

*(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 31 March 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 31 MARCH 2021

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

	ASSETS	Notes	Unaudited Current Period 31 March 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH, CASH EQUIVALENTS and CENTRAL BANK	4	37.802	489.934	527.736	17.169	365.156	382.325
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5				3.186	-	3.186
			2.906	-	2.906			
III.	DERIVATIVE FINANCIAL ASSETS	6	-	52	52	-	6.098	6.098
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	7				319.297	-	319.297
			273.772		273.772			
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		6.180.201	6.031.351	12.211.552	5.783.681	5.788.145	11.571.826
5.1	Factoring Receivables	8	3.428.353	1.027.470	4.455.823	3.258.710	1.158.430	4.417.140
5.1.1	Discounted Factoring Receivables (Net)		963.254	505.667	1.468.921	1.126.688	415.468	1.542.156
5.1.2	Other Factoring Receivables		2.465.099	521.803	2.986.902	2.132.022	742.962	2.874.984
5.2	Financing loans		-	-	-	-	-	-
5.2.1	Consumer Loans		-	-	-	-	-	-
5.2.2	Credit Cards		-	-	-	-	-	-
5.2.3	Installment Commercial Loans		-	-	-	-	-	-
5.3	Lease Receivables (Net)	9	2.653.973	5.193.771	7.847.744	2.383.394	4.778.593	7.161.987
5.3.1	Finance Lease Receivables		3.355.223	5.681.832	9.037.055	2.995.236	5.272.830	8.268.066
5.3.2	Operational Lease Receivables		-	-	-	-	-	-
5.3.3	Unearned Income (-)		(701.250)	(488.061)	(1.189.311)	(611.842)	(494.237)	(1.106.079)
5.4	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.5	Non-Performing Loans	8,9	503.920	5.599	509.519	541.249	9.488	550.737
5.6	Expected Credit Loss (-) / Specific Provisions (-)		(406.045)	(195.489)	(601.534)	(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	19.903	-	19.903	18.126	-	18.126
VIII.	INTANGIBLE ASSETS (Net)	12	4.772	-	4.772	4.718	-	4.718
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSET	21	2.442	-	2.442	3.601	-	3.601
XI.	DEFERRED TAX ASSET	13	65.504	-	65.504	48.677	-	48.677
XII.	OTHER ASSETS	15	115.611	548.964	664.575	169.454	231.246	400.700
	<b>SUB TOTAL</b>		<b>6.702.913</b>	<b>7.070.301</b>	<b>13.773.214</b>	<b>6.367.909</b>	<b>6.390.645</b>	<b>12.758.554</b>
XIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14						
XI	Held for Sale		658	-	658	2.058	-	2.058
XII	Discontinued Operations		-	-	-	-	-	-
	<b>TOTAL ASSETS</b>		<b>6.703.571</b>	<b>7.070.301</b>	<b>13.773.872</b>	<b>6.369.967</b>	<b>6.390.645</b>	<b>12.760.612</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 31 MARCH 2021

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

	LIABILITIES	Notes	Unaudited Current Period 31 March 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>FUNDS BORROWED</b>	<b>16</b>	<b>3.861.530</b>	<b>6.269.020</b>	<b>10.130.550</b>	<b>3.616.879</b>	<b>5.790.629</b>	<b>9.407.508</b>
<b>II.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>III.</b>	<b>LEASE PAYABLES</b>	<b>18</b>	<b>4.862</b>	<b>79</b>	<b>4.941</b>	<b>3.519</b>	<b>115</b>	<b>3.634</b>
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>	<b>19</b>	<b>1.040.636</b>	-	<b>1.040.636</b>	<b>1.146.096</b>	-	<b>1.146.096</b>
<b>V.</b>	<b>FİNANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VI.</b>	<b>DERIVATIVE FINANCIAL LIABILITY</b>	<b>6</b>	-	<b>10.651</b>	<b>10.651</b>	-	<b>5.915</b>	<b>5.915</b>
<b>VII.</b>	<b>PROVISIONS</b>	<b>20</b>	<b>17.858</b>	<b>8.569</b>	<b>26.427</b>	<b>17.147</b>	<b>6.412</b>	<b>23.559</b>
7.1	Restructuring Provisions		-	-	-	-	-	-
7.2	Reserves For Employee Benefits		14.636	-	14.636	14.217	-	14.217
7.3	General Provisions		-	-	-	-	-	-
7.4	Other Provisions		3.222	8.569	11.791	2.930	6.412	9.342
<b>VIII.</b>	<b>CURRENT PERIOD TAX LIABILITY</b>	<b>21</b>	<b>45.366</b>	-	<b>45.366</b>	<b>18.660</b>	-	<b>18.660</b>
<b>IX.</b>	<b>DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>X.</b>	<b>SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XI.</b>	<b>OTHER LIABILITY</b>	<b>17</b>	<b>86.215</b>	<b>639.806</b>	<b>726.021</b>	<b>104.419</b>	<b>333.123</b>	<b>437.542</b>
	<b>SUB TOTAL</b>		<b>5.056.467</b>	<b>6.928.125</b>	<b>11.984.592</b>	<b>4.906.720</b>	<b>6.136.194</b>	<b>11.042.914</b>
<b>XII.</b>	<b>PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
12.1	Held For Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
			<b>1.789.280</b>	-	<b>1.789.280</b>	<b>1.717.698</b>	-	<b>1.717.698</b>
<b>XIII.</b>	<b>SHAREHOLDER'S EQUITY</b>							
13.1	Paid-in Capital	<b>23</b>	695.303	-	695.303	695.303	-	695.303
13.2	Capital Reserves	<b>23</b>	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	<b>23</b>	(263)	-	(263)	(263)	-	(263)
13.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	<b>23</b>	226.180	-	226.180	263.459	-	263.459
13.5	Profit Reserves	<b>24</b>	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		107.244	-	107.244	179.322	-	179.322
13.6.1	Prior Periods Profit/Loss	<b>25</b>	-	-	-	(18.264)	-	(18.264)
13.6.2	Current Period Profit/Loss		107.244	-	107.244	197.586	-	197.586
	Non-Controlling Interests	<b>22</b>	106.925	-	106.925	103.839	-	103.839
	<b>TOTAL LIABILITIES</b>		<b>6.845.747</b>	<b>6.928.125</b>	<b>13.773.872</b>	<b>6.624.418</b>	<b>6.136.194</b>	<b>12.760.612</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS AS AT 31 MARCH 2021

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

	OFF-BALANCE SHEET ITEMS	Notes	Unaudited Current Period 31 March 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>IRREVOCABLE FACTORING TRANSACTIONS</b>		<b>38.952</b>	<b>408.448</b>	<b>447.400</b>	<b>61.791</b>	<b>410.811</b>	<b>472.602</b>
<b>II.</b>	<b>REVOCABLE FACTORING TRANSACTIONS</b>		<b>351.910</b>	<b>143.566</b>	<b>495.476</b>	<b>225.283</b>	<b>119.935</b>	<b>345.218</b>
<b>III.</b>	<b>COLLATERALS RECEIVED</b>	<b>38</b>	<b>50.885.914</b>	<b>82.341.419</b>	<b>133.227.333</b>	<b>46.662.956</b>	<b>73.920.723</b>	<b>120.583.679</b>
<b>IV.</b>	<b>COLLATERALS GIVEN</b>	<b>26</b>	<b>1.174.918</b>	<b>19.557</b>	<b>1.194.475</b>	<b>945.079</b>	<b>31.821</b>	<b>976.900</b>
<b>V.</b>	<b>COMMITMENTS</b>		<b>321.683</b>	<b>1.413.512</b>	<b>1.735.195</b>	<b>297.757</b>	<b>824.940</b>	<b>1.122.697</b>
5.1	Irrevocable Commitments		-	371.931	371.931	-	220.765	220.765
5.2	Revocable Commitments		321.683	1.041.581	1.363.264	297.757	604.175	901.932
5.2.1	Lease Commitments		321.683	1.041.581	1.363.264	297.757	604.175	901.932
5.2.1.1	Finance Lease Commitments		321.683	1.041.581	1.363.264	297.757	604.175	901.932
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>VI.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>26</b>	<b>64.439</b>	<b>78.967</b>	<b>143.406</b>	<b>182.765</b>	<b>184.312</b>	<b>367.077</b>
6.1	Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading		64.439	78.967	143.406	182.765	184.312	367.077
6.2.1	Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
6.2.2	Swap Purchases/Sales		64.439	78.967	143.406	182.765	184.312	367.077
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
<b>VII.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>963.027</b>	<b>174.727</b>	<b>1.137.754</b>	<b>781.364</b>	<b>137.396</b>	<b>918.760</b>
	<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>53.800.843</b>	<b>84.580.196</b>	<b>138.381.039</b>	<b>49.156.995</b>	<b>75.629.938</b>	<b>124.786.933</b>

**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 MARCH 2021**  
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	PROFIT OR LOSS STATEMENT	Notes	Unaudited Current Period 01.01-31.03.2021	Unaudited Prior Period 01.01-31.03.2020
<b>I.</b>	<b>OPERATING INCOME</b>	<b>29</b>	<b>324.293</b>	<b>202.690</b>
	<b>FACTORING INCOME</b>		<b>144.872</b>	<b>82.172</b>
1.1	Factoring Interest Income		141.108	79.798
1.1.1	Discounted		60.931	21.244
1.1.2	Other		80.177	58.554
1.2	Factoring Commission Income		3.764	2.374
1.2.1	Discounted		1.893	1.121
1.2.2	Other		1.871	1.253
	<b>INCOME FROM FINANCING LOANS</b>		-	-
1.3	Interest income from Financing Loans		-	-
1.4	Fees and Commission Income from Financing Loans		-	-
	<b>LEASE INCOME</b>		<b>179.421</b>	<b>120.518</b>
1.5	Finance Lease Income		179.099	120.358
1.6	Operational Lease Income		322	160
1.7	Fees and Commission Income from Lease Operations		-	-
<b>II.</b>	<b>FINANCING EXPENSES (-)</b>	<b>32</b>	<b>(205.359)</b>	<b>(122.608)</b>
2.1	Interest Expense on Funds Borrowed		(150.326)	(108.801)
2.2	Interest Expense on Factoring Payables		-	-
2.3	Interest Expense of Finance Leasing Expenses		(212)	(78)
2.4	Interest Expense on Securities Issued		(44.125)	(10.523)
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Paid		(10.696)	(3.206)
	<b>GROSS PROFIT / LOSS (I+II)</b>		<b>118.934</b>	<b>80.082</b>
<b>IV.</b>	<b>OPERATING EXPENSES (-)</b>	<b>30</b>	<b>(26.855)</b>	<b>(23.740)</b>
4.1	Personal Expenses		(17.603)	(15.568)
4.2	Employee Severance Indemnity Expense		(878)	(700)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(7.664)	(7.472)
4.5	Other		(710)	-
<b>V.</b>	<b>GROSS OPERATING PROFIT / LOSS (III+IV)</b>		<b>92.079</b>	<b>56.342</b>
<b>VI.</b>	<b>OTHER OPERATING INCOME</b>	<b>31</b>	<b>136.345</b>	<b>105.202</b>
6.1	Interest Income on Bank Deposits		744	115
6.2	Interest Income on Marketable Securities Portfolio		-	-
6.3	Dividend Income		17.274	6.812
6.4	Gains on Securities Trading		8	4
6.5	Income From Derivative Financial Instruments		11.641	17.654
6.6	Foreign Exchange Gains		32.479	59.250
6.7	Other		74.199	21.367
<b>VII.</b>	<b>PROVISION EXPENSES (-)</b>	<b>33</b>	<b>(60.111)</b>	<b>(75.525)</b>
7.1	Specific Provisions		-	-
7.2	Expected Credit Losses		(60.111)	(75.525)
7.3	General Provisions		-	-
7.4	Other		-	-
<b>VIII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>34</b>	<b>(24.828)</b>	<b>(47.824)</b>
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		(21.317)	(46.330)
8.5	Foreign Exchange Losses		(3)	-
8.6	Other		(3.508)	(1.494)
<b>IX.</b>	<b>NET OPERATING PROFIT (V+...+VIII)</b>		<b>143.485</b>	<b>38.195</b>
<b>X.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XI.</b>	<b>PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD</b>		-	-
<b>XII.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XIII.</b>	<b>PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)</b>		<b>143.485</b>	<b>38.195</b>
<b>XIV.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>35</b>	<b>(27.248)</b>	<b>(12.372)</b>
14.1	Current Tax Provision		(44.075)	(28.919)
14.2	Deferred Tax Income Effect (+)		-	-
14.3	Deferred Tax Expense Effect (-)		16.827	16.547
<b>XV.</b>	<b>NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII+XIV)</b>		<b>116.237</b>	<b>25.823</b>
<b>XVI.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
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		-	-
<b>XVII.</b>	<b>EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XVIII.</b>	<b>PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)</b>		-	-
<b>XIX.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Expense Effect (+)		-	-
19.3	Deferred Tax Income Effect (-)		-	-
<b>XX.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII+XIX)</b>		-	-
	<b>NON-CONTROLLING INTEREST</b>		<b>(8.993)</b>	<b>(409)</b>
<b>XXI.</b>	<b>NET PROFIT FOR THE PERIOD (XV+XX)</b>		<b>107.244</b>	<b>25.414</b>
	<b>EARNINGS PER SHARE (**)</b>	<b>36</b>	<b>0,0015</b>	<b>0,0004</b>
	Earnings Per Share from Continued Operations		0,0015	0,0004
	Earnings Per Share from Discontinued Operations		-	-
	<b>DILUTED EARNINGS PER SHARE</b>	<b>36</b>	<b>0,0015</b>	<b>0,0004</b>
	Earnings Per Share from Continued Operations		0,0015	0,0004
	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 31 MARCH 2021  
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

