

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

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

**Consolidated Financial Statements as at and for the
year ended 31 December 2023**



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

Independent Auditor's Report

To the Shareholders of İş Finansal Kiralama A.Ş.

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying consolidated statement of financial position of İş Finansal Kiralama A.Ş. (“the Company”), and its subsidiary (all together referred to as “the Group”), which comprise the consolidated statement of balance sheet as at December 31, 2023 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Communiqué on Financial Leasing, Factoring and Uniform chart of Accounts which shall be applied by Finance Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communiqué and Circular on Accounting Policies of Financial Leasing, Factoring, Financing and Saving Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority (“BRSA”) together referred as “BRSA Accounting and Financial Reporting Legislation” which includes provisions of Turkish Financial Reporting Standards (“TFRS”) for the matters which are not regulated by the aforementioned regulations.

Basis for opinion

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

Key Audit Matters

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



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

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

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

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

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



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

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

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

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

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

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

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



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

1. Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company of January 31, 2024.
2. In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2023 are not in compliance with the TCC and provisions of the Company's articles of association in relation to financial reporting.
3. In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The partner in charge of the audit resulting in this independent auditor's report is Fatma Ebru Yücel.

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



Fatma Ebru Yücel, SMMM
Partner

January 31, 2024
İstanbul, Turkey

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONTENTS	PAGE
Consolidated Balance Sheet (Statement of Financial Position)	3 - 4
Consolidated Statement of Off-Balance Sheet Items.....	5
Consolidated Statement of Profit/Loss.....	6
Consolidated Statement of Profit/Loss and Other Comprehensive Income.....	7
Consolidated Statement of Changes in Shareholders' Equity.....	8
Consolidated Statement of Cash Flows.....	9
Notes to the Consolidated Financial Statements	10
Note 1 Organization and Operations of the Company	11
Note 2 Basis of the Financial Statements.....	11
Note 3 Significant Accounting Policies	11 - 17
Note 4 Cash, cash equivalents	27
Note 5 Financial assets at fair value through profit or loss.....	28
Note 6 Derivative financial assets and liabilities.....	28
Note 7 Financial assets at fair value through other comprehensive income	29
Note 8 Factoring Receivables.....	29 - 32
Note 9 Lease Receivables.....	33 - 39
Note 10 Related Parties.....	40 - 45
Note 11 Tangible Assets.....	46
Note 12 Intangible Assets.....	47 - 48
Note 13 Deferred Tax Assets and Liabilities	49
Note 14 Assets Held For Sale and Discontinued Operations	49
Note 15 Other Assets.....	50
Note 16 Funds Borrowed.....	50 - 51
Note 17 Other Liabilities	52
Note 18 Lease Payables.....	53
Note 19 Debt Securities Issued	53
Note 20 Provisions	54 - 55
Note 21 Current Period Tax Asset and Payable.....	56
Note 22 Non-Controlling Interests	56
Note 23 Paid-in Capital and Capital Reserves	57
Note 24 Profit Reserves.....	58
Note 25 Prior Years' Profit / Loss.....	58
Note 26 Provisions, Contingent Assets and Liabilities.....	59 - 60
Note 27 Segment Reporting	61 - 62
Note 28 Events After The Reporting Date.....	63
Note 29 Operating Income	63
Note 30 Operating Expenses	64
Note 31 Other Operating Income	64
Note 32 Finance Expenses.....	64
Note 33 Provisions.....	64
Note 34 Other Operating Expenses	65
Note 35 Taxation	66 - 68
Note 36 Earnings Per Share	69
Note 37 Other Issues That Significantly Affect the Financial Statements or Other Issues Required for Understanding of the Financial Statements.....	69
Note 38 Additional Information on Financial Instruments.....	70 - 84

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 31 DECEMBER 2023

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

	ASSETS	Notes	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH, CASH EQUIVALENTS and CENTRAL BANK	4	940.853	1.572.058	2.512.911	178.236	184.479	362.715
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5	24.328	-	24.328	-	-	-
III.	DERIVATIVE FINANCIAL ASSETS	6	-	83.917	83.917	-	4.207	4.207
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	7	2.228.384	-	2.228.384	1.088.210	-	1.088.210
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		25.132.703	20.180.155	45.312.858	17.943.268	14.734.655	32.677.923
5.1	Factoring Receivables	8	18.941.882	3.213.355	22.155.237	13.497.715	2.134.009	15.631.724
5.1.1	Discounted Factoring Receivables (Net)		7.815.427	194.938	8.010.365	5.202.741	58.068	5.260.809
5.1.2	Other Factoring Receivables		11.126.455	3.018.417	14.144.872	8.294.974	2.075.941	10.370.915
5.2	Savings Financing Receivables		-	-	-	-	-	-
5.2.1	From the Savings Fund Pool		-	-	-	-	-	-
5.2.2	From equity		-	-	-	-	-	-
5.3	Financing loans		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	Lease Receivables (Net)	9	6.181.132	17.130.631	23.311.763	4.591.587	12.670.758	17.262.345
5.4.1	Finance Lease Receivables		8.658.729	18.947.202	27.605.931	6.369.797	13.912.460	20.282.257
5.4.2	Operational Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		2.477.597	1.816.571	4.294.168	(1.778.210)	(1.241.702)	(3.019.912)
5.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6	Non-Performing Loans	8,9	746.915	462.802	1.209.717	498.517	461.641	960.158
5.7	Expected Credit Loss (-) / Specific Provisions (-)		737.226	626.633	1.363.859	(644.551)	(531.753)	(1.176.304)
VI.	EQUITY INVESTMENTS		-	-	-	-	-	-
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	TANGIBLE ASSETS (Net)	11	34.179	-	34.179	46.547	-	46.547
VIII.	INTANGIBLE ASSETS (Net)	12	28.420	-	28.420	13.208	-	13.208
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSET	21,2,3	239	-	239	292	-	292
XI.	DEFERRED TAX ASSET	13	257.835	-	257.835	165.380	-	165.380
XII.	OTHER ASSETS	15,2,3	282.978	789.065	1.072.043	301.165	1.669.672	1.970.837
	SUBTOTAL		28.929.919	22.625.195	51.555.114	19.736.306	16.593.013	36.329.319
XIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	2.432	-	2.432	760	-	760
13.1	Held for Sale		2.432	-	2.432	760	-	760
13.2	Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		28.932.351	22.625.195	51.557.546	19.737.066	16.593.013	36.330.079

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 31 DECEMBER 2023

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

	LIABILITIES	Notes	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	FUNDS BORROWED	16	18.482.860	20.978.447	39.461.307	14.025.496	13.704.727	27.730.223
II.	FACTORING PAYABLES		-	-	-	-	-	-
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES	18	6.455	-	6.455	4.569	-	4.569
V.	SECURITIES ISSUED (Net)	19	3.745.276	-	3.745.276	3.410.633	-	3.410.633
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITY	6	-	5.837	5.837	-	67.840	67.840
VIII.	PROVISIONS	20	72.394	27.191	99.585	36.564	13.940	50.504
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		65.998	-	65.998	34.273	-	34.273
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		6.396	27.191	33.587	2.291	13.940	16.231
IX.	CURRENT PERIOD TAX LIABILITY	21	297.849	-	297.849	116.648	-	116.648
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED LOANS		-	-	-	-	-	-
XII.	OTHER LIABILITY	17	418.235	753.102	1.171.337	229.207	976.410	1.205.617
	SUBTOTAL		23.023.069	21.764.577	44.787.646	17.823.117	14.762.917	32.586.034
XII.	PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
12.1	Held For Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
XIII.	SHAREHOLDER'S EQUITY		6.769.900	-	6.769.900	3.744.045	-	3.744.045
13.1	Paid-in Capital	23	695.303	-	695.303	695.303	-	695.303
13.2	Capital Reserves	23	1.763	-	1.763	1.763	-	1.763
13.2.1	Share Premiums		-	-	-	-	-	-
13.2.2	Share Cancellation Profits		-	-	-	-	-	-
13.2.3	Other Capital Reserves		1.763	-	1.763	1.763	-	1.763
13.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	23	1.843.962	-	1.843.962	946.809	-	946.809
13.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	-	-	-
13.5	Profit Reserves	24	1.783.089	-	1.783.089	954.367	-	954.367
13.5.1	Legal Reserves		111.904	-	111.904	80.210	-	80.210
13.5.2	Statutory Reserves		-	-	-	-	-	-
13.5.3	Extraordinary Reserves		1.671.185	-	1.671.185	874.157	-	874.157
13.5.4	Other Profit Reserves		-	-	-	-	-	-
13.6	Profit or Loss		1.772.928	-	1.772.928	834.590	-	834.590
13.6.1	Prior Periods Profit/Loss	25	5.868	-	5.868	7.824	-	7.824
13.6.2	Current Period Profit/Loss		1.767.060	-	1.767.060	826.766	-	826.766
	Non-Controlling Interests	22	672.855	-	672.855	311.213	-	311.213
	TOTAL LIABILITIES		29.792.969	21.764.577	51.557.546	21.567.162	14.762.917	36.330.079

