against TL				
4- Net Euro asset/liability	39.803	(39.803)	39.803	(39.803)
5- Hedged portion of TL against Euro risk (-)	(15.877)	15.877	(15.877)	15.877
6- Net effect of Euro (4+5)	23.926	(23.926)	23.926	(23.926)
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	8.724	(8.724)	8.724	(8.724)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	8.724	(8.724)	8.724	(8.724)
TOTAL (3+6+9)	34.543	(34.543)	34.543	(34.543)

(*) Includes profit/loss effect.

	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:

	<u>30 September</u> <u>2021</u>	<u>30 December</u> <u>2020</u>
<u>Fixed rate instruments</u>		
Financial assets:		
Cash and Cash Equivalents	493.829	344.213
Finance lease receivables	8.456.063	7.136.244
Other Finance Lease Receivables	-	-
Factoring receivables	3.937.993	3.598.443
Financial liabilities:		
Funds borrowed	8.370.089	7.534.456
Debt securities issued	1.741.447	1.146.096
Variable rate instruments		
Financial assets:		
Finance lease receivables	28.021	15.725
Factoring receivables	763.216	821.414
Financial liabilities:		
Borrowings	2.235.495	1.873.052

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(g) Interest rate risk management (Continued)

Interest rate sensitivity (Continued)

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 280 (30 September 2020: TL 163).

Interest income from factoring transactions with variable interest rates would be higher at an amount of TL 5.646 (30 September 2020: TL 4.231).

Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 15.742 (30 September 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.

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 35.938 (31 December 2020: TL 41.882).

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(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:

	30 September 2021 (%)	31 December 2020 (%)
Construction	22,75	18,10
Textile	17,54	16,48
Metal industry	11,98	12,39
Mining	6,49	6,81
Transportation	5,78	8,10
Energy	4,26	5,33
Agriculture and forestry	3,94	2,32
Renewable energy	3,62	3,99
Food and beverage	3,20	3,46
Forestry products and paper	2,57	2,61
Finance	2,29	1,90
Healthcare	2,11	3,02
Rubber, Plastic	2,04	2,10
Chemical and plastic	1,83	1,89
Transport vehicles	1,56	1,75
Machinery and Equipment	1,39	1,33
Wholesale-Per.Tic.	1,19	1,45
Optical Instruments	0,59	0,67
Tourism	0,44	0,59
Education	0,09	0,14
Other	4,34	5,57
	100,00	100,00

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 30 September 2021, exposure to credit risk based on categories of financial instruments is as follows:

	<u>Receivables</u>				<u>Cash and Cash</u> <u>Equivalents</u>	<u>Financial</u> <u>Assets at Fair</u> <u>value through</u> <u>profit/loss</u>	<u>Financial Assets at Fair</u> <u>Value Through Other</u> <u>Comprehensive Income</u> <u>(***)</u>	<u>Derivative</u> <u>Financial Assets</u>
	<u>Finance Lease Receivables</u>	<u>Factoring Receivables</u>						
	<u>Related</u> <u>party</u>	<u>Third</u> <u>party</u>	<u>Related</u> <u>party</u>	<u>Third</u> <u>party</u>				
30 September 2021								
Exposure to maximum credit risk as at reporting date (*)	8.756	8.475.328	14.313	4.686.896	697	2.990.885	236.028	4.706.616
- The portion of maximum risk covered by guarantee	-	619.221	-	1.002.449	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	8.756	7.961.484	14.313	4.458.436	697	2.990.885	236.028	4.706.616
- The portion covered by guarantee	-	531.270	-	1.002.280	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	348	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	630.475	-	80	-	-	-	-
- The portion covered by guarantee	-	84.355	-	169	-	-	-	-
	-	-	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	(116.631)	-	228.032	-	-	-	-
- Overdue (gross book value)	-	272.057	-	228.032	-	-	-	-
- Impairment (-)	-	(395.264)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	3.596	-	-	-	-	-	-
- Not past due (gross book value)	-	11.075	-	-	-	-	-	-
- Impairment (-)	-	(4.499)	-	-	-	-	-	-
- 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)

As at 31 December 2020 exposure to credit risk based on categories of financial instruments is as follows:

	<u>Receivables</u>				<u>Cash and Cash</u>	<u>Financial</u>	<u>Financial Assets at Fair</u>	<u>Derivative</u>
	<u>Finance Lease Receivables</u>		<u>Factoring Receivables</u>					
<u>31 December 2020</u>	<u>Related</u>	<u>Third</u>	<u>Related</u>	<u>Third</u>	<u>Equivalents</u>	<u>value through</u>	<u>Comprehensive Income</u>	
	<u>party</u>	<u>party</u>	<u>party</u>	<u>party</u>		<u>profit/loss</u>	<u>(***)</u>	
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:

	30 September 2021		31 December 2020	
	Nominal Değeri	Gerçeğe Uygun Değeri (*)	Nominal Değeri	Gerçeğe Uygun Değeri (*)
Sureties	120.855.857	11.403.936	98.019.666	9.988.918
Collaterals of factoring transaction	16.675.326	853.326	13.211.260	643.880
Mortgage	5.439.655	493.944	4.789.727	449.268
Share certificates	1.399.834	267.934	1.495.459	240.357
Guaranties of factoring transaction	1.147.588	18.120	1.032.695	26.149
Pledged shares	1.589.212	-	868.065	-
Pledged commercial	450.477	58.170	473.636	94.628
Sureties of credit guarantee fund	256.239	106.162	229.846	115.521
Pledged vehicles	228.008	105.505	140.141	33.058
Guarantors	82.547	-	80.724	-
Pledged movable	125.222	4.992	66.276	-
Commercial receivable insurance	65.501	65.000	64.504	64.504
Letters of guarantee	31.484	6.723	30.367	6.102
Ship mortgage	22.300	-	35.067	-
Cash blockages	25.046	14.487	17.490	8.425
Collaterals given by vendors	22.108	-	18.351	-
Funds bonds as collateral	6.557	657	6.627	1.584
Collaterals of leasing transaction	3.534	-	3.276	-
Pledged machines	502	-	502	-
Pledged account	130	87	-	-
	148.427.127	13.399.043	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.

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.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Liquidity risk table

30 September 2021

	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)
Sözleşme Uyarınca Vadeler						
Non-derivative Financial Assets:						
Banks	585.639	585.639	585.639	-	-	-
Financial Assets at Fair value through profit and Loss	697	697	697	-	-	-
Lease Receivables (*)	8.484.084	9.700.275	1.111.053	2.972.968	5.536.447	79.807
Factoring Receivables	4.701.209	4.836.996	3.737.558	1.009.469	89.969	-
Other Lease Receivables	20.972	20.972	20.972	-	-	-
Total Assets	13.792.601	15.144.579	5.455.919	3.982.437	5.626.416	79.807
Non-derivative Financial Liabilities:						
Funds Borrowed	10.605.584	10.932.848	5.298.891	3.118.249	2.515.708	-
Debt Securities Issued	1.741.447	1.786.630	1.536.630	250.000	-	-
Lease Obligations	3.634	4.120	1.001	1.726	1.393	-
Other Liabilities	743.192	743.192	723.667	19.476	49	-
Total Liabilities	13.093.857	13.466.790	7.560.189	3.389.451	2.517.150	-

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)

(j) Liquidity risk table (Continued)

The following table details the maturities of derivative financial assets and liabilities as at 30 September 2021 and 31 December 2020.

30 September 2021	Carrying	Contractual	Less than	3-12	1-5 Years	More than
<u>Contractual Maturities</u>	<u>Amount</u>	<u>(I+II+III+IV)</u>	<u>3 Months</u>	<u>Months (II)</u>	<u>(III)</u>	<u>5 Years</u>
			<u>(I)</u>			<u>(IV)</u>
Cash inflows from derivatives	31.745	255.597	-	255.597	-	-
Cash outflows from derivatives	-	223.852	-	223.852	-	-

30 December 2020	Carrying	Contractual	Less than	3-12	1-5 Years	More than
<u>Contractual Maturities</u>	<u>Amount</u>	<u>(I+II+III+IV)</u>	<u>3 Months</u>	<u>Months (II)</u>	<u>(III)</u>	<u>5 Years</u>
			<u>(I)</u>			<u>(IV)</u>
Cash inflows from derivatives	5.603	186.340	118.326	68.014	-	-
Cash outflows from derivatives	-	180.737	110.107	70.630	-	-

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(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.

The table below refers to the comparison of carrying amounts and fair values of financial instruments:

30 September 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
<u>Financial Assets</u>								
Cash and Cash Equivalents	-	585.639	-	-	-	585.639	585.639	4
Financial Assets at Fair Value Through Profit or Loss	697	-	-	-	-	697	697	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	236.028	-	236.028	236.028	7
Derivative financial assets	3.725	-	-	-	-	3.725	3.725	6
Finance lease receivables and non-performing lease receivables	-	-	8.484.084	-	-	8.484.084	8.514.864	9
Factoring receivables and non-performing factoring receivables	-	-	4.701.209	-	-	4.701.209	4.701.209	8
<u>Financial liabilities</u>								
Derivative financial Liabilities	95	-	-	-	-	95	95	6
Other liabilities	-	-	-	-	743.192	743.192	743.192	17
Lease Payables	-	-	-	-	3.634	3.634	3.634	18
Funds borrowed	-	-	-	-	10.605.584	10.605.584	10.576.412	16
Debt securities issued	-	-	-	-	1.741.447	1.741.447	1.763.204	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
<u>Financial Assets</u>								
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
<u>Financial liabilities</u>								
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)

(1) 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).

30 September 2021	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	-	697	-	697
Derivative financial assets	-	3.725	-	3.725
Financial Assets at Fair Value Through Other Comprehensive Income	228.570	-	-	228.570
Total financial assets carried at fair value	228.570	4.422	-	232.992
Derivative financial liabilities	-	95	-	95
Total financial liabilities carried at fair value	-	95	-	95

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