<b>PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT</b>		<b>Unaudited Current Period</b>	<b>Unaudited Prior Period</b>
		<b>01.01-31.03.2021</b>	<b>01.01-31.03.2020</b>
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>116.237</b>	<b>25.823</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(42.776)</b>	<b>(6.865)</b>
<b>2.1</b>	<b>Items that will not be Reclassified to Profit or Loss</b>	-	-
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	-	-
<b>2.2</b>	<b>Items that may be Reclassified subsequently to Profit or Loss</b>	<b>(42.776)</b>	<b>(6.865)</b>
2.2.1	Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2	Value Increases or Decreases on Assets Held for Sales	(42.776)	(6.865)
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	-	-
<b>III.</b>	<b>Current Tax Income/Expense</b>	<b>73.461</b>	<b>18.958</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 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					
<b>CHANGES IN EQUITY</b>																
<b>Prior Period (01.01 – 31.03.2020) (Audited)</b>																
I.		695.303	-	-	1.938	-	(588)	-	-	55.960	-	396.081	(24.537)	84.292	65.484	1.273.933
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	23	695.303	-	-	1.938	-	(588)	-	-	55.960	-	396.081	(24.537)	84.292	65.484	1.273.933
IV.		-	-	-	-	-	-	-	-	(6.067)	-	-	-	25.414	(389)	18.958
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	59.276	25.016	(84.292)	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	-	-	-	-	-	-	59.276	25.016	(84.292)	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at the End of the Period (III+IV+.....+XI)</b>		695.303	-	-	1.938	-	(588)	-	-	49.893	-	455.357	479	25.414	65.095	1.292.891
<b>Current Period (01.01 – 31.03.2021) (Audited)</b>																
I.		695.303	-	-	1.938	-	(263)	-	-	263.459	-	474.100	179.322	-	103.839	1.717.698
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	23	695.303	-	-	1.938	-	(263)	-	-	263.459	-	474.100	179.322	-	103.430	1.717.698
IV.		-	-	-	-	-	-	-	-	(37.279)	-	-	-	107.244	3.495	73.460
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	(175)	-	-	-	-	-	-	(1.294)	-	(409)	(1.878)	-
XI.		-	-	-	-	-	-	-	-	-	-	179.322	(179.322)	-	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	-	-	-	-	-	-	179.322	(179.322)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at the End of the Period (III+IV+.....+XI+XII)</b>		695.303	-	-	1.763	-	(263)	-	-	226.180	-	652.128	-	107.244	106.925	1.789.280

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 31 MARCH 2021

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

		Unaudited Current Period	Unaudited Prior Period
	Notes	01.01-31.03.2021	01.01-31.03.2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>339.373</b>	<b>166.602</b>
1.1.1 Interests Received/Lease Income		324.825	215.874
1.1.2 Interest Paid / Lease Expenses		(183.963)	(105.176)
1.1.3 Rental Expenses		-	-
1.1.4 Dividends Received		17.274	6.812
1.1.5 Fees and Commissions Received		3.764	2.374
1.1.6 Other Income	31	56.650	5.056
1.1.7 Collections from Non-performing Receivables		17.549	16.311
1.1.8 Payments to Personnel and Service Suppliers	21	(15.386)	(13.770)
1.1.9 Taxes Paid		(18.660)	(19.760)
1.1.10 Others		137.320	58.881
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(64.012)</b>	<b>(324.394)</b>
1.2.1 Net (Increase) Decrease in Factoring Receivables		(36.884)	206.760
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		(234.557)	33.260
1.2.4 Net (Increase) Decrease in Other Assets		(238.554)	13.088
1.2.5 Net Increase (Decrease) in Factoring Payables		-	-
1.2.6 Net Increase (Decrease) in Lease Payables		1.307	1.558
1.2.7 Net Increase (Decrease) in Funds Borrowed		161.463	(516.988)
1.2.8 Net Increase (Decrease) in Due Payables		-	-
1.2.9 Net Increase (Decrease) in Other Liabilities		283.213	(62.072)
<b>I. Net Cash Provided from / (Used in) Operating Activities</b>		<b>275.361</b>	<b>(157.792)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		(14.097)	-
2.3 Purchases of Tangible and Intangible Assets	11,12	(3.911)	(4.708)
2.4 Proceeds From Sale of Tangible and Intangible Assets	11,12	18	20
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		(1.469)	-
<b>II. Net cash used in investing activities</b>		<b>(19.459)</b>	<b>(4.688)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash obtained from funds borrowed and securities issued		1.404.486	166.313
3.2 Cash used for repayment of funds borrowed and securities issued		(1.514.781)	(155.436)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>III. Net Cash Used in Financing Activities</b>		<b>(110.295)</b>	<b>10.877</b>
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>(197)</b>	<b>561</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>145.410</b>	<b>(151.042)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	4	<b>382.325</b>	<b>421.727</b>
<b>VII. Operating Profit Before Changes In Operating Assets And Liabilities</b>	4	<b>527.735</b>	<b>270.685</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 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 27,79% and Türkiye Sınai Kalkınma Bankası A.Ş. (“TSKB”) with 29,46% participation. The Company’s 41,77% of shares are publicly traded and listed on the Borsa İstanbul.

As at 31 March 2021, the Company and its subsidiary (“the Group”) have 248 employees (31 December 2020: 250 employees).

#### Dividend Payable

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

#### Approval of the Financial Statements

The consolidated financial statements and consolidated profit and loss table of the Group as at 31 March 2021 have been approved by the Board of Directors of the Group and authorized for issue as at 28 April 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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 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 31.12.2020, 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 31 March 2021 and 31 December 2020 are as follows:

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

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

#### (i) Subsidiaries

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

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

As at 31 March 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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 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 March 31, 2021 are applied consistently with the financial statements prepared as of December 31, 2020.

#### 2.3 Changes in Accounting Estimates and Errors

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

#### 2.4 Changes in Standards and Interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at March 31 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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

### 2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

#### 2.4 Changes in Standards and Interpretations (Continued)

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

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

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

The amendments:

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

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

###### **Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform**

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2021 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

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

## **İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2021**

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

## **2. BASIS OF THE FINANCIAL STATEMENTS (Continued)**

### **2.4 Changes in Standards and Interpretations (Continued)**

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

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

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

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2023. The amendments must be applied prospectively and earlier application is permitted.

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

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

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

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after April 1, 2021. Early application is allowed. The amendment in question did not have a significant impact on the financial status or performance of the Group.

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 2021

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

## 2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

### 2.4 Changes in Standards and Interpretations (Continued)

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

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

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

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

#### **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. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Group and did not have an impact on the financial position or performance of the Group.

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

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

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 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.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **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).

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 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)

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

##### **Amendments to TFRS 3 – Reference to the Conceptual Framework (Continued)**

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **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.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **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.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **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.

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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(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)

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

##### *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.

##### *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.

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## 2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

### 2.4 Changes in Standards and Interpretations (Continued)

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

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

#### *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.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

#### *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.

The Group is in the process of assessing the impact of the improvements on financial position or performance of the Group.

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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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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

### 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.

On the other hand, 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 30.06.2021. The Group allocates provisions in accordance with its risk policies.

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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 31 March 2021 and 31 December 2020 are as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
USD	8,3260	7,3405
EUR	9.7741	9.0079
GBP	11,4324	9,9438
CHF	8,8191	8,2841
100 JPY	7,5324	7,0930
AUD	6,3352	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.