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 31 DECEMBER 2023

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

	OFF-BALANCE SHEET ITEMS	Notes	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	IRREVOCABLE FACTORING TRANSACTIONS		363.240	1.804.641	2.167.881	622.420	1.411.446	2.033.866
II.	REVOCABLE FACTORING TRANSACTIONS		1.235.817	323.520	1.559.337	784.054	213.148	997.202
III.	SAVING FINANCE AGREEMENTS TRANSACTIONS		-	-	-	-	-	-
IV.	COLLATERALS RECEIVED	38	123.287.938	326.072.036	449.359.974	90.909.662	203.106.186	294.015.848
V.	COLLATERALS GIVEN	26	8.700.586	11	8.700.597	3.609.938	-	3.609.938
VI.	COMMITMENTS		549.975	977.643	1.527.618	522.286	2.448.896	2.971.182
6.1	Irrevocable Commitments		-	181.806	181.806	-	451.059	451.059
6.2	Revocable Commitments		549.975	795.837	1.345.812	522.286	1.997.837	2.520.123
6.2.1	Lease Commitments		549.975	795.837	1.345.812	522.286	1.997.837	2.520.123
6.2.1.1	Finance Lease Commitments		549.975	795.837	1.345.812	522.286	1.997.837	2.520.123
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS	26	-	12.829.346	12.829.346	1.396.339	1.397.234	2.793.573
7.1	Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
7.1.1	Fair Value Hedges		-	-	-	-	-	-
7.1.2	Cash Flow Hedges		-	-	-	-	-	-
7.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
7.2	Derivative Financial Instruments Held For Trading		-	12.829.346	12.829.346	1.396.339	1.397.234	2.793.573
7.2.1	Forward Foreign Currency Purchases/Sales		-	407.597	407.597	-	-	-
7.2.2	Swap Purchases/Sales		-	12.421.749	12.421.749	1.396.339	1.397.234	2.793.573
7.2.3	Put/call options		-	-	-	-	-	-
7.2.4	Futures purchases/sales		-	-	-	-	-	-
7.2.5	Others		-	-	-	-	-	-
VIII.	ITEMS HELD IN CUSTODY		3.675.476	514.948	4.190.424	2.940.026	338.037	3.278.063
	TOTAL OFF-BALANCE SHEET ITEMS		137.813.032	342.522.145	480.335.177	100.784.725	208.914.947	309.699.672

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

		Dipnot	Audited Current Period 01.01-31.12.2023	Audited Prior Period 01.01-31.12.2022
	PROFIT OR LOSS STATEMENT			
I.	OPERATING INCOME	29	8.181.327	3.435.604
	FAKTORING INCOME		5.180.595	1.796.140
1.1	Factoring Interest Income		4.277.748	1.691.251
1.1.1	Discounted		2.028.718	900.535
1.1.2	Other		2.249.030	790.716
1.2	Factoring Commission Income		902.847	104.889
1.2.1	Discounted		486.972	48.154
1.2.2	Other		415.875	56.735
	INCOME FROM FINANCING LOANS		-	-
1.3	Interest income from Financing Loans		-	-
1.4	Fees and Commission Income from Financing Loans		-	-
	LEASE INCOME		3.000.732	1.639.464
1.5	Finance Lease Income		2.996.662	1.636.765
1.6	Operational Lease Income		4.070	2.699
1.7	Fees and Commission Income from Lease Operations		-	-
	SAVING FINANCE INCOME		-	-
1.8	Dividends Received from Savings Financing Receivables		-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-
II.	FINANCING EXPENSES (-)	32	(5.712.957)	(2.245.431)
2.1	Interest Expense on Funds Borrowed		(4.499.880)	(1.581.087)
2.2	Interest Expense on Factoring Payables		-	-
2.3	Interest Expense of Finance Leasing Expenses		(1.914)	(1.020)
2.4	Interest Expense on Securities Issued		(615.602)	(547.053)
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Paid		(595.561)	(116.271)
III.	GROSS PROFIT / LOSS (I+II)		2.468.370	1.190.173
IV.	OPERATING EXPENSES (-)	30	(416.767)	(205.030)
4.1	Personal Expenses		(269.317)	(132.579)
4.2	Employee Severance Indemnity Expense		(15.683)	(9.099)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(131.767)	(62.177)
4.5	Other		-	(1.175)
V.	GROSS OPERATING PROFIT / LOSS (III+IV)		2.051.603	985.143
VI.	OTHER OPERATING INCOME	31	1.569.842	936.567
6.1	Interest Income on Bank Deposits		19.303	2.322
6.2	Interest Income on Marketable Securities Portfolio		-	-
6.3	Dividend Income		36.730	19.463
6.4	Gains on Securities Trading		844	139
6.5	Income From Derivative Financial Instruments		241.637	156.240
6.6	Foreign Exchange Gains		781.063	597.785
6.7	Other		490.265	160.618
VII.	PROVISION EXPENSES (-)	33	(446.263)	(445.414)
7.1	Specific Provisions		-	-
7.2	Expected Credit Losses		(446.263)	(445.414)
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	OTHER OPERATING EXPENSES (-)	34	(318.215)	(257.915)
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		(264.170)	(241.906)
8.5	Foreign Exchange Losses		-	-
8.6	Other		(54.045)	(16.009)
IX.	NET OPERATING PROFIT (V+...+VIII)		2.856.967	1.218.381
X.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XI.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		-	-
XII.	NET MONETARY POSITION GAIN/LOSS		-	-
XIII.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)		2.856.967	1.218.381
XIV.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	35	(837.515)	(295.205)
14.1	Current Tax Provision		(1.062.283)	(370.845)
14.2	Deferred Tax Income Effect (+)		-	-
14.3	Deferred Tax Expense Effect (-)		224.768	75.640
XV.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)		2.019.452	923.176
XVI.	INCOME ON DISCONTINUED OPERATIONS		-	-
16.1	Income on Assets Held for Sale		-	-
16.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
16.3	Other Income on Discontinued Operations		-	-
XVII.	EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-
17.1	Expense on Assets Held for Sale		-	-
17.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
17.3	Other Expense on Discontinued Operations		-	-
XVIII.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)		-	-
XIX.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Expense Effect (+)		-	-
19.3	Deferred Tax Income Effect (-)		-	-
XX.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)		-	-
	NON-CONTROLLING INTEREST	22	(252.392)	(96.410)
XXI.	NET PROFIT FOR THE PERIOD (XV+XX)		1.767.060	826.766
	EARNINGS PER SHARE (**)	36	0,0254	0,0119
	Earnings Per Share from Continued Operations		0,0254	0,0119
	Earnings Per Share from Discontinued Operations		-	-
	DILUTED EARNINGS PER SHARE	36	0,0254	0,0119
	Earnings Per Share from Continued Operations		0,0254	0,0119
	Earnings Per Share from Discontinued Operations		-	-

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT		Audited Current Period	Audited Prior Period
		01.01-31.12.2023	01.01-31.12.2022
I.	CURRENT PERIOD PROFIT/LOSS	2.019.452	923.176
II.	OTHER COMPREHENSIVE INCOME	1.006.403	681.426
2.1	Items that will not be Reclassified to Profit or Loss	1.006.403	681.426
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	(1.461)	(2.590)
2.1.4	Other Comprehensive Income that will not be Reclassified to Profit or Loss (Note 2.3)	1.140.177	683.346
2.1.5	Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss	(132.313)	670
2.2	Items that may be Reclassified subsequently to Profit or Loss	-	-
2.2.1	Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2	Value Increases or Decreases on Assets Held for Sales (Note 2.3)	-	-
2.2.3	Cash Flow Hedge Income/Losses	-	-
2.2.4	Net Investment Hedge Income/Losses	-	-
2.2.5	Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6	Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
III.	TOTAL OTHER COMPREHENSIVE INCOME	3.025.855	1.604.602

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

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

		Audited Current Period	Audited Prior Period
	Notes	01.01-31.12.2023	01.01-31.12.2022
A.	CASH FLOWS FROM OPERATING ACTIVITIES		
1.1	Operating Profit Before Changes in Operating Assets And Liabilities	2.637.664	1.079.748
1.1.1	Interests Received/Lease Income	7.003.977	3.108.969
1.1.2	Interest Paid / Lease Expenses	(3.923.082)	(1.839.613)
1.1.3	Dividends Received	36.730	19.463
1.1.4	Fees and Commissions Received	902.847	104.889
1.1.5	Other Income	221.744	72.305
1.1.6	Collections from Non-performing Receivables	268.521	88.313
1.1.7	Payments to Personnel and Service Suppliers	(240.610)	(119.447)
1.1.8	Taxes Paid	(902.244)	(342.580)
1.1.9	Others	(730.219)	(12.551)
1.2	Changes in Operating Assets and Liabilities	(608.379)	(2.830.646)
1.2.1	Net (Increase) Decrease in Factoring Receivables	(5.586.659)	(8.290.565)
1.2.2	Net (Increase) Decrease in Financing Loans	-	-
1.2.3	Net (Increase) Decrease in Lease Receivables	1.163.310	(2.482.424)
1.2.4	Net (Increase) Decrease in Savings Financing Receivables	-	-
1.2.5	Net (Increase) Decrease in Other Assets	(269.146)	(640.920)
1.2.6	Net Increase (Decrease) in Factoring Payables	-	-
1.2.7	Net (Increase) Decrease in Savings Financing Payables	-	-
1.2.8	Net Increase (Decrease) in Lease Payables	1.886	1.662
1.2.9	Net Increase (Decrease) in Funds Borrowed	3.009.774	8.380.507
1.2.10	Net Increase (Decrease) in Due Payables	-	-
1.2.11	Net Increase (Decrease) in Other Liabilities	1.072.456	201.094
I.	Net Cash Provided from / (Used in) Operating Activities	2.029.285	(1.750.898)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
2.1	Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures	-	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures	-	-
2.3	Purchases of Tangible and Intangible Assets	-	-
2.4	Proceeds From Sale of Tangible and Intangible Assets	(115.319)	(46.701)
2.5	Cash Paid for Purchase of Financial Assets Available for Sale	88.593	2.006
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	-	667
II.	Net cash used in investing activities	(26.726)	(44.028)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Equity instruments issued	6.645.041	10.208.808
3.4	Dividends paid	(6.503.753)	(8.522.876)
3.5	Payments for finance leases	-	-
3.6	Other	-	-
III.	Net Cash Used in Financing Activities	141.288	1.685.932
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	4.163	204
V.	Net Increase / (Decrease) in Cash and Cash Equivalents	2.148.010	(108.790)
VI.	Cash and Cash Equivalents at the Beginning of the Period	362.710	471.500
VII.	Operating Profit Before Changes in Operating Assets And Liabilities	2.510.720	362.710