#### 1. 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 March 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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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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### 4. CASH AND CASH EQUIVALENTS

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

	<b>31 March 2021</b>		<b>31 December 2020</b>	
	TL	FC	TL	FC
Demand Deposits	37.802	58.997	17.169	20.943
Time Deposits	-	430.936	-	344.213
Interest accrual	-	1	-	-
	<b>37.802</b>	<b>489.934</b>	<b>17.169</b>	<b>365.156</b>

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

<b>Currency</b>	<b>Interest Rate (%)</b>	<b>Maturity</b>	<b>March 2021</b>
USD	%0,05 - %1,75	1.04.2021	70.774
Euro	%0,01 - %0,90	01.04.2021-22.04.2021	360.163
			<b>430.937</b>

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

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

As at 31 March 2021, TL 466.928 portion of total foreign currency deposits (31 December 2020: TL 347.353) and TL 5.152 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:

	<b>31 March 2021</b>	<b>31 December 2020</b>
Demand deposits	96.799	38.112
Time deposits (1-3 months) (excluding accrual)	430.936	344.213
<b>Cash and cash equivalents</b>	<b>527.735</b>	<b>382.325</b>

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

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

	<b>31 March 2021</b>	
	TL	FC
Debt securities issued by private sector(*)	400	-
Specific provisions/ Expected Credit Loss(-)	(400)	-
Mutual funds	2.906	-
	<b>2.906</b>	<b>-</b>

  

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

(\*) 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 2.906 (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

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Swap Transactions	-	52	-	6.098
	-	<b>52</b>	-	<b>6.098</b>

#### Derivative Financial Liabilities

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Swap Transactions	-	10.651	-	5.915
	-	<b>10.651</b>	-	<b>5.915</b>

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

Name of the investment	Core business	Incorporation and location	Voting right (%)	Ownership Rate (%)		Carrying Amount	
				31 March 2021	31 December 2020	31 March 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	269.743	304.786
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,00	0,73	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	10,00	4.000	4.000
<b>TOTAL</b>						<b>273.772</b>	<b>319.297</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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### 8. FACTORING RECEIVABLES

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

	31 March 2021	31 December 2020
Factoring receivables	4.506.271	4.464.208
Factoring interest income accrual (-)	(50.448)	(47.068)
<b>Total factoring receivables</b>	<b>4.455.823</b>	<b>4.417.140</b>
Stage 1 (Expected Credit Loss)	(30.578)	(31.688)
Stage 2 (Expected Credit Loss)	(2.602)	(2.393)
<b>Total factoring receivables</b>	<b>4.422.643</b>	<b>4.383.059</b>
Non-performing factoring receivables	227.199	227.049
Specific provisions- Stage 3	(199.341)	(190.251)
<b>Factoring receivables, net</b>	<b>4.450.501</b>	<b>4.419.857</b>

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

Ratings 31 March 2021	Stage 1	Stage 2	Stage 3	Total
Total portfolio	4.391.649	64.174	227.199	4.683.022
Very good	2.076.878	-	-	2.076.878
Standard	2.314.771	-	-	2.314.771
Substandard	-	64.174	227.199	291.373
Expected credit losses	(30.578)	(2.602)	(199.341)	(232.521)
<b>Factoring receivables,</b>	<b>4.361.071</b>	<b>61.572</b>	<b>27.858</b>	<b>4.450.501</b>

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)
<b>Factoring receivables, net</b>	<b>4.325.784</b>	<b>57.275</b>	<b>36.798</b>	<b>4.419.857</b>

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### 8. FACTORING RECEIVABLES (Continued)

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

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
Provision at the beginning of the period	(224.332)	(208.549)
Additions	(11.916)	(23.226)
Collections	4.661	4.743
Write-off (*)	(934)	-
Provision at the end of the period	<b>(232.521)</b>	<b>(227.032)</b>

As at 31 March 2021, the average interest rates applicable for the factoring receivables are 20,47% for TL, for 3,43% USD, 2,10% for EUR and 2,23% for GBP (31 December 2020: 20,70% for TL, for 6,13% USD, 4,07% for EUR and 2,98% for GBP).

As of 31 March 2021 TL 606.063 thousand, EUR 250.434 thousand, USD 67.492 thousand Bin and GBP 24.835 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 2.827.959 thousand, EUR 398.435 thousand, USD 270.696 thousand and GBP 4.587 thousand factoring receivable have stable interest rates (31 December 2020: TL 794.164 thousand, EUR 537.754 thousand, USD 266.439 thousand, GBP 26 thousand).

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
Domestic irrevocable	2.463.104	2.479.710
Foreign irrevocable	170.270	268.312
Domestic revocable	1.646.455	1.377.729
Foreign revocable	170.672	294.106
	<b>4.450.501</b>	<b>4.419.857</b>

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

	<b>31 March 2021</b>	<b>31 December 2020</b>
Up to 90 days	1.081	854
Between 90 – 180 days	777	2.537
Between 180 – 360 days	3.553	7.066
Over 360 days	221.788	216.592
	<b>227.199</b>	<b>227.049</b>

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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### 8. FACTORING RECEIVABLES (Continued)

As at 31 March 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:

	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>Number of Amendments Related to the Extension of the Payment</b>		
Extended for 1 or 2 Times	-	-
Extended for 3,4 or 5 Times	-	14.456
Extended for More than 5 Times	-	-

	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>The Time Extended via the Amendment on payment Plan</b>		
0-6 Months	-	-
6 Months – 12 Months	-	-
1 – 2 Years	-	-
2 –5 Years	-	14.456
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:

	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>Number of Amendments Related to the Extension of the Payment</b>	-	-
Extended for 1 or 2 Times	-	854
Extended for 3,4 or 5 Times	-	2.537
Extended for More than 5 Times	-	7.066

	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>The Time Extended via the Amendment on payment Plan</b>	-	-
0-6 Months	-	-
6 Months – 12 Months	-	152
1 – 2 Years	-	-
2 –5 Years	-	14.784
5 Years and More	-	-

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 9. LEASE RECEIVABLES

#### A. Financial Lease Receivables

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

	Short Term	Long Term	Total			
Financial Lease Receivables	3.709.301	5.327.754	9.037.055			
Unearned interest income (-)	(601.801)	(587.510)	(1.189.311)			
<b>Subtotal</b>	<b>3.107.500</b>	<b>4.740.244</b>	<b>7.847.744</b>			
Expected Credit Loss– Stage 1	(2.286)	(16.110)	(18.396)			
Expected Credit Loss – Stage 2	(21.205)	(170.835)	(192.040)			
<b>Total Financial Lease Receivables</b>	<b>3.084.010</b>	<b>4.553.299</b>	<b>7.637.309</b>			
Non- Performing Lease Receivables	276.368	5.952	282.320			
Specific provision– Stage 3	(155.234)	(3.343)	(158.577)			
<b>Net finance lease receivables</b>	<b>3.205.143</b>	<b>4.555.908</b>	<b>7.761.051</b>			
	<b>Carried value</b>		<b>Expected credit loss and specific provision</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
Financial Assets	527.736	-	-	(1.722)	-	-
Financial Lease	6.935.231	912.513	282.320	(18.396)	(192.040)	(158.577)

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)			
<b>Subtotal</b>	<b>2.892.805</b>	<b>4.269.182</b>	<b>7.161.987</b>			
Expected Credit Loss– Stage 1	(1.605)	(20.293)	(21.898)			
Expected Credit Loss – Stage 2	(17.794)	(130.733)	(148.527)			
<b>Total Financial Lease Receivables</b>	<b>2.873.406</b>	<b>4.118.156</b>	<b>6.991.562</b>			
Non- Performing Lease Receivables	320.278	3.410	323.688			
Specific provision– Stage 3	(161.561)	(1.720)	(163.281)			
<b>Net finance lease receivables</b>	<b>3.032.123</b>	<b>4.119.846</b>	<b>7.151.969</b>			
	<b>Carried value</b>			<b>Expected credit loss</b>		
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Stage 2</b>	<b>Stage 2</b>	<b>Stage 3</b>
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 31 March 2021, the rating of finance lease receivables are as follows:

<b>Ratings</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Internal ratings</b>				
A+ (Excellent)	25.364	-	-	25.364
A (Very good))	7.336	12.159	1	19.496
A- (Good)	330.642	7.920	229	338.791
B+ (Enough)	975.638	160.111	146.121	1.281.870
B (Reasonable)	1.974.469	110.358	10.115	2.094.942
B- (Close Monitoring)	1.554.431	456.594	73.912	2.084.937
C+ (Insufficient)	1.003.136	90.710	9.008	1.102.854
C (Suspicious)	539.480	58.929	15.118	613.527
<b>Scoring</b>				
Y (High)	114.817	4.833	3.761	123.411
O (medium)	349.996	8.665	17.333	375.994
D (Low)	59.922	2.234	6.722	68.878
<b>Expected Loss Provisions</b>	<b>(18.396)</b>	<b>(192.040)</b>	<b>(158.577)</b>	<b>(369.013)</b>
<b>Leasing receivables</b>	<b>6.916.835</b>	<b>720.473</b>	<b>123.743</b>	<b>7.761.051</b>

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

<b>Ratings</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Internal ratings</b>				
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
<b>Scoring</b>				
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
<b>Expected Loss Provisions and specific provision</b>	<b>(21.898)</b>	<b>(148.527)</b>	<b>(163.281)</b>	<b>(333.706)</b>
<b>Leasing receivables</b>	<b>6.313.555</b>	<b>678.006</b>	<b>160.408</b>	<b>7.151.969</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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### 9. LEASE RECEIVABLES(Continued)

#### A. Financial Lease Receivables(Continued)

As at 31 March 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
<b>Number of Amendments Related to the Extension of the Payment Plan</b>		
Extended for 1 or 2 Times	160.822	160.822
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-
	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>The Time Extended via the Amendment on payment Plan</b>		
0-6 Months	-	-
6 Months – 12 Months	160.822	160.822
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
<b>Number of Amendments Related to the Extension of the Payment Plan</b>	-	-
Extended for 1 or 2 Times	-	14.426
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-
	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>The Time Extended via the Amendment on payment Plan</b>	-	-
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 31 March 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)	2.856.108	2.989.582	1.773.008	900.095	326.332	105.237	8.950.362
Unearned interest	<u>(479.293)</u>	<u>(404.375)</u>	<u>(205.317)</u>	<u>(66.490)</u>	<u>(16.328)</u>	<u>(17.508)</u>	<u>1.189.311</u>
<b>Finance lease receivables (net)</b>	<b><u>2.376.816</u></b>	<b><u>2.585.207</u></b>	<b><u>1.567.691</u></b>	<b><u>833.605</u></b>	<b><u>310.004</u></b>	<b><u>87.729</u></b>	<b><u>7.761.051</u></b>

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	.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>
<b>Finance lease receivables (net)</b>	<b><u>2.879.376</u></b>	<b><u>1.952.684</u></b>	<b><u>.287.215</u></b>	<b><u>684.129</u></b>	<b><u>257.286</u></b>	<b><u>91.279</u></b>	<b><u>7.151.969</u></b>

As at 31 March 2021, the average compound interest rates applicable for the finance lease receivables are 19,36 % for TL, 7,11% for USD, 4,98% for EUR and 3,99% for CHF (31 December 2020: 16,94 % for TL, 7,11% for USD, 4,88% for EUR and 3,92% for CHF).

As at 31 March 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	114.186.356	950.716	12.995.902	108.204
EUR	415.525.574	4.061.388	38.859.454	379.816
CHF	313.906	2.768	4.589	41
TL		<u>2.746.179</u>		<u>701.250</u>
<b>Total</b>		<b><u>7.761.051</u></b>		<b><u>1.189.311</u></b>

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	-	<u>2.510.109</u>	-	<u>611.842</u>
<b>Total</b>		<b><u>7.151.969</u></b>		<b><u>1.106.079</u></b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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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>31 March 2021</u>	<u>31 December 2020</u>
Mortgages	408.519	370.340
Sureties of credit guarantee fund	113.011	115.521
Pledged equity	63.187	94.628
Pledged shares	23.160	26.149
Pledged movable	13.478	6.102
Letters of guarantee	9.299	7.925
Cash blockages	1.303	1.584
	<b>631.957</b>	<b>622.249</b>

In addition to collaterals above, the Group also has sureties amounting to TL 6.865.182 pledged vehicles amounting to TL 37.123, pledged accounts receivable to TL 242.663 (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 31 March 2021 and 31 December 2020 details of overdue finance lease receivables are as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Up to 30 days	120.327	70.963
Between 30 – 60 days	8.526	8.880
Between 60 – 90 days	7.762	5.749
Between 90 – 180 days(*)	16.615	15.047
Total overdue	<b>153.230</b>	<b>100.639</b>

(\*) 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 30.06.2021. 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>31 March 2021</u>	<u>31 December 2020</u>
Mortgages	98.759	107.251
Pledged equity	19.653	19.321
Commercial Enterprise Pledge	3.766	16.149
Pledged movable	1.015	
Letters of guarantee	467	908
Sureties of credit guarantee fund	-	6.783
	<b>150.412</b>	<b>150.412</b>

In addition to above guarantees, the Group also has sureties amounting to TL 799.441, pledged vehicles amounting to TL 6.430, (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 31 March 2021 and 31 December 2020, the aging of non-performing finance lease receivables is as follows:

	<b>30 March 2021</b>	<b>31 December 2020</b>
Between 90 – 240 days	4.496	5.136
Between 240 – 360 days	3.762	8.294
Over 360 days	108.941	122.038
Uninvoiced non-performing finance lease receivables	157.597	185.376
Unearned interest of non-performing finance lease receivables	7.524	2.884
	<b>282.320</b>	<b>323.688</b>

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

<b>Guarantee type:</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Mortgages	4.452	5.832
Guarantor	2	-
Letter of Guarantee	-	2
	<b>4.454</b>	<b>5.834</b>

In addition to the above collaterals, the Group also has sureties amounting to TL 158.563, pledged vehicles amounting to TL 1.973 and leased equipments amounting to TL 117.330 (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:

<b><u>Movement of expected credit losses:</u></b>	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
Provision at the beginning of the period	(333.706)	(253.255)
Provision set during the period	(48.195)	(52.299)
Collections	12.888	11.568
<b>Provision at the end of the period</b>	<b>(369.013)</b>	<b>(293.986)</b>

#### B. Operating Lease Receivables

	<b>31 March 2021</b>	<b>31 December 2020</b>
Operating Lease Receivables	-	-
	-	-

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### 9. LEASE RECEIVABLES (Continued)

#### B. Operating Lease Receivables (Continued)

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

	<u>31 March 2021</u>	<u>31 December 2019</u>
2021 Year	1.160	1.215
2022 Year	1.008	744
2023 Year	900	650
2024 Year	86	
	<u>3.154</u>	<u>2.609</u>

### 10. RELATED PARTIES

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

	<u>31 March 2021</u>	<u>1 December 2020</u>
<u>Finance lease receivables from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	5.306	5.617
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	2.193	2.635
Toksöz Spor Malzemeleri Ticaret A.Ş.	88	188
KKB Kredi Kayıt Bürosu A.Ş.	-	100
<b>Total</b>	<u>7.587</u>	<u>8.540</u>
<u>Factoring receivables from related parties</u>		
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	2.405	4.068
Nevotek Bilişim Ses Ve İletişim Sist.San. Ve Tic. A.Ş.	2.489	1.461
Toksöz Spor Malzemeleri Ticaret A.Ş.	-	-
<b>Total</b>	<u>4.894</u>	<u>5.529</u>
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Sigorta Primi)	23.355	23.790
Softtech Yazılım Teknolojileri	67	200
Türkiye İş Bankası A.Ş.	63	227
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	16	102
İş Merkezleri Yönetim ve İşletim A.Ş.	27	26
Anadolu Hayat Emeklilik A.Ş	1	1
İş Faktoring A.Ş	-	4
KKB Kredi Kayıt Bürosu A.Ş.	-	4
<b>Total</b>	<u>23.529</u>	<u>24.354</u>
<u>Deposits placed to related parties</u>		
Türkiye İş Bankası A.Ş. Vadeli Mevduat	420.163	332.070
Türkiye İş Bankası A.Ş. Vadesiz Mevduat	51.917	21.058
İşbank AG Vadesiz Mevduat	154	143
Türkiye Sınai Kalkınma Bankası A.Ş.Vadesiz Mevduat	96	85
<b>Total</b>	<u>472.330</u>	<u>353.356</u>

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### 10. RELATED PARTIES (Continued)

#### Derivative financial assets held for trading from related parties

	<u>31 March 2021</u>	<u>31 December 2020</u>
Türkiye İş Bankası A.Ş.	-	-
Türkiye Sınai Kalkınma Bankası A.Ş.	-	348
<b>Total</b>	<b>-</b>	<b>348</b>

#### Derivative financial liabilities held for trading from related parties

Türkiye İş Bankası A.Ş.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Finance lease liability to related parties

Türkiye İş Bankası A.Ş.	90	137
İş Gayrimenkul Yatırım Ort.A.Ş	3	5
<b>Total</b>	<b>93</b>	<b>142</b>

As at 31 March 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>	<u>31 March 2021</u>
TL	8,84% - 20,75%	01.04.2021-09.03.2022	1.521.353
EUR	2,25% - 3,04%	01.04.2021-17.06.2021	639.900
Avro	1,50%-4,75%	01.04.2021-08.10.2021	1.267.877
			<b>3.429.130</b>

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2020</u>
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
			<b>3.317.767</b>

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### 10. RELATED PARTIES (Continued)

#### Türkiye Sınai Kalkınma Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 March 2021</u>
ABD Doları	1,99%-3,79	17.12.2021-01.06.2026	149.297
EUR	2,79%	29.06.2026	511.620
			<b>660.917</b>

<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
			<b>628.307</b>

#### İş Bank AG

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 March 2021</u>
TL	1,15% - 2,77%	15.04.2021-17.11.2023	147.473
			<b>147.473</b>

<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
			<b>159.843</b>

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### 10. RELATED PARTIES (Continued)

For the periods ended 31 March 2021 and 31 March 2020, finance income and expenses from related parties are as follows:

	<b>01.01.2021- 31.03.2021</b>	<b>01.01.2020- 31.03.2020</b>
<u>Finance lease interest income from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş.	245	168
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	77	178
Toksöz Spor Malzemeleri Ticaret A.Ş.	9	40
KKB Kredi Kayıt Bürosu A.Ş.	1	55
Bankalararası Kart Merkezi A.Ş.	-	-
Tukaş Gıda San. Ve Tic.A.Ş.	-	429
<b>Toplam</b>	<b>332</b>	<b>870</b>
<u>Operating Lease Income from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	277	122
TSKB Gayrimenkul Değerleme A.Ş.	45	38
TSKB Sürdürülebilirlik Danışmanlığı A.Ş.	-	1
<b>Total</b>	<b>322</b>	<b>161</b>
<u>Interest income from related parties</u>		
Türkiye İş Bankası A.Ş.	22	43
<b>Total</b>	<b>22</b>	<b>43</b>
<u>Dividend income from related parties</u>		
İş Yatırım Menkul Değerler A.Ş.	17.270	6.810
Yatırım Finansman Menkul Değerler A.Ş.	4	2
<b>Total</b>	<b>17.274</b>	<b>6.812</b>
<u>Finance expense</u>		
Türkiye İş Bankası A.Ş.	50.425	24.687
Türkiye Sınai Kalkınma Bankası A.Ş.	5.138	4.635
İş Yatırım Menkul Değerler A.Ş.	1.639	336
İşbank AG	752	15
<b>Total</b>	<b>57.954</b>	<b>29.673</b>
<u>Rent expense</u>		
Türkiye İş Bankası A.Ş.	854	761
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	12	10
<b>Total</b>	<b>866</b>	<b>771</b>

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### 10. RELATED PARTIES (Continued)

	<u>01.01.2021-</u> <u>31.03.2021</u>	<u>01.01.2020-</u> <u>31.03.2020</u>
<u>Commission income</u>		
Anadolu Anonim Türk Sigorta Şirketi	1.972	791
<b>Total</b>	<b>1.972</b>	<b>791</b>
<u>Factoring commission income from related parties</u>		
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	6	37
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	6	6
Toksöz Spor Malzemeleri	-	6
<b>Total</b>	<b>12</b>	<b>49</b>
<u>Factoring interest income from related parties</u>		
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	35	209
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	42	58
Toksöz Spor Malzemeleri	-	102
Anadolu Cam Sanayii A.Ş	-	80
<b>Total</b>	<b>77</b>	<b>449</b>
<u>Finansal Kiralama Gideri</u>		
Türkiye İş Bankası A.Ş.	90	56
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	3	2
<b>Total</b>	<b>93</b>	<b>58</b>
<u>Mutual funds income</u>		
Türkiye İş Bankası A.Ş.	68	46
<b>Total</b>	<b>68</b>	<b>46</b>

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### 10. RELATED PARTIES (Continued)

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

	31 March 2021		31 December 2020	
	Purchase	Sale	Purchase	Sale
Swap Transactions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	31 March 2021		31 December 2020	
	Purchase	Sale	Purchase	Sale
Swap Transactions	-	-	7.912	7.341
<b>Total</b>	<b>-</b>	<b>-</b>	<b>7.912</b>	<b>7.341</b>

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

	31 March 2021	31 December 2020
Anadolu Hayat Emeklilik A.Ş.	109.891	105.100
Milli Reasürans T.A.Ş.	22.545	59.269
İş Portföy Yönetimi A.Ş.	2.548	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	866	-
Anadolu Anonim Türk Sigorta Şirketi	-	14.852
Türkiye İş Bankası A.Ş.	-	5.687
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	260
İş Yatırım Menkul Değerler A.Ş.	-	26
<b>Total</b>	<b>135.850</b>	<b>185.194</b>

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

For the periods ended 31 March 2021 and 31 March 2020, total salary and benefits paid to the key management during year comprised the following:

	01.01.2021- 31.03.2021	01.01.2020- 31.03.2020
Salaries and other short-term benefits (**)	3.339	2.772
	<b>3.339</b>	<b>2.772</b>

(\*) The Group’s key management consists of members of the board of directors, general manager and assistant general managers.

(\*\*) Consists of monetary benefits such as; salaries, bonuses and premiums along with vehicle rentals and other associated expenses.

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### 11. TANGIBLE ASSETS

For the periods ended 31 March 2021 and 31 March 2020, movements in tangible assets are as follows:

	<b>Furniture and Fixtures</b>	<b>Leasehold Improvements</b>	<b>Assets Subject to Operational Lease</b>	<b>Vehicles</b>	<b>Other Tangible Assets</b>	<b>Right of Use</b>	<b>Real Estate</b>	<b>Total</b>
<b>Cost</b>								
Opening balance at 1 January 2021	9.500	4.407	3.180	1.282	1.456	7.521	8.750	36.096
Additions	400	292	500	-	-	2.228	-	3.420
Disposals	(143)	-	-	-	-	-	-	(143)
<b>Closing balance at 31 March 2021</b>	<b>9.757</b>	<b>4.699</b>	<b>3.680</b>	<b>1.282</b>	<b>1.456</b>	<b>9.749</b>	<b>8.750</b>	<b>39.373</b>
<b>Accumulated depreciation</b>								
Opening balance at 1 January 2021	(5.745)	(4.001)	(1.105)	(415)	(1.456)	(4.868)	(380)	(17.970)
Depreciation for the period	(288)	(43)	(266)	(105)	-	(880)	(43)	(1.625)
Disposals	125	-	-	-	-	(4.868)	-	125
<b>Closing balance at 31 March 2021</b>	<b>(5.908)</b>	<b>(4.044)</b>	<b>(1.371)</b>	<b>(520)</b>	<b>(1.456)</b>	<b>(5.748)</b>	<b>(423)</b>	<b>(19.470)</b>
<b>Carrying amounts at 31 March 2021</b>	<b>3.849</b>	<b>655</b>	<b>2.309</b>	<b>762</b>	<b>-</b>	<b>4.001</b>	<b>8.327</b>	<b>19.903</b>
<b>Carrying amounts at 1 March 2021</b>	<b>3.755</b>	<b>406</b>	<b>2.075</b>	<b>867</b>	<b>-</b>	<b>2.653</b>	<b>8.370</b>	<b>18.126</b>
<b>Cost</b>								
Opening balance at 1 January 2020	6.860	4.269	1.511	-	1.456	-	8.750	23.888
Transfer	587	16	-	183	-	-	-	-
Additions	(26)	-	(108)	227	-	3.400	-	3.839
Disposals	7.421	4.285	1.403	-	-	(106)	-	(1.177)
<b>Closing balance at 31 March 2020</b>	<b>10.836</b>	<b>8.870</b>	<b>2.806</b>	<b>227</b>	<b>1.456</b>	<b>3.294</b>	<b>8.750</b>	<b>26.550</b>
<b>Accumulated depreciation</b>								
Opening balance at 1 January 2020	(5.040)	(3.855)	(804)	410	1.456	3.294	8.750	26.550
Depreciation for the period	(215)	(37)	(129)	309	-	2.043	-	2.955
Transfer	-	-	-	-	-	(51)	-	(185)
Disposals	7	-	107	719	1.456	5.286	8.750	29.320
<b>Closing balance at 31 March 2020</b>	<b>(5.248)</b>	<b>(3.892)</b>	<b>(826)</b>	<b>1438</b>	<b>1.456</b>	<b>7.578</b>	<b>8.750</b>	<b>12.134</b>
<b>Carrying amounts at 31 March 2020</b>	<b>2.173</b>	<b>393</b>	<b>577</b>	<b>(211)</b>	<b>(1.456)</b>	<b>(2.721)</b>	<b>(205)</b>	<b>(14.133)</b>
<b>Carrying amounts at 1 March 2020</b>	<b>1.820</b>	<b>414</b>	<b>707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amounts at 1 March 2020</b>	<b>6.860</b>	<b>4.269</b>	<b>1.511</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>-</b>	<b>165</b>

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#### 12. INTANGIBLE ASSETS

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
<u>Cost</u>		
Opening balance at 1 January	12.302	9.901
Additions	491	2.401
Disposals	-	-
Closing balance at the end of the period	<u>12.793</u>	<u>12.302</u>
<u>Amortization</u>		
Opening balance at 1 January	(7.750)	(6.102)
Amortization for the period	(437)	(1.648)
Disposals	-	-
Closing balance at the end of the period	<u>(8.187)</u>	<u>(7.750)</u>
<b>Carrying amounts(*)</b>	<u><b>4.606</b></u>	<u><b>4.552</b></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 31 March 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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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### 13. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 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:

<b>Temporary time differences subject to deferred tax</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Expected Credit Losses for Doubtful Receivables	327.569	264.076
Unearned factoring income	50.448	47.068
Financial assets valuation difference	10.599	(183)
Provision for lawsuit	9.351	8.816
Reserve for employee benefits	7.343	6.633
Employee bonus accrual	4.632	5.533
Prepaid expenses	4.302	1.039
Unused vacation provision	2.662	2.051
Expected credit losses of financial assets	1.855	182
Expense accruals	454	344
Tax base differences in tangible and intangible assets	(3.914)	(3.860)
Finance lease adjustment	(15.951)	(7.254)
Finance lease income accruals	(71.828)	(81.057)
	<b>327.522</b>	<b>243.388</b>

<b>Deferred tax assets / (liabilities)</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
Expected Credit Loss for Doubtful Receivables	65.514	52.815
Unearned factoring income	10.090	9.414
Provision for lawsuit	1.870	1.763
Reserve for employee benefits	1.469	1.327
Employee bonus accrual	926	1.107
Unused vacation provision	532	410
Expense accruals	860	208
Prepaid expenses	91	68
Provision for expected loss	371	36
Financial Tax loss	2.120	-
Valuation differences on financial instruments	(783)	(37)
Tax base differences in tangible and intangible assets	(3.190)	(772)
Finance lease adjustment	(14.366)	(1.451)
Finance lease income accruals	371	(16.211)
<b>Deferred tax asset</b>	<b>65.504</b>	<b>48.677</b>

The tax rate used in the 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 (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:

	<b>31 March 2021</b>	<b>31 December 2020</b>
Opening balance at 1 January	48.677	33.071
Deferred tax income / (expense)	16.827	16.547
<b>Closing balance at at 31 December</b>	<b>65.504</b>	<b>49.618</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

### 14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Assets held for sale (*)	658	-	2.058	-
	<b>658</b>	<b>-</b>	<b>2.058</b>	<b>-</b>

(\*) Consist of properties which is included in Group asset acquired as a result of the legal proceedings in relation to its non-performing receivables.

### 15. OTHER ASSETS

As at 31 March 2021 and 31 December 2020, details of other assets are as follows:

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Leasing Contracts in Progress	31.738	108.009	108.493	36.605
Advances Given for Lease Transactions	44.591	432.776	22.715	187.996
Other Finance Lease Receivables	13.132	7.211	14.477	5.957
Commissions expense on debt securities issued and funds borrowed	12.802	-	11.029	-
Amounts to be invoiced	1.407	40	2.545	37
Advanced given	82	-	40	-
Deposits given	30	-	30	-
Others	11.829	928	10.125	651
	<b>115.611</b>	<b>548.964</b>	<b>169.454</b>	<b>231.246</b>

### 16. FUNDS BORROWED

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

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Short-term borrowings	3.837.539	3.573.438	3.594.768	3.699.037
Short-term portion of long-term borrowings	15.994	489.862	14.740	302.445
Total short-term borrowings	<b>3.853.533</b>	<b>4.063.300</b>	<b>3.609.508</b>	<b>4.001.482</b>
Long-term borrowings	7.997	2.205.720	7.371	1.789.147
Total long-term borrowings	<b>7.997</b>	<b>2.205.720</b>	<b>7.371</b>	<b>1.789.147</b>
<b>Total borrowings</b>	<b>3.837.539</b>	<b>3.573.438</b>	<b>3.616.879</b>	<b>5.790.629</b>

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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### 16. FUNDS BORROWED (Continued)

As at 31 March 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>31 March 2021</u>
TL	7,14%-26,53%	3.774.837.000	3.774.837
USD	0,76%-3,56%	115.303.664	960.018
Euro	0,40%-4,84%	261.905.016	2.559.886
GBP	1,21%-2,03%	2.813.240	32.162
Interest accruals			84.074
<b>TOTAL</b>			<b>7.410.977</b>

<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%-2,06%	4.618.457	45.925
Interest accruals			78.209
<b>TOTAL</b>			<b>7.293.805</b>

(\*) Foreign currency indexed borrowings have been presented in TL column in the accompanying consolidated statement of financial position.

As at 31 March 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>31 March 2021</u>
USD	1,70% - 3,03%	55.991.172	466.182
Euro	0,80% - 4,24%	230.547.162	2.253.391
<b>TOTAL</b>			<b>2.719.573</b>
<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
<b>TOTAL</b>			<b>2.113.703</b>

As at 31 March 2021 and 31 December 2020, compounded interest rates have been presented.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 16. FUNDS BORROWED (Continued)

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

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Fixed rate	3.825.802	4.371.337	3.494.113	4.040.343
Variable rate	35.728	1.897.683	122.766	1.750.286
	<b>3.861.530</b>	<b>6.269.020</b>	<b>3.616.879</b>	<b>5.790.629</b>

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

As at 31 March 2021 the Group has available credit limit of TL 15.802.649 which has fulfilled all necessary conditions but has not been used. (31 December 2020: TL 14.939.105).

### 17. OTHER LIABILITIES

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

	31 March 2021		31 December 2020	
	TL	FC	TL	FC
Advances received (**)	62.214	92.044	67.340	61.097
Payables to suppliers for lease transactions	571	520.536	10.137	252.110
Banking and Insurance Transaction Tax	4.756	-	4.723	-
Social Security Premium Liability	1.232	-	916	-
Income Tax Liability	1.288	-	827	-
Deferred Income	329	-	434	-
Other Tax and Liabilities	53	-	77	-
Value Added Tax	70	-	47	-
Other(*)	15.702	27.226	19.918	19.916
	<b>86.215</b>	<b>639.806</b>	<b>104.419</b>	<b>333.123</b>

(\*) 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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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### 18. LEASE PAYABLES

	<u>31 March 2021</u>	<u>31 December 2020</u>
Lease Payables	4.941	3.634
	<b>4.941</b>	<b>3.634</b>

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
2021	2.948	-
2022	1.474	1.631
2023	519	1.465
2024	-	538
	<b>4.941</b>	<b>3.634</b>

### 19. DEBT SECURITIES ISSUED

	<u>31 March 2021</u>		<u>31 December 2020</u>	
	TL	FC	TL	FC
Bills bonds	1.009.302	-	1.119.597	-
Interest accruals	31.334	-	26.499	-
	<b>1.040.636</b>	<b>-</b>	<b>1.146.096</b>	<b>-</b>

As of 31 March 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>
TRFISFN42112	30.12.2020	110.000	02.04.2021	Qualified Investor	Payment at maturity
TRFISFN42120	15.01.2021	100.000	13.04.2021	Qualified Investor	Payment at maturity
TRFISFN42138	27.01.2021	150.000	28.04.2021	Qualified Investor	Payment at maturity
TRFISFN52111	24.01.2021	100.000	28.05.2021	Qualified Investor	Payment at maturity
TRFISFN62110	09.03.2021	72.000	07.06.2021	Qualified Investor	Payment at maturity
TRFISFA42119	08.01.2021	355.250	08.04.2021	Qualified Investor	Payment at maturity
TRFISFA72116	11.03.2021	170.000	05.07.2021	Qualified Investor	Payment at maturity

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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### 20. PROVISIONS

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Reserve for employee severance indemnity	7.343	6.633
Vacation pay provision	2.661	2.051
Provision for employee bonus	4.632	5.533
	<u><b>14.636</b></u>	<u><b>14.217</b></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 31 December 2020 and 31 December 2019, the following actuarial assumptions are used in the calculation of the total liability:

	<u>31 March 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 31 March 2021 and 31 March 2020, movements in reserve for employee severance indemnity are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Balance at the beginning of the year	6.633	5.449
Service cost	868	700
Amounts paid to employee severance indemnity	(158)	(108)
<b>Balance at the end of the year</b>	<u><b>7.343</b></u>	<u><b>6.041</b></u>

The movement of the vacation pay liability for the periods ended 31 March 2021 and 31 March 2020 are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Balance at the beginning of the year	2.051	1.447
Increase during the period	610	507
<b>Balance at the end of the year</b>	<u><b>2.661</b></u>	<u><b>1.954</b></u>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 20. PROVISIONS (Continued)

The movement of the provision for employee bonus for the periods ended 31 March 2021 and 31 March 2020 are as follows:

	<b>31 March 2021</b>	<b>31 March 2020</b>
Balance at the beginning of the year	5.533	4.538
Increase during the period	1.607	1.291
Reversals	(2.508)	(1.842)
Payment made during the period	-	(2.696)
<b>Balance at the end of the year</b>	<b>4.632</b>	<b>1.291</b>

As at 31 March 2021 and 31 March 2020, other provisions are as follows:

	<b>31 March 2021</b>	<b>31 March 2020</b>
Provision for lawsuits	9.351	7.268
Provision for general administrative expenses	1.855	81
Expected Credit Loss for Financial Assets	585	527
	<b>11.791</b>	<b>7.876</b>

Movements in other provisions for the periods ended 31 March 2021 and 31 March 2020 are as follows:

	<b>General provision for financial lease receivables</b>	<b>Provision for lawsuits</b>	<b>Provision for administrative expenses</b>	<b>Expected Credit Loss for Financial Assets</b>
<b>31 March 2021</b>				
At the beginning of the year	-	8.816	344	182
Period Expense	-	535	585	1.855
Payments	-		(199)	-
Cancellations	-	-	(145)	(182)
<b>At the end of the period</b>	<b>-</b>	<b>9.351</b>	<b>585</b>	<b>1.855</b>

	<b>General provision for financial lease receivables</b>	<b>Provision for lawsuits</b>	<b>Provision for administrative expenses</b>	<b>Expected Credit Loss for Financial Assets</b>
<b>31 March 2020</b>				
At the beginning of the year	-	6.874	171	69
Period Expense	-	394	527	13
Payments	-		(164)	-
Cancellations	-	-	(7)	(1)
<b>At the end of the period</b>	<b>-</b>	<b>7.268</b>	<b>527</b>	<b>81</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 21. CURRENT PERIOD TAX ASSET AND PAYABLE

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Refundable Deferred Tax	-	-
Refundable VAT	2.027	3.322
Income taxes withheld	415	279
<b>Total</b>	<b><u>2.442</u></b>	<b><u>3.601</u></b>

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Current period corporate tax provision (Note:35)	44.075	78.858
Previous period corporate tax provision	1.036	(891)
Taxes paid for the current period	255	(59.307)
Refundable Corporate Tax	-	-
<b>Corporate tax payable</b>	<b><u>45.366</u></b>	<b><u>18.660</u></b>

For the periods ended 31 March 2021 and 31 March 2020, movements of corporate tax payable are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Corporate Tax Payable at the Beginning of the Term	18.660	20.637
Current Period Expense	44.075	28.919
Tax Payable	1.036	-
Prior Period Corporate Tax Provision	255	877
Payments During the Term	(18.660)	(19.760)
Corporate Tax To Be Refunded	-	(877)
<b>Corporate tax payable</b>	<b><u>45.366</u></b>	<b><u>29.796</u></b>

### 22. NON-CONTROLLING INTERESTS

The Company owns 78,23 % of İş Faktoring A.Ş. As at 31 March 2021, the non-controlling interests amounting to 106.925 (31 December 2020: TL 103.839) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TL (8.993) (31 December 2020: TL 12.035) have been calculated on the net profit of the subsidiary.

The movements of non-controlling interests for the periods ended 31 March 2021 and 31 December 2020 are as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Balance at the beginning of the year	103.839	65.484
Fair value changes of marketable securities	8.993	26.320
From the Profit/Loss of the year	(5.907)	12.035
<b>Balance at the end of the year</b>	<b><u>106.925</u></b>	<b><u>103.839</u></b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 23. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 31 March 2021 nominal capital of the Company is 695.303 TL, the share capital of the Company consists 69.530.264.500 of shares Kurus 1 price.

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

<u>Shareholders</u>	<u>(%)</u>	<u>31 March 2021</u>	<u>(%)</u>	<u>31 December 2020</u>
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	41,86	290.717	41,77	290.411
<b>TOTAL</b>	<b>100</b>	<b>695.303</b>	<b>100</b>	<b>695.303</b>

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;

<u>Shareholders</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Türkiye İş Bankası A.Ş.	300.000.000	300.000.000
Türkiye Sınai Kalkınma Bankası A.Ş.	255.000.000	255.000.000
Türkiye Şişe ve Cam Fab. A.Ş.	-	22.500.000
Trakya Yatırım Holding A.Ş.	45.000.000	22.500.000
<b>Total</b>	<b>600.000.000</b>	<b>600.000.000</b>

Any change in the articles of association of the Company is subject to the consent of Group A shareholders.

### Capital Reserves

	<u>31 March 2021</u>	<u>31 December 2020</u>
Other Capital Reserves(*)	1.763	1.938
Accumulated Other Comprehensive Income/Expenditure Not Reclassified in Profit/Loss		
<i>Accumulated Other Comprehensive</i>		
<i>Income/Expenditure Reclassified in Profit/Loss</i>	(263)	(588)
Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss(**)	226.180	55.960
<b>Total</b>	<b>225.917</b>	<b>55.372</b>

(\*) 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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

### 24. PROFIT RESERVES

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

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

(\*) As per the BRSA, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Group has deferred tax amounting to TL 38.309 classified in extraordinary tax income reserves which will not be considered in profit distribution and capital increase as at 31 March 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 5.126 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 March 31, 2021 (31 December 2020: 18.264 ).

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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#### 26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2021, TL 1.194.475 of letters of guarantee are given to customs, authorities and banks (31 December 2020: TL 976.900).

As at 31 March 2021, the total risk of litigations filed and currently pending against the Group amounting to approximately TL 15.595 (31 December 2020: TL 15.246). The Group has provided a provision amounting to TL 9.351 for litigations (31 December 2020: TL 8.816) in the accompanying consolidated financial statements (Note 20). The Group management does not anticipate any further provision for the remaining litigations.

As at 31 March 2021, the Group has letter of credit commitments of USD 9.563.744, 20.808.538, EUR 1.134.000 GBP, 8.407.500 CHF, 24.000.000 JPY (371.931TL) (31 December 2020: USD 7.337.324 , EUR 18.528.743 (TL 220.765 )).

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

As at 31 March 2021, the Group has lease commitments of USD 32.856.385, EUR 78.576.890 and full TL 321.683.432 (TL 1.363.264) (31 December 2020 USD 31.604.511 , EUR 41.317.302 and full TL 297.756.781 (TL 901.932)).

As at the reporting date, the Group does not have any guarantees, pledges or mortgages given for the purpose of guaranteeing any third party payables.

As at 31 March 2021 details of derivatives are as follows:

	<b>31 March 2021</b>	
	<b>Amount as</b>	
	<b>Original Currency</b>	<b>TL</b>
Currency Swap Purchases:		
EUR	264.608	2.586
TL	64.439.000	64.439
		<b>67.025</b>
Currency Swap Sales:		
USD	3.000.000	24.978
EUR	5.000.000	48.871
CHF	287.100	2.532
		<b>76.381</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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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
		<b>186.340</b>
Currency Swap Sales:		
USD	18.000.000	132.129
EUR	5.000.000	45.040
CHF	430.650	3.568
		<b>180.737</b>

Group’s derivative transactions performed with related parties are presented in Note 10.

As of 31 March 2021, there is an unrealized gain amounting to TL 52, unrealized loss amounting to TL 10.651 (Note 6) consisting of changes in the fair value of derivative contracts and associated with profit and loss (31 December 2020: TL 6.098 unrealized gain and TL 5.915 unrealized loss).

As at 31 March 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	67.025	-	67.025
Currency Swap Sales	76.381	-	76.381

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

### 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

<b><u>31 March 2021</u></b>	<b><u>Leasing</u></b>	<b><u>Factoring</u></b>	<b><u>Consolidation Adjustments</u></b>	<b><u>Consolidated</u></b>
Total assets	9.155.672	4.671.966	(53.766)	13.773.872
Total liabilities	7.803.373	4.181.219	-	11.984.592
Net profit for the year	74.925	41.312	(8.993)	107.244

  

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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### 27. SEGMENT REPORTING (Continued)

<u>31 March 2021</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Total</u>
Operating Income	179.421	144.872	-	324.293
Financial Expenses (-)	(95.130)	(110.229)	-	(205.359)
Gross Profit / Loss	84.291	34.643	-	118.934
Operating Expense (-)	(16.491)	(10.364)	-	(26.855)
Gross Operating Profit/Loss	67.800	24.279	-	92.079
Other Operating Income	95.551	40.794	-	136.345
Provisions (-)	(48.147)	(11.964)	-	(60.111)
Other operating Expenses (-)	(19.081)	(5.747)	-	(24.828)
Net Operating Profit / Loss	96.123	47.362	-	143.485
Profit or Loss from Continuing Operations before tax	96.123	47.362	-	143.485
Provision for Taxes from Continuing Operations (±)	(21.198)	(6.050)	-	(27.248)
Net Profit or Loss from Continuing Operations	74.925	41.312	-	116.237
Non-controlling Interests	-	-	(8.993)	(8.993)
<b>Net Profit or Loss for the Period</b>	<b>74.925</b>	<b>41.312</b>	<b>(8.993)</b>	<b>107.244</b>
Fixed Asset Additions	1.233	2.678	-	3.911
Depreciation and Amortisation	(1.148)	(914)	-	(2.062)
<u>31 March 2020</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Total</u>
Operating Income	120.518	82.172	-	202.690
Financial Expenses (-)	(60.604)	(62.004)	-	(122.608)
Gross Profit / Loss	59.914	20.168	-	80.082
Operating Expense (-)	(13.810)	(9.930)	-	(23.740)
Gross Operating Profit/Loss	46.104	10.238	-	56.342
Other Operating Income	80.540	24.662	-	105.202
Provisions (-)	(52.299)	(23.226)	-	(75.525)
Other operating Expenses (-)	(38.433)	(9.391)	-	(47.824)
Net Operating Profit / Loss	35.912	2.283	-	38.195
Profit or Loss from Continuing Operations	35.912	2.283	-	38.195
Provision for Taxes from Continuing Operations (±)	(11.969)	(403)	-	(12.372)
Net Profit or Loss from Continuing Operations	23.943	1.880	-	25.823
Non-controlling Interests	-	-	(409)	(409)
<b>Net Profit or Loss for the Period</b>	<b>23.943</b>	<b>1.880</b>	<b>(409)</b>	<b>25.414</b>
Fixed Asset Additions	2.233	2.233	-	4.708
Depreciation and Amortisation	(800)	(800)	-	(1.600)

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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#### 28. EVENTS AFTER THE REPORTING PERIOD

İş Finansal Kiralama A.Ş. The redemption payment of the bond issued by the ISIN code TRFISFN42112 with a nominal amount of TL 110,000 and a maturity date of 02.04.2021 was made.

İş Finansal Kiralama A.Ş. The financing bond with a nominal amount of 110.000 TL issued by the Capital Markets Board has been registered by the Capital Markets Board with the decision dated 25.06.2020 and numbered 58/1324, and the issuance of the bond was realized as private placement on 02.04.2021 and the maturity is 01.10.2021.

İş Finansal Kiralama A.Ş. The redemption payment of the bond with the ISIN code TRFISFN42120 and a nominal amount of TL 100,000 with a maturity date of 13.04.2021 was made.

İş Finansal Kiralama A.Ş. The financing bond with a nominal amount of 200.000 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 13.04.2021 and the maturity is 11.08.2021.

İş Faktoring A.Ş. The redemption payment of the bond with the ISIN code TRFISFA42119 and a nominal amount of 355.250 TL with a maturity date of 08.04.2021 was made.