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

İŞ FİNANSAL KİRALAMA A.Ş. PROFIT DISTRIBUTION TABLE (**)		Current Period 31 December 2022 (*)	Prior Period 31 December 2021 (****)
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Current Year Income	2.604.575	1.121.971
1.2	Taxes And Duties Payable(-)	(837.515)	(295.205)
1.2.1	Corporate Tax (Income tax)	(1.062.283)	(370.845)
1.2.2	Income Withholding Tax		
1.2.3	Other Taxes And Duties	224.768	75.640
A.	NET INCOME FOR THE YEAR (1.1-1.2)	1.767.060	826.766
1.3	Prior Year Losses(-)	-	-
1.4	First Legal Reserves (-)	-	(24.015)
1.5	Other Statutory Reserves(-)(**)	-	-
B	NET INCOME AVAILABLE FOR DISTRIBUTION [(a-(1.3+1.4+1.5)]	1.724.059	802.751
1.6	First Dividend To Shareholders (-)	-	-
1.6.1	To Owners Of Ordinary Shares	-	-
1.6.2	To Owners Of Preferred Shares	-	-
1.6.3	To Owners Of Preferred Shares (pre-emptive rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And loss sharing certificates	-	-
1.7	Dividends To Personnel (-)	-	-
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Preferred Shares	-	-
1.9.3	To Owners Of Preferred Shares (pre-emptive rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	-
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	-
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES	-	-
2.1	DISTRIBUTED RESERVES	-	-
2.2	Second Legal Reserves(-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Preferred Shares	-	-
2.3.3	To Owners Of Preferred Shares (pre-emptive rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board Of Directors (-)	-	-
III.	EARNINGS PER SHARE	2,54	1,19
3.1	To Owners Of Ordinary Shares	2,54	1,19
3.2	To Owners Of Ordinary Shares (%)	%2,54	%1,19
3.3	To Owners Of Preferred Shares	-	-
3.4	To Owners Of Preferred Shares (%)	-	-
IV.	DIVIDEND PER SHARE	-	-
4.1	To Owners Of Ordinary Shares	-	-
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Preferred Shares	-	-
4.4	To Owners Of Preferred Shares (%)	-	-

(*) As the Company's Ordinary General Meeting has not yet been held as of the date of these financial statements, only the distributable net income for the period is shown in the 2022 profit distribution table of 2022.

(**) It has been considered by the Banking Regulation and Supervision Agency considers that the amounts of income related to deferred tax assets cannot be considered as cash or internal resources and, therefore, the part of the profit for the period resulting from the mentioned assets should not be subject to profit distributions and capital increases. The Company has TL 75,641 thousand deferred tax income which will not be subject to distribution for the accounting period ending December 31, 2022. (December 31, 2021: TL 40,416 thousand).

(***) This is the consists of the donations made during the year.

(****) This is the table presented to the General Assembly.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Finansal Kiralama A.Ş. (“the Company”) was incorporated on 9 March 1988 to operate in Turkey in accordance with Finance Lease, Factoring, Financing and Savings 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 41,82% of shares are publicly traded and listed on the Borsa İstanbul.

As at 31 December 2023, the Company and its subsidiary (“the Group”) have 257 employees (31 December 2022: 262 employees).

Dividend Payable

As at 31 December 2023, the Company does not have any dividend payable.

Approval of the Financial Statements

The consolidated financial statements and consolidated profit and loss table of the Group as at 31 December 2023 have been approved by the Board of Directors of the Group and authorized for issue as at 31.01.2024 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, Financing and Savings Financing Companies” the published in the Official Gazette dated 29 June 2021 and numbered 31526 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

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

(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)

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2023 in accordance with TAS 29.

In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2023.

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 December 2023 and 31 December 2022 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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

(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)

(i) Subsidiaries

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

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

As at 31 December 2023 and 31 December 2022, the Company owns 78,23% of İş Faktoring A.Ş.. As the Company has the power to control the operations of the İş Faktoring A.Ş., the financial statements of İş Faktoring A.Ş. have been fully consolidated in the accompanying consolidated financial statements.

(ii) Transactions eliminated on consolidation

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

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

(iii) Non-controlling interests

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

Offsetting

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

2.2 Changes in Accounting Policies

Accounting policies taken as the basis in preparing the financial statements of the accounting periods ended on December 31, 2023 are applied consistently with the financial statements prepared as of December 31, 2022.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.3 Changes in Accounting Estimates and Errors

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

2.4 Changes in Standards and Interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at September 30, 2023 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, 2023. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2023 are as follows:

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. The Group is in the process of assessing the impact of the improvements on financial position or performance of the Group.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term ‘significant’ in TFRS, the POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The Group is in the process of assessing the impact of the improvements on financial position or performance of the Group.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

(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)

The new standards, amendments and interpretations which are effective as at January 1, 2022 are as follows (Continued)

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

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

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023. The Group is in the process of assessing the impact of the improvements on financial position or performance of the Group.

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

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

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

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

(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 (Continued)

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

TFRS 17 - The new Standard for insurance contracts

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. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA.

The standard is not applicable for the the Group and will not have an impact on the financial position or performance of the Group.

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

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa. The Group will wait until the final amendment to assess the impacts of the changes.

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

(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 (Continued)

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback (Continued)

A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16. The Group will wait until the final amendment to assess the impacts of the changes.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 12 as well as IAS 7 and IFRS 7 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments

Financial Assets

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

Financial Assets at Fair Value Through Profit or Loss

Financial assets other than financial assets that are measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason. Financial assets at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. Gains or losses arising from the valuation are related to profit or loss. At initial recognition, the Group may irrevocably choose to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income. If this preference is made, dividends from the investment in question are recognized as 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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (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.

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

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 December 2023 and 31 December 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
USD	29,4382	18,6983
EUR	32,5739	19,9349
GBP	37,4417	22,4892
CHF	34,9666	20,2019
100 JPY	20,7467	14,1301
AUD	20,0213	12,6670

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Earnings Per Share

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

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

k. Events After the Reporting Period

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

l. Provisions, Contingent Liabilities and Contingent Assets:

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

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

m. Segment Reporting

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

In accordance with the provisions of the duplicate 298th article of the Tax Procedure Law, it has been legislated that financial statements will be subject to inflation adjustment in the event that the increase in the producer price index exceeds 100% in the last 3 accounting periods, including the current period, and exceeds 10% in the current accounting period. The transition to inflation accounting will be made on the financial statements dated 31 December 2023. According to Article 17 of Law No. 7491 on Some Amendments to Some Laws and Decrees Having the Force of Law, published in the Official Gazette No.32413 on 28 December 2023, it has become law that the profit/loss differences resulting from the inflation adjustment to be made in the 2024 and 2025 accounting periods, including provisional tax periods, by banks, companies covered by the Financial Leasing, Factoring, Financing and Savings Finance Companies Law No. 6361 dated 21 November 2012, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies, will not be taken into account in determining the profit. The President is authorized to extend the periods determined within the scope of this paragraph by one accounting period, including provisional tax periods.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

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>31 December 2023</u>	<u>31 December 2022</u>
Discount rate	3,26%	2,21%
Expected rate of salary/limit increase	21,10%	19,80%
Probability of retirement	94,76%	100%

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

4. CASH AND CASH EQUIVALENTS

As at 31 December 2023 and 31 December 2022, the details of the banks are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Demand Deposits	434.486	116.892	173.634	45.200
Time Deposits	504.180	1.455.162	4.600	139.276
Interest accrual	2.187	4	2	3
	940.853	1.572.058	178.236	184.479

The details of the time deposits as at 31 December 2023 are as follows:

Currency	Interest Rate (%)	Maturity	31 December 2023
TL	41,75%-43,51%	02.01.2024-05.01.2024	506.367
Avro	0,01%-0,2%	02.01.2024-15.01.2024	1.455.166
			1.961.533

The details of the time deposits as at 31 December 2022 are as follows:

Currency	Interest Rate (%)	Maturity	31 December 2022
TL	8,00%	02.01.2023	4.602
USD	0,40%	02.01.2023	56.096
Avro	0,20%	16.01.2023	83.183
			143.881

As at 31 December 2023, TL 1.558.294 portion of total foreign currency deposits (31 December 2022: TL 179.820) and TL 39.781 portion of total TL deposits (31 December 2022: TL 24.026) consist of accounts at the Group’s main shareholder, Türkiye İş Bankası A.Ş.

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

	31 December 2023	31 December 2022
Demand deposits	551.378	218.834
Time deposits (1-3 months) (excluding accrual)	1.959.342	143.876
Cash and cash equivalents	2.510.720	362.710

As at 31 December 2023 and 31 December 2022, there is no blockage on cash and cash equivalents.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

As at 31 December 2023 and 31 December 2022, details of financial assets at fair value through profit or loss and expected loss provision are as follows:

	31 December 2023	
	TL	FC
Debt securities issued by private sector(*)	-	-
Specific provisions/ Expected Credit Loss(-)	-	-
Mutual funds	24.328	-
	24.328	-
	31 December 2022	
	TL	FC
Debt securities issued by private sector(*)	400	-
Specific provisions/ Expected Credit Loss(-)	(400)	-
Mutual funds	-	-
	-	-

(*) 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. Bond principal and coupon receivables were collected on 26.04.2023.

The Group has investments in Türkiye İş Bankası A.Ş. mutual funds amounting to TL 19.619 (31 December 2022: None).

6. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

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

Derivative Financial Assets

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Swap Transactions	-	80.232	-	4.207
Futures Transactions	-	3.685	-	-
	-	83.917	-	4.207

Derivative Financial Liabilities

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Swap Transactions	-	5.837	-	67.840
Futures Transactions	-	-	-	-
	-	5.837	-	67.840

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2023 and 31 December 2022, details of financial assets at fair value through other comprehensive income are as follows:

Name of the investment	Core business	Incorporation and location	Voting right (%)	Ownership Rate (%)		Carrying Amount	
				31 December 2023	31 December 2022	31 December 2023	31 December 2022
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	2.220.926	1.080.752
Unquoted investments:							
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	29	29
Efes Varlık Yönetimi A.Ş.	Asset Management	İstanbul	5,72	5,72	5,72	7.429	7.429
TOTAL						2.228.384	1.088.210

8. FACTORING RECEIVABLES

As at 31 December 2023 and 31 December 2022 details of factoring receivables are as follows:

	31 December 2023	31 December 2022
Factoring receivables	22.884.104	15.890.481
Factoring interest income accrual (-)	(728.867)	(258.757)
Total factoring receivables	22.155.237	15.631.724
Stage 1 (Expected Credit Loss)	(110.523)	(126.491)
Stage 2 (Expected Credit Loss)	(56.510)	(45.871)
Total factoring receivables	21.986.227	15.459.362
Non-performing factoring receivables	336.848	276.933
Specific provisions- Stage 3	(232.908)	(205.337)
Factoring receivables, net	22.090.167	15.530.958

As at 31 December 2023, the rating of factoring receivables are as follows:

Ratings 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Total portfolio	21.899.753	255.484	336.848	22.492.085
Very good	10.333.636	-	-	10.333.636
Standard	11.566.117	-	-	11.566.117
Substandard	-	255.484	336.848	592.332
Expected credit losses	110.523	56.510	232.908	399.941
Factoring receivables, net	21.789.230	198.974	103.940	22.092.144

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

8. FACTORING RECEIVABLES (Continued)

As at 31 December 2022, the rating of factoring receivables are as follows:

Ratings – 31 December 2022	Stage 1	Stage 2	Stage 3	Total
Total portfolio	15.374.734	256.990	276.933	15.908.657
Very good	5.658.359	-	-	5.658.359
Standard	9.716.375	-	-	9.716.375
Substandard	-	256.990	276.933	533.923
Expected credit losses	(126.491)	(45.871)	(205.337)	(377.699)
Factoring receivables, net	15.248.243	211.119	71.596	15.530.958

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

	1 January- 31 December 2023	1 January- 31 December 2022
Provision at the beginning of the period	(377.699)	(242.833)
Additions	(177.091)	(177.725)
Collections	164.662	50.767
Exchange difference income/expense	(26.426)	(7.940)
Write-off (*)	16.613	32
Provision at the end of the period	(399.941)	(377.699)

(*) As at 31 December 2023, The Group's non-performing factoring receivables amounting to TL 18.434 was written-of from the assets regarding the protocol signed and the provision amounting to TL 16.613 allocated for the mentioned receivables.

As at 31 December 2023, the average interest rates applicable for the factoring receivables are 44,97% for TL, for 11,71% USD, 7,70% for EUR and 9,33% for GBP (31 December 2022: 24,42% for TL, 11,60% for USD, 6,11% for EUR and 7,98% for GBP).

As of 31 December 2023 TL 568.865 thousand, EUR 806.436 thousand, USD 302.802 thousand and GBP 109.408 thousand factoring receivables have variable interest rates, (31 December 2022: TL 11.754.589 thousand, EUR 370.156 thousand, USD 748.625 thousand, GBP 222 thousand and AUD 6 thousand), TL 18.263.352 thousand, EUR 518.375 thousand, USD 1.522.639 thousand and GBP 267 thousand faktoring receivable have stabil interest rates (31 December 2022: TL 1.594.178 thousand, EUR 715.448 thousand, USD 292.484 thousand and GBP 55.250 thousand).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

8. FACTORING RECEIVABLES (Continued)

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Domestic irrevocable	11.168.949	7.496.464
Foreign irrevocable	1.193.331	856.510
Domestic revocable	9.120.106	6.458.436
Foreign revocable	609.758	719.548
	<u>22.092.144</u>	<u>15.530.958</u>

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Up to 90 days	19.298	1.278
Between 90 – 180 days	77	79.842
Between 180 – 360 days	2.929	1.089
Over 360 days	314.544	194.724
	<u>336.848</u>	<u>276.933</u>

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

As at 31 December 2023, standard and close monitoring factoring receivables and the close monitoring factoring receivable amendments made related to the extension of the payment plan as follows:

	<u>Standard Receivables</u>	<u>Receivables Under Close Monitoring</u>
Number of Amendments Related to the Extension of the Payment	-	142.655
Extended for 1 or 2 Times	-	142.655
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-

	<u>Standard Receivables</u>	<u>Receivables Under Close Monitoring</u>
The Time Extended via the Amendment on payment Plan	-	142.655
0-6 Months	-	-
6 Months – 12 Months	-	142.655
1 – 2 Years	-	-
2 –5 Years	-	-
5 Years and More	-	-

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

8. FACTORING RECEIVABLES (Continued)

As at 31 December 2022, standard and close monitoring factoring receivables and the close monitoring factoring receivable amendments made related to the extension of the payment plan as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment	-	185.599
Extended for 1 or 2 Times	-	99
Extended for 3,4 or 5 Times	-	185.500
Extended for More than 5 Times	-	-
	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan		185.599
0-6 Months	-	99
6 Months – 12 Months	-	-
1 – 2 Years	-	185.500
2 –5 Years	-	-
5 Years and More	-	-

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

9. LEASE RECEIVABLES

A. Financial Lease Receivables

As at 31 December 2023, details of finance lease receivables are as follows:

	Short Term	Long Term	Total
Financial Lease Receivables	13.618.321	13.987.610	27.605.931
Unearned interest income (-)	(2.704.912)	(1.589.256)	(4.294.168)
Subtotal	10.913.409	12.398.354	23.311.763
Expected Credit Loss– Stage 1	(10.600)	(88.721)	(99.321)
Expected Credit Loss – Stage 2	(93.997)	(259.470)	(353.467)
Total Financial Lease Receivables	10.808.812	12.050.163	22.858.975
Non- Performing Lease Receivables	731.177	141.692	872.869
Specific provision– Stage 3	(428.159)	(82.971)	(511.130)
Net finance lease receivables	11.111.830	12.108.884	23.220.714

	Carried value			Expected credit loss and specific provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial Assets	2.512.911	-	-	(235)	-	-
Financial Lease	21.879.732	1.432.031	872.869	(99.321)	(353.467)	(511.130)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 December 2022, details of finance lease receivables are as follows:

	Short Term	Long Term	Total
Financial Lease Receivables	8.623.159	11.659.098	20.282.257
Unearned interest income (-)	(1.625.360)	(1.394.552)	(3.019.912)
Subtotal	6.997.799	10.264.546	17.262.345
Expected Credit Loss– Stage 1	(11.998)	(99.563)	(111.561)
Expected Credit Loss – Stage 2	(113.825)	(101.220)	(215.045)
Total Financial Lease Receivables	6.871.976	10.063.763	16.935.739
Non- Performing Lease Receivables	589.913	93.312	683.225
Specific provision– Stage 3	(407.535)	(64.464)	(471.999)
Net finance lease receivables	7.054.354	10.092.611	17.146.965

	Carried value			Expected credit loss		
	Stage 1	Stage 2	Stage 3	Stage 2	Stage 2	Stage 3
Financial Lease Receivables	362.715	-	-	(30)	-	-
Financial Assets	16.748.752	513.594	683.224	(111.561)	(215.045)	(471.999)

As at 31 December 2023, the rating of finance lease receivables are as follows:

Ratings	Stage 1	Stage 2	Stage 3	Total
Internal ratings				
A+ (Excellent)	54.077	-	-	54.077
A (Very good))	202.382	-	139.334	341.716
A- (Good)	836.834	452	1.541	838.827
B+ (Enough)	4.759.394	360.165	45.119	5.164.678
B (Reasonable)	3.928.263	123.263	275.650	4.327.176
B- (Close Monitoring)	5.987.602	799.373	248.845	7.035.820
C+ (Insufficient)	3.143.232	91.929	74.207	3.309.368
C (Suspicious)	1.570.940	33.998	55.699	1.660.637
Scoring				
Y (High)	747.219	8.759	2.908	758.886
O (medium)	586.633	10.862	23.296	620.791
D (Low)	63.156	3.230	6.270	72.656
Expected Loss Provisions	(99.321)	(353.467)	(511.130)	(963.918)
Leasing receivables	21.780.411	1.078.564	361.739	23.220.714

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 December 2022, the rating of finance lease receivables are as follows:

Ratings	Stage 1	Stage 2	Stage 3	Total
Internal ratings				
A+ (Excellent)	47.077	-	-	47.077
A (Very good))	66.845	7.199	-	74.044
A- (Good)	899.139	46.387	683	946.209
B+ (Enough)	3.319.425	2.217	211.142	3.532.784
B (Reasonable)	3.485.732	116.057	197.717	3.799.506
B- (Close Monitoring)	3.737.930	227.289	147.061	4.112.280
C+ (Insufficient)	2.030.054	76.693	40.271	2.147.018
C (Suspicious)	1.668.222	13.476	63.443	1.745.141
Scoring				
Y (High)	602.093	928	2.357	605.378
O (medium)	787.468	11.946	13.743	813.157
D (Low)	104.767	11.402	6.807	122.976
Expected Loss Provisions and specific provision	(111.561)	(215.045)	(471.999)	(798.605)
Leasing receivables	16.637.191	298.549	211.225	17.146.965

As at 31 December 2023, standard and close monitoring leasing receivables and the close monitoring leasing receivable amendments made related to the extension of the payment plan as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan	-	
Extended for 1 or 2 Times	-	932.422
Extended for 3,4 or 5 Times	-	-
Extended for More than 5	-	-
	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan	-	
0-6 Months	-	-
6 Months – 12 Months	-	932.422
1 – 2 Years	-	-
2 –5 Years	-	-
5 Years and More	-	-