#### 29. OPERATING INCOME

For the periods ended 31 March 2021 and 31 March 2020, details of operating income are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Finance Lease income	179.099	120.358
Operating lease income	322	160
Factoring income	144.872	82.172
	<u><b>324.293</b></u>	<u><b>202.690</b></u>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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#### 30. OPERATING EXPENSES

For the periods ended 31 March 2021 and 31 March 2020, operating expenses are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Personnel expenses	(17.603)	(15.568)
Depreciation and amortization expenses	(2.062)	(1.600)
Office rent expenses	(1.284)	(1.153)
Information technology expenses	(1.177)	(887)
Provision for employee severance	(878)	(700)
Board of Directors attendance fee	(718)	(738)
Write-off expense	(710)	-
BRSA participation fee	(567)	(432)
Taxes, duties and charges	(466)	(804)
Consultancy expenses	(344)	(182)
Travel and car expenses	(143)	(287)
Communication expense	(117)	(132)
Advertising expense	(106)	(89)
Insurance expense	(83)	(64)
Temsil Ağırılama Giderleri	(18)	(83)
Expenses of Keeping on the Rank	-	(15)
Other general administrative expenses	(579)	(1.006)
	<u>(26.855)</u>	<u>(23.740)</u>

#### 31. OTHER OPERATING INCOME

For the periods ended 31 March 2021 and 31 March 2020, details of other operating income are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Foreign exchange gains	32.479	59.250
Collections from prior period non-performing receivables and cancellation income	17.549	16.311
Dividend income	17.274	6.812
Income from derivative financial transactions	11.641	17.654
Commission income	1.972	791
Interest income	752	119
Other	54.678	4.265
	<u>136.345</u>	<u>105.202</u>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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#### 32. FINANCE EXPENSES

For the periods ended 31 March 2021 and 31 March 2020, details of finance expenses are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Interest expense on funds borrowed	(150.326)	(108.801)
Interest expense on debt securities issued	(44.125)	(10.523)
Fees and commissions expense	(10.696)	(3.206)
Interest expense related to rents	(212)	(78)
	<u>(205.359)</u>	<u>(122.608)</u>

#### 33. PROVISIONS

For the periods ended 31 March 2021 and 31 March 2020, details of provision for non-performing receivables are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Specific Provisions	(60.111)	(75.525)
	<u>(60.111)</u>	<u>(75.525)</u>

#### 34. OTHER OPERATING EXPENSES

For the periods ended 31 March 2021 and 31 March 2020, details of other operating expenses are as follows:

	<u>31 March 2021</u>	<u>31 March 2020</u>
Losses From Derivative Financial Instruments	(21.317)	(46.330)
Foreign Exchange Losses	(3)	-
Other	(3.508)	(1.494)
	<u>(24.828)</u>	<u>(47.824)</u>

Derivative financial instruments with a view to direct the Group’s financial risks (forward and currency swap contracts) consist of combination of more than one sub-transaction as time or spot. Entire such transactions are not trading and are preferred due to economic worth occurred at the maturity. Although, entire such transactions do not cover all conditions for hedge accounting, buy-sell spot transactions at the transaction date are recorded at initial amounts, buy-sell transactions that held to maturity date are recorded in fair values. Measurement differences of such sub-transactions which are integrated and fixed by the initial date economic worth at the maturity date on initial measurement of buy-sell transactions and measurement at the maturity date of buy-sell transactions cause the differences on income/expense components in the inperiods.

The difference as foreign currency expenses difference between loss is at amounting TL 1.920 from measurement difference of such transactions in the Group’s financial statements as at 31 March 2021 (31

**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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December 2020: TL 2.560 foreign exchange loss). The difference is expected to be substantially expired at the maturity of transactions.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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### 35. TAXATION

For the periods ended 31 March 2021 and 31 March 2020, details of tax expense are as follows:

	<u>31.03.2021</u>	<u>31.03.2020</u>
Current corporate tax charge	(44.075)	(28.919)
Deferred tax income/(expense)	16.827	16.547
	<u>(27.248)</u>	<u>(12.372)</u>

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:

	<u>%</u>	<u>31 March 2021</u>	<u>%</u>	<u>31 March 2020</u>
Net profit for the period		116.237		25.823
Total tax expense		27.248		12.372
Profit before tax		143.485		38.195
Income tax using the Group's tax rate	20,00	28.697	22,00	8.403
Non-deductible expenses	6,72	9.641	11,90	4.544
Tax exempt income	0,00	-	5,48	2.092
Tax exempt income	(2,41)	(3.455)	(3,92)	(1.498)
Other	(5,32)	(7.635)	(3,06)	(1.169)
<b>Total income tax expense</b>	<b>18,99</b>	<b><u>27.248</u></b>	<b>32,40</b>	<b><u>12.372</u></b>

#### 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 31 March 2021, corporate income tax rate is 20 (31 December 2020: 22).

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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### 35. TAXATION (Continued)

An amendment is made to Law No: 7061 “Amendment of Certain Tax Laws and Some Other Laws” which was proposed by the General Directorate of the Prime Ministry's Laws and Decrees dated 28 September 2017 and published in the Official Gazette No. 30261 dated December 5, 2017; which is the addition of Provisional Article 10" to the Law No. 5520 on Taxation of Institutions, as stated in Article 91. "In accordance with the provisional article 1, the rate of 20% in the first paragraph of Article 32 of this Law shall be 22% for the corporate earnings of the taxation periods of the institutions in 2018, 2019 and 2020 shall apply.

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 31 March 2021 and 31 March 2020 are as follows:

	<b>1 January- 31 March 2021</b>	<b>1 January- 31 March 2020</b>
Weighted average number of outstanding shares (*)	69.530.264.500	69.530.264.500
Net profit for the year (TL)	107.244	25.414
Basic earnings per share (full TL)	0,0015	0,0004

(\*) As at 31 March 2021, the share capital of the Company consists 69.530.264.500 of shares having Kurus 1 nominal price.

	<b>31 March 2021</b>	<b>31 December 2020</b>
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	<b>69.530.264.500</b>	<b>69.530.264.500</b>

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

None.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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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 16 % (31 December 2020: 16 %). As at 31 March 2021 and 31 December 2020, the leverage ratios are as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Funds borrowed	10.130.550	9.407.508
Debt securities issued	1.040.636	1.146.096
Other liabilities	726.021	437.542
Total liabilities	<b>11.897.207</b>	<b>10.991.146</b>
Cash and Cash Equivalents (-)	(527.736)	(382.325)
Net liabilities	<b>11.369.471</b>	<b>10.608.821</b>
Total shareholders’ equity	1.789.280	1.717.698
Shareholders’ equity / liabilities	16%	16%

According to the credit rating reports of Fitch issued at 01.03.2020 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”.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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### 38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

#### (c) Categories of financial instruments

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b><u>Financial Assets:</u></b>		
Cash and Cash Equivalents	527.736	382.325
Financial Assets at Fair Value Through Profit or Loss	2.906	3.186
Derivative Financial Assets	52	6.098
Finance lease receivables and non-performing receivables, net	7.761.051	7.151.969
Leasing Contracts in Progress	139.747	145.098
Advances Given for Lease Transactions	477.367	210.711
Other Finance Lease Receivables	20.343	20.434
Factoring receivables and non-performing factoring receivables, Net	4.450.501	4.419.857
Financial Assets at Fair Value Through Other Comprehensive Income	273.772	319.297
<b><u>Financial Liabilities:</u></b>		
Derivative financial liabilities at fair value	(10.651)	(5.915)
Finance Lease Obligations	(4.941)	(3.634)
Other liabilities	(726.021)	(437.542)
Funds borrowed	(10.130.550)	(9.407.508)
Debt securities issued	(1.040.636)	(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 31 March 2021 and 31 December 2020, details of foreign currency denominated assets and liabilities are as follows:

<b>31 March 2021 (*)</b>	<b>USD (000)</b>	<b>Avro (000)</b>	<b>CHF (000)</b>	<b>GBP (000)</b>	<b>JPY (000)</b>	<b>AUD (000)</b>	<b>TL Equivalent</b>
Banks	11.247	39.662	2	753	28	-	489.934
Finance lease receivables	114.186	415.526	314	-	-	-	5.014.873
Factoring receivables(*)	40.618	66.386	-	2.574	-	-	1.016.479
Advances given for lease transactions	12.758	32.431	857	176	-	-	432.776
Leasing contracts in progress	2.526	8.899	-	-	-	-	108.009
Other receivables from leasing transactions	199	568	-	-	-	-	7.211
Other assets	22	80	-	-	-	-	967
<b>Total assets (**)</b>	<b>181.556</b>	<b>563.552</b>	<b>1.173</b>	<b>3.503</b>	<b>28 -</b>	<b>-</b>	<b>7.070.249</b>
Funds borrowed(*)	(172.056)	(495.188)	-	(2.816)	-	-	(6.304.748)
Lease Obligations	-	(8)	-	-	-	-	(79)
Other provisions	(7)	(868)	-	(2)	-	-	(8.569)
Other Liabilities	(10.696)	(56.104)	(2)	(206)	(115)	-	(639.806)
<b>Total liabilities (**)</b>	<b>(182.759)</b>	<b>(552.168)</b>	<b>(2)</b>	<b>(3.024)</b>	<b>(115)</b>	<b>-</b>	<b>(6.953.202)</b>
<b>Balance sheet position</b>	<b>(1.203)</b>	<b>11.384</b>	<b>1.171</b>	<b>479</b>	<b>(87)</b>	<b>-</b>	<b>117.047</b>
<b>Off balance sheet position</b>	<b>(3.001)</b>	<b>(4.735)</b>	<b>(287)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73.795)</b>
<b>Net foreign currency position</b>	<b>(4.204)</b>	<b>6.649</b>	<b>884</b>	<b>479</b>	<b>(87)</b>	<b>-</b>	<b>43.252</b>

(\*) As at 31 March 2021, foreign currency indexed borrowings amounting to EUR 3.655 (Total: TL 35.728) are presented in TL column in the accompanying consolidated statement of financial position.

(\*\*) As at 31 March 2021, derivative liabilities amounting to TL 52 and derivative financial assets amounting to TL 10.651 are not included.

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### 38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

<b>31 December 2020 (*)</b>	<b>USD (000)</b>	<b>Avro (000)</b>	<b>CHF (000)</b>	<b>GBP (000)</b>	<b>JPY (000)</b>	<b>AUD (000)</b>	<b>TL Equivalent</b>
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
<b>Total assets (**)</b>	<b>180.331</b>	<b>555.764</b>	<b>481</b>	<b>5.086</b>	<b>26 -</b>	<b>-</b>	<b>6.384.547</b>
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)
<b>Total liabilities (**)</b>	<b>(166.844)</b>	<b>(543.025)</b>	<b>(2)</b>	<b>(4.705)</b>	<b>(115)</b>	<b>-</b>	<b>(6.163.044)</b>
<b>Balance sheet position</b>	<b>13.487</b>	<b>12.739</b>	<b>479</b>	<b>381</b>	<b>(89)</b>	<b>-</b>	<b>221.503</b>
<b>Off balance sheet position</b>	<b>(18.000)</b>	<b>(4.603)</b>	<b>(431)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(177.162)</b>
<b>Net foreign currency position</b>	<b>(4.513)</b>	<b>8.136</b>	<b>48</b>	<b>381</b>	<b>(89)</b>	<b>-</b>	<b>44.341</b>

(\*) 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 2020, derivative liabilities amounting to TL 5.915 and derivative financial assets amounting to TL 0 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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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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
<b>31 March 2021</b>				
15% change of the USD against TL				
1- Net USD asset/liability	(1.503)	1.503	(1.503)	1.503
2- Hedged portion of TL against USD risk (-)	(3.747)	3.747	(3.747)	3.747
<b>3- Net effect of USD ( 1+ 2)</b>	<b>(5.250)</b>	<b>5.250</b>	<b>(5.250)</b>	<b>5.250</b>
15% change of the Euro against TL				
4- Net Euro asset/liability	16.690	(16.690)	16.690	(16.690)
5- Hedged portion of TL against Euro risk (-)	(6.942)	6.942	(6.942)	6.942
<b>6- Net effect of Euro (4+5)</b>	<b>9.748</b>	<b>(9.748)</b>	<b>9.748</b>	<b>(9.748)</b>
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	1.990	(1.990)	1.990	(1.990)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>1.990</b>	<b>(1.990)</b>	<b>1.990</b>	<b>(1.990)</b>
<b>TOTAL (3+6+9)</b>	<b>6.488</b>	<b>(6.488)</b>	<b>6.488</b>	<b>(6.488)</b>

(\*) Includes profit/loss effect.

	Profit / (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>31 December 2020</b>				
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
<b>3- Net effect of USD ( 1+ 2)</b>	<b>(4.969)</b>	<b>4.969</b>	<b>(4.969)</b>	<b>4.969</b>
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
<b>6- Net effect of Euro (4+5)</b>	<b>10.993</b>	<b>(10.993)</b>	<b>10.993</b>	<b>(10.993)</b>
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 (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>627</b>	<b>(627)</b>	<b>627</b>	<b>(627)</b>
<b>TOTAL (3+6+9)</b>	<b>6.651</b>	<b>(6.651)</b>	<b>6.651</b>	<b>(6.651)</b>

(\*) 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 31 March 2021 and 31 December 2020, the interest rate profile of the Group’s interest-bearing financial instruments is as follows:

	<b>31 March 2021</b>	<b>30 December 2020</b>
<b><u>Fixed rate instruments</u></b>		
Financial assets:		
Cash and Cash Equivalents	430.937	344.213
Finance lease receivables	7.747.961	7.136.244
Other Finance Lease Receivables	-	-
Factoring receivables	3.501.677	3.598.443
Financial liabilities:		
Funds borrowed	8.197.139	7.534.456
Debt securities issued	1.040.636	1.146.096
<b><u>Variable rate instruments</u></b>		
Financial assets:		
Finance lease receivables	13.090	15.725
Factoring receivables	948.824	821.414
Financial liabilities:		
Borrowings	1.933.411	1.873.052

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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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 (31 March 2020: TL 67).

Interest income from factoring transactions with variable interest rates would be higher at an amount (31 March 2020: TL 1.467).

Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 4.426 (31 March 2020: TL 5.251).

##### (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 20.352 (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:

	<u>31 March 2021 (%)</u>	<u>31 December 2020(%)</u>
Construction	20,94	18,10
Textile	16,37	16,48
Metal industry	12,02	12,39
Transportation	7,46	8,10
Mining	6,62	6,81
Energy	4,63	5,33
Renewable energy	3,88	3,90
Chemical and plastic	2,66	3,99
Food and beverage	3,54	3,46
Healthcare	2,64	3,02
Forestry products and paper	2,68	2,61
Agriculture and forestry	2,30	2,32
Finance	1,65	1,90
Retail and wholesale	1,39	1,45
Machinery and equipment	1,26	1,33
Tourism	0,55	0,59
Other	5,06	5,92
	<u><b>100,00</b></u>	<u><b>100,00</b></u>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

#### 38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

##### (i) Credit risk management (Continued)

As at 31 March 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>				
<b>31 March 2021</b>								
Exposure to maximum credit risk as at reporting date (*)	7.587	7.753.464	4.894	4.445.607	2.906	2.986.954	273.772	4.455.823
- The portion of maximum risk covered by guarantee	-	636.411	-	871.544	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	7.587	6.910.626	4.894	4.215.193	2.906	2.986.954	273.772	4.455.823
- The portion covered by guarantee	-	508.297	-	871.513	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	35	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	929.531	-	3.180	-	-	-	-
- The portion covered by guarantee	-	123.660	-	31	-	-	-	-
D. Net carrying value of impaired assets	-	(86.693)	-	227.199	-	-	-	-
- Overdue (gross book value)	-	272.143	-	227.199	-	-	-	-
- Impairment (-)	-	(369.013)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	4.454	-	-	-	-	-	-
- Not past due (gross book value)	-	10.177	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	7.587	7.753.464	4.894	4.445.607	2.906	2.986.954	273.772	4.455.823
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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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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>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>				
<b>31 December 2020</b>								
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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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### 38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

#### (i) Credit risk management (Continued)

Collaterals obtained for finance lease receivables and factoring receivables including past dues and non-performing receivables are as follows:

	31 March 2021		31 December 2020	
	Nominal Değeri	Gerçeğe Uygun Değeri (*)	Nominal Değeri	Gerçeğe Uygun Değeri (*)
Sureties	108.571.336	10.602.702	98.019.666	9.988.918
Collaterals of factoring transaction	14.626.391	737.485	13.211.260	643.880
Mortgage	5.181.612	485.530	4.789.727	449.268
Share certificates	1.546.158	242.663	1.495.459	240.357
Guaranties of factoring transaction	1.100.121	23.160	1.032.695	26.149
Pledged shares	922.688	-	868.065	-
Pledged commercial	501.093	63.187	473.636	94.628
Sureties of credit guarantee fund	245.660	113.011	229.846	115.521
Pledged vehicles	156.353	39.096	140.141	33.058
Guarantors	81.794	2	80.724	-
Pledged movable	118.336	-	66.276	-
Commercial receivable insurance	61.001	61.000	64.504	64.504
Letters of guarantee	31.432	13.478	30.367	6.102
Ship mortgage	29.746	-	35.067	-
Collaterals given by vendors	20.815	-	18.351	-
Cash blockages	21.841	9.799	17.490	8.425
Funds bonds as collateral	7.027	1.303	6.627	1.584
Collaterals of leasing transaction	3.427	-	3.276	-
Pledged machines	502	-	502	-
	<b>133.227.333</b>	<b>12.392.416</b>	<b>120.583.679</b>	<b>11.672.394</b>

(\*) 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

31 March 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)
<b>Sözleşme Uyarınca Vadeler</b>						
Non-derivative Financial Assets:						
Banks	527.736	527.736	527.736	-	-	-
Financial Assets at Fair value through profit and Loss	2.906	2.906	2.906	-	-	-
Lease Receivables (*)	7.761.051	8.878.535	1.000.478	2.544.351	5.248.921	84.785
Factoring Receivables	4.450.501	4.623.830	3.260.479	1.345.969	17.382	-
Other Lease Receivables	20.343	20.343	20.343	-	-	-
<b>Total Assets</b>	<b>12.762.537</b>	<b>14.053.350</b>	<b>4.811.942</b>	<b>3.890.320</b>	<b>5.266.303</b>	<b>84.785</b>
Non-derivative Financial Liabilities:						
Funds Borrowed	10.130.550	10.400.345	6.021.128	2.061.541	2.275.560	42.116
Debt Securities Issued	1.040.636	1.057.250	887.250	170.000	-	-
Lease Obligations	4.941	5.575	943	2.815	1.817	-
Other Liabilities	726.021	726.021	725.972	-	49	-
<b>Total Liabilities</b>	<b>11.902.148</b>	<b>12.189.191</b>	<b>7.635.293</b>	<b>2.234.356</b>	<b>2.277.426</b>	<b>42.116</b>

31 December 2020

	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)
<b>Contractual Maturities</b>						
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	-	-	-
<b>Total Assets</b>	<b>11.977.771</b>	<b>13.122.276</b>	<b>4.822.806</b>	<b>3.460.988</b>	<b>4.732.503</b>	<b>105.979</b>
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	-
<b>Total Liabilities</b>	<b>10.994.780</b>	<b>11.262.251</b>	<b>6.969.346</b>	<b>2.396.641</b>	<b>1.858.308</b>	<b>37.956</b>

**İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**

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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 31 March 2021 and 31 December 2020.

<b>31 March 2021</b>	<b>Carrying</b>	<b>Contractual</b>	<b>Less than</b>	<b>3-12</b>	<b>1-5 Years</b>	<b>More than</b>
<b><u>Contractual Maturities</u></b>	<b><u>Amount</u></b>	<b><u>(I+II+III+IV)</u></b>	<b><u>3 Months</u></b>	<b><u>Months (II)</u></b>	<b><u>(III)</u></b>	<b><u>5 Years</u></b>
			<b><u>(I)</u></b>			<b><u>(IV)</u></b>
Cash inflows from derivatives	-	67.025	64.439	2.586	-	-
Cash outflows from derivatives	(9.356)	76.381	73.849	2.532	-	-
<b>30 December 2020</b>	<b>Carrying</b>	<b>Contractual</b>	<b>Less than</b>	<b>3-12</b>	<b>1-5 Years</b>	<b>More than</b>
<b><u>Contractual Maturities</u></b>	<b><u>Amount</u></b>	<b><u>(I+II+III+IV)</u></b>	<b><u>3 Months</u></b>	<b><u>Months (II)</u></b>	<b><u>(III)</u></b>	<b><u>5 Years</u></b>
			<b><u>(I)</u></b>			<b><u>(IV)</u></b>
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:

	<b>Financial assets and liabilities</b>	<b>Financial assets Measured at amortized cost</b>	<b>Loans and receivables</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>Financial liabilities Measured at amortized cost</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Notes</b>
<b>31 March 2021</b>								
<u>Financial Assets</u>								
Cash and Cash Equivalents	-	527.736	-	-	-	527.736	527.736	4
Financial Assets at Fair Value Through Profit or Loss	2.906	-	-	-	-	2.906	2.906	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	273.772	-	273.772	273.772	7
Derivative financial assets	52	-	-	-	-	52	52	6
Finance lease receivables and non- performing lease receivables	-	-	7.761.051	-	-	7.761.051	7.705.775	9
Factoring receivables and non- performing factoring receivables	-	-	4.450.501	-	-	4.450.501	4.450.501	8
<u>Financial liabilities</u>								
Derivative financial Liabilities	10.651	-	-	-	-	10.651	10.651	6
Other liabilities	-	-	-	-	726.021	726.021	726.021	17
Lease Payables	-	-	-	-	4.941	4.941	4.941	18
Funds borrowed	-	-	-	-	10.130.550	10.130.550	10.100.824	16
Debt securities issued	-	-	-	-	1.040.636	1.040.636	1.050.313	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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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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).

<b>31 March 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	-	2.906	-	2.906
Derivative financial assets	-	52	-	52
Financial Assets at Fair Value Through Other Comprehensive Income	269.743	-	-	269.743
<b>Total financial assets carried at fair value</b>	<b>269.743</b>	<b>2.958</b>	<b>-</b>	<b>272.701</b>
Derivative financial liabilities	-	10.651	-	10.651
<b>Total financial liabilities carried at fair value</b>	<b>-</b>	<b>10.651</b>	<b>-</b>	<b>10.651</b>

<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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
<b>Total financial assets carried at fair value</b>	<b>315.258</b>	<b>9.284</b>	<b>-</b>	<b>324.542</b>
Derivative financial liabilities	-	5.915	-	5.915
<b>Total financial liabilities carried at fair value</b>	<b>-</b>	<b>5.915</b>	<b>-</b>	<b>5.915</b>