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 December 2022, standard and close monitoring leasing receivables and the close monitoring leasing receivable amendments made related to the extension of the payment plan as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan		394.715
Extended for 1 or 2 Times	-	394.715
Extended for 3,4 or 5 Times	-	-
Extended for More than 5	-	-

	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan		394.715
0-6 Months	-	-
6 Months – 12 Months	-	394.715
1 – 2 Years	-	-
2 –5 Years	-	-
5 Years and More	-	-

As at 31 December 2023, analysis of finance lease receivables according to their maturities is as follows:

	2024	2025	2026	2027	2028	2029 ve sonrası	Toplam
Finance lease receivables (gross)	13.385.580	8.128.229	3.733.515	1.576.568	413.119	277.871	27.514.882
Unearned interest	(2.704.912)	1.094.664	(316.769)	(93.504)	(29.470)	(54.849)	(4.294.168)
Finance lease receivables (net)	10.680.668	7.033.565	3.416.746	1.483.064	383.649	223.022	23.220.714

As at 31 December 2022, analysis of finance lease receivables according to their maturities is as follows:

	2023	2024	2025	2026	2027	2028 ve sonrası	Toplam
Finance lease receivables (gross)	8.414.468	5.739.663	3.440.575	1.564.598	656.729	350.844	20.166.877
Unearned interest	(1.625.360)	(838.650)	(361.663)	(116.182)	(36.791)	(41.266)	(3.019.912)
Finance lease receivables (net)	6.789.108	4.901.013	3.078.912	1.448.416	619.938	309.578	17.146.965

As at 31 December 2023, the average compound interest rates applicable for the finance lease receivables are 44,92% for TL, 9,00% for USD, 5,83% for EUR (31 December 2022: 29,71% for TL, 6,80% for USD, 4,95% for EUR).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 December 2023, 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	100.226.610	2.950.491	14.869.586	437.734
EUR	428.862.905	13.969.737	42.329.496	1.378.837
TL		6.300.486		2.477.597
Total		23.220.714		4.294.168

As at 31 December 2022, 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	103.882.510	1.942.426	13.131.981	245.546
EUR	532.234.355	10.610.039	49.970.445	996.156
TL	-	4.594.500	-	1.778.210
Total		17.146.965		3.019.912

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 December 2023</u>	<u>31 December 2022</u>
Mortgages	576.701	484.449
Pledged equity	189.598	136.348
Sureties of credit guarantee fund	139.858	144.734
Pledged shares	32.032	25.997
Letters of guarantee	18.425	18.039
Pledged movable	2.083	1.540
Cash blockages	1.500	375
	960.197	811.482

In addition to collaterals above, the Group also has sureties amounting to TL 21.339.679 pledged vehicles amounting to TL 314.595 , pledged accounts receivable to TL 429.008 (31 December 2022: sureties amounting to TL 15.685.892, pledged vehicles amounting to TL 189.398, pledged accounts receivable to TL 403.054).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 December 2023 and 31 December 2022 details of overdue finance lease receivables are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Up to 30 days	184.468	176.290
Between 30 – 60 days	26.625	1.426
Between 60 – 90 days	204	495
	<u>211.297</u>	<u>178.211</u>

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

<u>Collateral type</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Mortgages	116.256	84.894
Pledged equity	48.991	19.018
Letters of guarantee	4.662	4.830
Pledged movable	2.084	1.540
	<u>171.993</u>	<u>110.282</u>

In addition to above guarantees, the Group also has sureties amounting to TL 865.941, pledged vehicles amounting to TL 7.358, (31 December 2022: sureties amounting to TL 1.043.761, pledged vehicles amounting to TL 2.315).

In determining the recoverability of the finance lease receivables, the Group considers any change in the credit quality of receivables from the date that receivable was initially recognized to the reporting date. The Group does not have significant credit risk concentration. The sectoral distribution of the finance lease receivables are given in Note 38.

As at 31 December 2023 and 31 December 2022, the aging of non-performing finance lease receivables is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Between 90 – 240 days	20.169	33.019
Between 240 – 360 days	144	2.735
Over 360 days	491.110	338.135
Uninvoiced non-performing finance lease receivables	596.819	410.049
Unearned interest of non-performing finance lease receivables	(235.373)	(100.713)
	<u>872.869</u>	<u>683.225</u>

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

Collaterals obtained for non-performing finance lease receivables as at 31 December 2023 and 31 December 2022 are as follows:

<u>Guarantee type:</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Mortgages	3.967	4.835
	3.967	4.835

In addition to the above collaterals, the Group also has sureties amounting to TL 511.130, pledged vehicles amounting to TL 510 and leased equipments amounting to TL 357.262 (31 December 2022: sureties amounting to TL 471.999, pledged vehicles amounting to TL 41.736 and leased equipments amounting to TL 164.655).

Movement of expected loss provision for financial lease receivables is as follows:

Movement of expected credit losses:

	<u>1 January- 31 December 2023</u>	<u>1 January- 30 December 2022</u>
Provision at the beginning of the period	(798.605)	(562.289)
Provision set during the period	(269.172)	(267.689)
Collections	103.859	
	-	(6.173)
Provision at the end of the period	(963.918)	(798.605)

B. Operating Lease Receivables (Continued)

As at 31 December 2023 and 31 December 2022 analysis of time lease receivables occurred from operating lease receivables according to their maturities is as follows :

	<u>31 December 2023</u>	<u>31 December 2022</u>
2024 Year	3.947	1.534
2025 Year	2.316	548
2026 Year	1.926	-
	8.189	5.303

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

10. RELATED PARTIES

As at 31 December 2023 and 31 December 2022, details of related party receivables and payables are as follows:

	<u>31 December 2022</u>	<u>31 December 2022</u>
<u>Finance lease receivables from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	12.947	18.455
Türkiye Sınai Kalkınma Bankası A.Ş.	3.527	-
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	372
Total	16.474	18.827
<u>Factoring receivables from related parties</u>		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	190.792	40.075
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	20.998	9.216
Nevotek Bilişim Ses Ve İletişim Sist.San. Ve Tic. A.Ş.	-	2.090
Total	211.790	51.381
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Sigorta Primi)	135.047	77.004
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	430	-
İş Net Elekt. Bilgi Ür. Dağ. Tic. ve İlet. Hiz. A.Ş.	1.627	212
Softtech Yazılım Teknolojileri	143	670
İş Merkezleri Yönetim ve İşletim A.Ş.	546	536
Türkiye İş Bankası A.Ş.	56	67
Anadolu Hayat Emeklilik A.Ş.	41	15
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	59	-
KKB Kredi Kayıt Bürosu A.Ş.	8	4
İş Faktoring Anonim Şirketi	13	8
Erişim Müşteri Hizmetleri A.Ş.	-	2
Total	137.970	78.518
<u>Deposits placed to related parties</u>		
Türkiye İş Bankası A.Ş. Demand Deposits	142.910	59.966
Türkiye İş Bankası A.Ş. Time Deposits	1.455.165	143.880
Türkiye Sınai Kalkınma Bankası A.Ş.Demand Deposits	246	506
İşbank AG Demand Deposits	106	18
Total	1.598.427	204.370

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

10. RELATED PARTIES (Continued)

	<u>31 December 2023</u>	<u>31 December 2022</u>
<u>Derivative financial assets held for trading from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	563.567	-
Türkiye İş Bankası A.Ş.	1.388.601	-
Total	1.952.168	-
<u>Derivative financial liabilities held for trading from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	552.665	-
Türkiye İş Bankası A.Ş.	1.385.700	-
Total	1.938.365	-

As at 31 December 2023 and 31 December 2022, 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 December 2023</u>
TL	18,51%-48,00%	04.01.2024-07.04.2025	7.723.509
USD	6,00%-10,10%	02.01.2024-08.04.2024	954.504
EUR	4,50%-8,51%	02.01.2024-19.03.2026	3.997.992
GBP	6,43%-7,76%	04.01.2024-17.12.2024	6.167.576
			18.843.581
<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2022</u>
TL	13,45%-24,12%	02.01.2023-15.12.2023	4.410.116
USD	5,50%-9,60%	02.01.2023-29.05.2023	1.503.030
EUR	3,25%-5,64%	02.01.2023-05.01.2024	5.256.186
			11.169.332

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

10. RELATED PARTIES (Continued)

Türkiye Sınai Kalkınma Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2023</u>
USD	8,44%	29.06.2026	374.580
EUR	2,97%-10,20%	25.03.2024-29.06.2026	1.958.075
			2.232.655

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2022</u>
USD	6,41%-7,80%	04.08.2023-29.06.2026	429.196
EUR	2,97%-6,70%	21.04.2023-01.06.2026	1.075.513
			1.504.709

İş Bank AG

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2023</u>
EUR	2,42%-2,77%	20.06.2024-18.12.2024	328.098
			328.098

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2022</u>
EUR	2,42%-3,00%	13.01.2023-26.08.2024	269.932
			269.932

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

10. RELATED PARTIES (Continued)

For the periods ended 31 December 2023 and 31 December 2022, finance income and expenses from related parties are as follows:

	01.01.2023- 31.12.2023	01.01.2022- 31.12.2023
<u>Finance lease interest income from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	4.718	4.788
Türkiye Sınai Kalkınma Bankası A.Ş.	282	-
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	19	163
Total	5.019	4.951
<u>Operating Lease Income from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	3.981	2.574
TSKB Gayrimenkul Değerleme A.Ş.	89	125
Total	4.070	2.699
<u>Interest income from related parties</u>		
Türkiye İş Bankası A.Ş.	161	437
Total	161	437
<u>Dividend income from related parties</u>		
İş Yatırım Menkul Değerler A.Ş.	36.730	19.459
Yatırım Finansman Menkul Değerler A.Ş.	-	4
Total	36.730	19.463
<u>Finance expense</u>		
Türkiye İş Bankası A.Ş.	1.858.582	602.991
Türkiye Sınai Kalkınma Bankası A.Ş.	158.430	57.602
İş Yatırım Menkul Değerler A.Ş.	12.812	15.749
İşbank AG	8.896	5.929
Total	2.038.720	682.271
<u>Rent expense</u>		
Türkiye İş Bankası A.Ş.	6.673	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	96	-
Total	6.769	-

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

10. RELATED PARTIES (Continued)

	<u>01.01.2023-</u> <u>31.12.2023</u>	<u>01.01.2022-</u> <u>31.12.2023</u>
<u>Factoring commission income from related parties</u>		
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	848	51
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	422	121
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	34	37
Total	1.304	209
<u>Factoring interest income from related parties</u>		
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	18.316	2.263
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	2.134	1.277
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	407	324
Total	20.857	3.864
<u>Commission income</u>		
Anadolu Anonim Türk Sigorta Şirketi	34.826	19.460
Total	34.826	19.460
<u>Finance lease liability to related parties</u>		
Türkiye İş Bankası A.Ş.	4.395	-
Total	4.395	-
<u>Mutual funds income</u>		
Türkiye İş Bankası A.Ş.	1.816	559
Total	1.816	559

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

10. RELATED PARTIES (Continued)

As at 31 December 2023 and 31 December 2022, the amount of the Group’s issued debt securities in related parties’ securities portfolio are as follows:

	31 December 2023	31 December 2022
Anadolu Hayat Emeklilik A.Ş.	-	15.404
	-	15.404

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

For the periods ended 31 December 2023 and 31 December 2022, total salary and benefits paid to the key management during year comprised the following:

	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Salaries and other short-term benefits (**)	47.110	21.744
	47.110	21.744

(*) 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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

11. TANGIBLE ASSETS

	Furniture and Fixtures	Leasehold Improvements	Assets Subject To Operational Lease	Vehicles	Other Tangible Assets	Right of Use	Real Estate	Total
Cost								
Opening balance at 1 January 2023	41.616	5.979	4.872	183	1.456	9.023	8.750	71.879
Additions	78.617	674	2.878	-	-	11.587	1.310	95.066
Transfer	-	-	-	-	-	-	-	-
Disposals	(80.374)	-	(2.093)	(183)	-	(4.711)	(10.062)	(97.421)
Closing balance at 31 December 2023	39.859	6.653	5.657	-	1.456	15.899	-	69.524
Accumulated depreciation								
Opening balance at 1 January 2023	(11.798)	(4.648)	(1.717)	(147)	(1.456)	(4.836)	(730)	(25.332)
Depreciation for the period	(7.355)	(435)	(1.210)	(6)	-	(9.835)	-	(18.841)
Transfer	-	-	-	-	-	-	-	-
Disposals	1.141	-	2.093	153	-	4.711	730	8.828
Closing balance at 31 December 2023	(18.012)	(5.083)	(834)	-	(1.456)	(9.960)	-	(35.345)
Carrying amounts at 31 December 2023	21.847	1570	4.823	-	-	5.939	-	34.179
Carrying amounts at 1 January 2023	29.818	1.33	3.155	36	-	4.187	8.020-	46.547
Cost								
Opening balance at 1 January 2022	15.117	5.422	3.802	183	1.456	11.577	8.750	46.307
Additions	29.312	557	1.070	-	-	6.791	-	37.730
Transfer	-	-	-	-	-	-	-	-
Disposals	(2.813)	-	-	-	-	(9.345)	-	(12.158)
Closing balance at 31 December 2022	41.616	5.979	4.872	183	1.456	9.023	8.750	71.879
Accumulated depreciation								
Opening balance at 1 January 2022	(6.521)	(4.280)	(1.204)	(53)	(1.456)	(8.961)	(555)	(23.030)
Depreciation for the period	(6.106)	(377)	(513)	(37)	-	(5.215)	(175)	(12.423)
Transfer	17	9	-	(57)	-	-	-	(31)
Disposals	812	-	-	-	-	9.340	-	10.152
Closing balance at 31 December 2022	(11.798)	(4.648)	(1.717)	(147)	(1.456)	(4.836)	(730)	(25.332)
Carrying amounts at 31 December 2022	29.818	1.331	3.155	36	-	4.187	8.020	46.547
Carrying amounts at 1 January 2022	8.596	1.142	2.598	130	-	2.616	8.195	23.277

For the periods ended 31 December 2023 and 31 December 2022, movements in tangible assets are as follows.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

12. INTANGIBLE ASSETS

For the periods ended 31 December 2023 and 31 December 2022, movements in intangible assets except goodwill are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<u>Cost</u>		
Opening balance at 1 January	25.718	16.747
Additions	20.253	8.971
Disposals	-	-
Closing balance at the end of the period	<u>45.971</u>	<u>25.718</u>
<u>Amortization</u>		
Opening balance at 1 January	(12.676)	(9.881)
Amortization for the period	(5.041)	(2.783)
Transfer	-	(12)
Disposals	-	-
Closing balance at the end of the period	<u>(17.717)</u>	<u>(12.676)</u>
Carrying amounts(*)	<u>28.254</u>	<u>13.042</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 December 2023, net amount of goodwill is TL 166 (31 December 2022: TL 166). Based on TFRS 3, for the annual periods beginning on 1 January 2005, after the reporting period ended on 31 December 2004 the Group has ceased amortization of goodwill arising from the acquisitions before 31 December 2004.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

13. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2023 and 31 December 2022 details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

<u>Temporary time differences subject to deferred tax</u>	<u>31 Aralık 2023</u>	<u>31 Aralık 2022</u>
Deferred Income	739	-
Unearned factoring income	728.867	258.757
Expected Credit Losses for Doubtful Receivables	704.657	568.960
Other	90.503	-
Tax base differences in tangible and intangible assets	66.449	(15.198)
Reserve for employee benefits	29.706	16.796
Provision for lawsuit	28.379	15.154
Expense Accruals	26	308
Deferred Factoring Commission Income	24.936	12.178
Employee bonus accrual	23.393	5.753
Unused vacation provision	10.416	5.103
IFRS-16 Adjustment	6.455	3.392
IFRS-16 Adjustment	4.688	768
Actuarial Difference for severance pay	2.482	2.238
Tax procedure law subsidiary inflation valuation difference	(1.771.498)	-
Prepaid expenses	(9.443)	(13.811)
Finance lease adjustment	(20.252)	(67.560)
Financial assets valuation difference	(45.777)	63.632
Finance lease income accruals	(343.899)	(201.675)
Received Credits BSMV & KKDF Reeskont Effect	-	6.723
	<u>(469.173)</u>	<u>661.518</u>

<u>Deferred tax assets (liabilities)</u>	<u>31 Aralık 2023</u>	<u>31 Aralık 2022</u>
Actuarial Difference for severance pay 745	745	560
Deferred Income	222	-
Unearned factoring income	218.660	64.689
Expected Credit Loss for Doubtful Receivables	211.397	142.240
Tax base differences in tangible and intangible assets	19.935	(3.799)
Reserve for employee benefits	8.912	4.199
Provision for lawsuit	8.514	3.789
Deferred Factoring Commission Income	7.481	3.044
Employee bonus accrual	7.018	1.438
Expense Accruals	7	77
Unused vacation provision	3.125	1.276
IFRS-16 Adjustment	1.937	848
Provision for expected loss	1.406	192
Expense accruals	(2.833)	(3.453)
Finance lease adjustment	(6.076)	(16.890)
Valuation differences on financial instruments	(13.733)	15.908
Finance lease income accruals	(103.170)	(50.419)
Vuk İştirak Enf Değerleme Farkı	(132.862)	-
Tax procedure law subsidiary inflation valuation difference	-	1.681
Diğer	27.151	-
	<u>257.836</u>	<u>165.380</u>

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

The corporate tax rate is 30% as of 31 December 2023 (31 December 2022: %25). With the Law proposed to the Turkish Grand National Assembly on July 5, 2023 and published in the Official Gazette dated July 15, 2023, amendments were made to the Corporate Tax Law No. 5520. According to this; Starting from the declarations that must be submitted as of October 1, 2023, the corporate tax rate for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, increased from 25% to 30%. This regulation starts with the declarations that must be submitted as of October 1, 2023; It entered into force on July 15, 2023, to be applied to the earnings of institutions in the 2023 and subsequent taxation periods, and to the earnings of institutions subject to the special accounting period in the special account taxation periods starting in the 2023 calendar year.

Accordingly, the corporate tax rate will be applied as 30% for the above-mentioned institutions as of the third provisional tax period of 2023.

Movements in deferred tax assets are as follows:

	31 December 2023	31 December 2022
Opening balance at 1 January	165.380	89.070
Deferred tax income / (expense) (Net)	224.768	75.640
Classified in Equity	(132.313)	670
Closing balance	257.832	165.380

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2023 and 31 December 2022, details of assets held for sale and discontinued operations are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Assets held for sale (*)	2.432	-	760	-
	2.432	-	760	-

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

15. OTHER ASSETS

As at 31 December 2023 and 31 December 2022, details of other assets are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Leasing Contracts in Progress	127.280	114.435	162.620	778.498
Advances Given for Lease Transactions	8.969	637.669	10.379	870.424
Amounts to be invoiced	22.005	23	19.138	34
Commissions expense on debt securities issued and funds borrowed	15.048	-	27.570	-
Other Finance Lease Receivables	34.606	35.587	30.095	15.834
Refundable VAT	-	-	16.170	-
Advanced given	327	-	108	-
Deposits given	139	-	34	-
Others	74.604	1.351	35.051	4.882
	282.978	789.065	301.165	1.669.672

16. FUNDS BORROWED

As at 31 December 2023 and 31 December 2022, details of funds borrowed are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Short-term borrowings	18.232.860	16.380.907	13.954.672	9.725.562
Short-term portion of long-term borrowings		1.374.854	35.412	908.751
Total short-term borrowings	18.232.860	17.755.761	13.990.084	10.634.313
Long-term borrowings	250.000	3.222.686	35.412	3.070.414
Total long-term borrowings	250.000	3.222.686	35.412	3.070.414
Total borrowings	18.482.860	20.978.447	14.025.496	13.704.727

As at 31 December 2023 and 31 December 2022, borrowings has no collateral.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

16. FUNDS BORROWED (Continued)

As at 31 December 2023 and 31 December 2022, 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 December 2023</u>
TL	14,01%-57,05%	17.304.531.000	17.304.531
USD	6,00%-11,50%	55.843.264	1.643.925
Euro	2,42%-10,47%	250.548.900	8.161.355
GBP	6,43%-7,76%	164.411.800	6.155.858
Interest accruals			1.348.098
TOTAL			34.613.767

<u>Currency (*)</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 December 2022</u>
TL	10,09%-25,57%	13.723.013.276	13.723.012
USD	3,03%-9,60%	116.453.848	2.177.488
Euro	1,80%-6,70%	369.912.743	7.374.174
GBP	4,62%-5,58%	2.597.718	58.421
Interest accruals			347.139
TOTAL			23.680.234

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

As at 31 December 2023 and 31 December 2022, 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 December 2023</u>
TL	18,51%-19,11%	250.000.000	250.000
USD	6,64%-8,19%	20.361.299	599.400
Euro	2,97%-9,86%	122.740.603	3.998.140
TOTAL			4.847.540

<u>Currency</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 December 2022</u>
TL	15,96%	70.824.107	70.824
USD	6,41% - 7,80%	37.684.558	704.638
Euro	1,08% - 5,89%	164.261.000	3.274.527
TOTAL			4.049.989

As at 31 December 2023 and 31 December 2022, compounded interest rates have been presented.

As 31 December 2023 and 31 December 2022, details of borrowings based on types of interest rate are as follows:

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Fixed rate	16.645.370	14.943.616	12.803.954	9.240.731
Variable rate	1.837.490	6.034.831	1.221.542	4.463.996
	18.482.860	20.978.447	14.025.496	13.704.727

Fair values of the funds borrowed are presented in Note 38. As at 31 December 2023 the Group has available credit limit of TL 40.751.979 which has fulfilled all necessary conditions but has not been used. (31 December 2022: TL 24.423.263).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

17. OTHER LIABILITIES

As at 31 December 2023 and 31 December 2022, details of miscellaneous payables are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Advances received (**)	201.185	289.291	158.309	348.964
Banking and Insurance Transaction Tax	43.865	-	11.449	-
Social Security Premium Liability	9.250	-	4.676	-
Income Tax Liability	3.948	-	2.266	-
Payables to suppliers for lease transactions	5.546	330.771	783	574.605
Deferred Income	739	-	974	-
Other Tax and Liabilities	224	-	105	-
Value Added Tax	14.078	-	227	-
Other(*)	139.400	133.040	50.418	52.841
	418.235	753.102	229.207	976.410

(*) 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

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

18. LEASE PAYABLES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Lease Payables	6.455	2.312
	6.455	2.312

As of 31 December 2023 and 31 December 2022, the group's forward-looking debt arising from leasing transactions is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
2024	3.376	1.487
2025	2.042	825
2026	1.037	-
	6.455	2.312

19. DEBT SECURITIES ISSUED

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	TL	FC	TL	FC
Bills bonds	3.444.142	-	3.302.854	-
Interest accruals	301.134	-	107.779	-
	3.745.279	-	3.410.633	-

As of 31 December 2023, 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>
TRFISFN12412	04.08.23	300.000.000	30.01.24	Qualified Investor	Payment at maturity
TRFISFN12420	07.08.23	50.000.000	08.01.24	Qualified Investor	Payment at maturity
TRFISFN12438	09.08.23	200.000.000	11.01.24	Qualified Investor	Payment at maturity
TRFISFN22411	11.08.23	250.000.000	06.02.24	Qualified Investor	Payment at maturity
TRFISFN22429	17.08.23	200.000.000	12.02.24	Qualified Investor	Payment at maturity
TRFISFN32410	15.09.23	100.000.000	12.03.24	Qualified Investor	Payment at maturity
TRFISFN12453	28.09.23	400.000.000	05.01.24	Qualified Investor	Payment at maturity
TRFISFN42419	12.12.23	50.000.000	03.04.24	Qualified Investor	Payment at maturity

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

20. PROVISIONS

As at 31 December 2023 and 31 December 2022, reserve for employee benefits are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Reserve for employee severance indemnity	32.188	19.035
Provision for employee bonus	23.394	10.135
Vacation pay provision	10.416	5.103
	<u>65.998</u>	<u>34.273</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 2023 and 31 December 2022, the following actuarial assumptions are used in the calculation of the total liability:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Discount rate	3,26%	2,21%
Inflation	21,10%	19,80%
Estimated probability of retirement	94,76%	100%

For the periods ended 31 December 2023 and 31 December 2022, movements in reserve for employee severance indemnity are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	19.035	8.340
Service cost	11.334	7.613
Actuarial difference	4.706	2.590
Interest cost	1.461	1.872
Reversed severance indemnity provision	(357)	(387)
Amounts paid to employee severance indemnity	(3.991)	(993)
Balance at the end of the year	<u>32.188</u>	<u>19.035</u>

The movement of the vacation pay liability for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	5.103	2.799
Increase during the period	5.313	2.304
Balance at the end of the year	<u>10.416</u>	<u>5.103</u>

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

20. PROVISIONS (Continued)

The movement of the provision for employee bonus for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	10.135	6.428
Increase during the period	23.394	10.828
Reversals	-	-
Payment made during the period	(10.135)	(7.121)
Balance at the end of the year	<u>23.394</u>	<u>10.135</u>

As at 31 December 2023 and 31 December 2022 , other provisions are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Provision for lawsuits	28.379	15.154
Provision for general administrative expenses	4.688	769
Expected Credit Loss for Financial Assets	520	308
	<u>33.587</u>	<u>16.231</u>

Movements in other provisions for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	General provision for financial lease receivables	Provision for lawsuits	Provision for administrative expenses	Expected Credit Loss for Financial Assets
<u>31 December 2023</u>				
At the beginning of the year	-	15.154	308	769
Period Expense	-	13.516	4.205	4.688
Payments	-	-	(3.659)	-
Cancellations	-	(291)	(334)	(769)
At the end of the period	-	<u>28.379</u>	<u>520</u>	<u>4.688</u>

	General provision for financial lease receivables	Provision for lawsuits	Provision for administrative expenses	Expected Credit Loss for Financial Assets
<u>31 December 2022</u>				
At the beginning of the year	-	10.966	103	343
Period Expense	-	4.230	2.676	769
Payments	-	-	(2.471)	-
Cancellations	-	(42)	-	(343)
At the end of the period	-	<u>15.154</u>	<u>308</u>	<u>769</u>

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

21. CURRENT PERIOD TAX ASSET AND PAYABLE

The current years tax asset as at 31 December 2023 and 31 December 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Income taxes withheld (*)	239	292
Total	<u>239</u>	<u>292</u>

As at 31 December 2023 and 31 December 2022, details of current year tax liability are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Current period corporate tax provision (Note:35)	1.062.283	370.845
Previous period corporate tax provision	-	-
Taxes paid for the current period	21.162	4.031
Corporate Tax to be offset	-	-
Payments During the Term	(785.596)	(258.228)
Corporate tax payable	<u>297.849</u>	<u>116.648</u>

For the periods ended 31 December 2023 and 31 December 2022, movements of corporate tax payable are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Corporate Tax Payable at the Beginning of the Term		
Current Period Expense	1.062.283	370.845
Corporate Tax to be offset	-	-
Tax Payable	21.162	4.031
Previous period corporate tax provision	116.648	84.352
Payments During the Term	(902.244)	(342.580)
Corporate tax payable	<u>297.849</u>	<u>116.648</u>

22. NON-CONTROLLING INTERESTS

The Company owns 78,23 % of İş Faktoring A.Ş. As at 31 December 2023, the non-controlling interests amounting to TL 672.855 (31 December 2022: TL 311.213) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TL 252.392 (31 December 2022: TL 96.410) have been calculated on the net profit of the subsidiary.

The movements of non-controlling interests for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	311.213	140.425
From the Profit.Loss of the year	252.392	96.410
Fair value changes of marketable securities	109.628	74.378
Profit Share from Associates	-	-
Prior Year Adjustment	(378)	-
Balance at the end of the year	<u>672.855</u>	<u>311.213</u>

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

23. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 31 December 2023 nominal capital of the Company is 695.303 TL, the share capital of the Company consists 69.530.264.500 of shares Kurus 1 price.

As at 31 December 2023 and 31 December 2022, shareholders and their ownership percentages are as follows:

Shareholders	(%)	31 December 2023	(%)	31 December 2022
Türkiye Sınai Kalkınma Bankası A.Ş.	29,46	204.850	29,46	204.850
Türkiye İş Bankası A.Ş.	27,79	193.253	27,79	193.253
Trakya Yatırım Holding A.Ş.	0,93	6.483	0,93	6.483
Publicly traded	41,82	290.717	41,82	290.717
TOTAL	100	695.303	100	695.303

Group A shareholders have the privilege of nominating board of directors members and audit committee members. As a result of this privilege, board of directors members and audit committee members are selected among the candidates nominated by Group A shareholders. Allocation of Group A shares among shareholders is as follows;

Shareholders	31 December 2023	31 December 2022
Türkiye İş Bankası A.Ş.	300.000.000	300.000.000
Türkiye Sınai Kalkınma Bankası A.Ş.	255.000.000	255.000.000
Trakya Yatırım Holding A.Ş.	45.000.000	45.000.000
Total	600.000.000	600.000.000

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

Capital Reserves

	31 December 2023	31 December 2022
Other Capital Reserves(*)	1.763	1.763
Accumulated Other Comprehensive Income.Expenditure Not Reclassified in Profit.Loss	1.843.962	946.809
<i>Accumulated Other Comprehensive Income.Expenditure Reclassified in Profit.Loss</i>	1.843.962	946.809
Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss(**)	-	-
Total	1.843.962	946.809

(*) 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 DECEMBER 2023

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

24. PROFIT RESERVES

As at 31 December 2023 and 31 December 2022, details of profit reserves are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Legal reserves	111.904	80.210
Extraordinary reserves	1.671.185	874.157
Total	<u>1.783.089</u>	<u>954.367</u>

(*) As per the BRSA, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Group has deferred tax amounting to TL 60.401 classified in extraordinary tax income reserves which will not be considered in profit distribution and capital increase as at 31 December 2023 (31 December 2022: TL 78.725).

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. The first and second legal reserves cannot be distributed unless they exceed 50% of the total capital; however, in case of exhaustion of discretionary reserves, it can be used to cover damages. TL 31.694 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 profit amounting to TL 5.868 as at December 31, 2023 (31 December 2022: TL 7.824).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As at 31 December 2022 details of derivatives transactions are as follows:

	31 December 2022	
	Amount as Original Currency	TL
Currency Swap Purchases:		
TL	1.396.339.200	1.396.339
		1.396.339
Currency Swap Sales:		
USD	5.000.000	93.492
EUR	65.400.000	1.303.742
		1.397.234

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

As of 31 December 2023, there is an unrealized loss amounting to TL 5.837 and there is an unrealized gain amounting to TL 83.917 (Note 6) consisting of changes in the fair value of derivative contracts and associated with profit and loss (31 December 2022: TL 67.840 unrealized loss and TL 4.207 unrealized gain).

As at 31 December 2023 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	6.248.068	-	6.248.068
Currency Swap Sales	6.173.681	-	6.173.681
Currency Futures Purchases	205.478	-	205.478
Currency Futures Sales	202.119	-	202.119

As at 31 December 2022, 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	1.396.339	-	1.396.339
Currency Swap Sales	1.397.234	-	1.397.234

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

(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

<u>31 December 2023</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
Total assets	27.606.958	24.004.354	(53.766)	51.557.546
Total liabilities	23.874.221	20.913.425	-	44.787.646
Net profit for the year	860.027	1.159.425	(252.392)	1.767.060

<u>31 December 2022</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
Total assets	19.956.517	16.427.328	(53.766)	36.330.079
Total liabilities	17.586.663	14.999.371	-	32.586.034
Net profit for the year	480.290	442.886	(96.410)	826.766

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

27. SEGMENT REPORTING (Continued)

<u>31 December 2023</u>	Leasing	Factoring	Consolidation Adjustments	Total
Operating Income	3.000.733	5.180.594	-	8.181.327
Financial Expenses (-)	(2.147.074)	(3.565.883)	-	(5.712.957)
Gross Profit . Loss	853.659	1.614.711	-	2.468.370
Operating Expense (-)	(239.758)	(177.009)	-	(416.767)
Gross Operating Profit.Loss	613.901	1.437.702	-	2.051.603
Other Operating Income	1.195.240	374.602	-	1.569.842
Provisions (-)	(269.172)	(177.091)	-	(446.263)
Other operating Expenses (-)	(297.048)	(21.167)	-	(318.215)
Net Operating Profit . Loss	1.242.921	1.614.046	-	2.856.967
Profit or Loss from Continuing Operations before tax	1.242.921	1.614.046	-	2.856.967
Provision for Taxes from Continuing Operations (±)	(382.894)	(454.621)	-	(837.515)
Net Profit or Loss from Continuing Operations	860.027	1.159.425	-	2.019.452
Non-controlling Interests	-	-	(252.392)	(252.392)
Net Profit or Loss for the Period	860.027	1.159.425	(252.392)	1.767.060
Fixed Asset Additions	93.321	21.998	-	115.319
Depreciation and Amortisation	(12.825)	(11.057)	-	(23.882)
<u>31 December 2022</u>	Leasing	Factoring	Consolidatin Adjustmets	Total
Operating Income	1.639.465	1.796.139	-	3.435.604
Financial Expenses (-)	(1.143.650)	(1.101.781)	-	(2.245.431)
Gross Profit . Loss	495.815	694.358	-	1.190.173
Operating Expense (-)	(122.182)	(82.848)	-	(205.030)
Gross Operating Profit.Loss	373.633	611.510	-	985.143
Other Operating Income	786.083	150.484	-	936.567
Provisions (-)	(267.689)	(177.725)	-	(445.414)
Other operating Expenses (-)	(257.130)	(785)	-	(257.915)
Net Operating Profit . Loss	634.897	583.484	-	1.218.381
Profit or Loss from Continuing Operations Before Tax	634.897	583.484	-	1.218.381
Provision for Taxes from Continuing Operations (±)	(154.607)	(140.598)	-	(295.205)
Net Profit or Loss from Continuing Operations	480.290	442.886	-	923.176
Non-controlling Interests	-	-	(96.410)	(96.410)
Net Profit or Loss for the Period	480.290	442.886	(96.410)	826.766
Fixed Asset Additions	31.512	15.189	-	46.701
Depreciation and Amortisation	(9.115)	(6.091)	-	(15.206)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

28. EVENTS AFTER THE REPORTING PERIOD

BRSA announced that banks, financial leasing, factoring, financing, savings financing and asset management companies will start applying inflation accounting starting from 1 January 2025 in accordance with BRSA Board decision on 11 January 2023.

29. OPERATING INCOME

For the periods ended 31 December 2023 and 31 December 2022, details of operating income are as follows:

	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Finance Lease income	2.996.662	1.636.765
Operating lease income	4.070	2.699
Factoring income	5.180.595	1.796.140
	<u>8.181.327</u>	<u>3.435.604</u>

30. OPERATING EXPENSES

For the periods ended 31 December 2023 and 31 December 2022, operating expenses are as follows:

	01.01.2023 - 31.12.2023	01.01.2022- 31.12.2022
Personel expenses	(269.317)	(132.579)
Depreciation and amortization expenses	(23.882)	(15.206)
Information technology expenses	(19.245)	(9.212)
Provision for employee severance	(15.683)	(9.099)
Office rent expenses	(14.082)	(8.173)
Taxes, duties and charges	(11.082)	(5.501)
BRSA participation fee	(10.916)	(5.015)
Board of Directors attendance fee	(10.139)	(4.498)
Consultancy expenses	(5.694)	(3.135)
Travel and car expenses	(3.680)	(2.703)
Write-off expense	-	(1.175)
Advertising expense	(1.975)	(864)
Capital increase expense	(869)	(462)
Communication expense	(771)	(454)
Insurance expense	(418)	(447)
Expenses of Keeping on the Rank	(19)	(146)
Other general administrative expenses	(28.995)	(6.361)
	<u>(416.767)</u>	<u>(205.030)</u>

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

31. OTHER OPERATING INCOME

For the periods ended 31 December 2023 and 31 December 2022, details of other operating income are as follows:

	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Kur Farkı Gelirleri	781.063	597.785
Türev Finansal İşlemlerden Karlar	241.637	156.240
Geçmiş Yıl Şüpheli Alacıklardan Tahsilat ve İptal Geliri	268.521	88.313
Temettü Geliri	36.730	19.463
Komisyon Gelirleri	34.826	19.460
Faiz Gelirleri	20.147	2.461
Diğer	186.918	52.845
	<u>1.569.842</u>	<u>936.567</u>

32. FINANCE EXPENSES

For the periods ended 31 December 2023 and 31 December 2022, details of finance expenses are as follows:

	01.01.2023- 31.12.2023	01.12.2022- 31.12.2022
Interest expense on funds borrowed	(4.499.880)	(1.581.087)
Interest expense on debt securities issued	(615.602)	(547.053)
Fees and commissions expense	(595.561)	(116.271)
Interest expense related to rents	(1.914)	(1.020)
	<u>(5.712.957)</u>	<u>(2.245.431)</u>

33. PROVISIONS

For the periods ended 31 December 2023 and 31 December 2022, details of provision for non-performing receivables are as follows:

	01.01.2023- 31.12.2023	01.12.2022- 31.12.2022
Specific Provisions	(446.263)	(445.414)
	<u>(446.263)</u>	<u>(445.414)</u>

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

34. OTHER OPERATING EXPENSES

For the periods ended 31 December 2023 and 31 December 2022, details of other operating expenses are as follows:

	01.01.2023- 31.12.2023	01.01.2022- 31.12.2022
Losses From Derivative Financial Instruments	(264.170)	(241.906)
Foreign exchange loss	-	-
Other	(54.045)	(16.009)
	<u>(318.215)</u>	<u>(257.915)</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 13.298 from measurement difference of such transactions in the Group’s financial statements as at 31 december 2023 (31 December 2022: TL 127.815 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 DECEMBER 2023

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

35. TAXATION

For the periods ended 31 December 2023 and 31 December 2022, details of tax expense are as follows:

	01.01.2023- 31.12.2023	01.01.2023- 31.12.2023
Current corporate tax charge	(1.062.283)	(370.845)
Deffered tax income. (expense)	224.768	75.640
	<u>(837.515)</u>	<u>(295.205)</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:

	%	1 January- 31 December 2023	%	1 January- 31 december 2022
Net profit for the period		2.019.452		923.176
Total tax expense		<u>837.515</u>		<u>295.205</u>
Profit before tax		2.856.967		1.218.381
Income tax using the Group's tax rate		857.090		304.595
	30,00		25,00	
Non-deductible expenses	1,99	56.829	0,46	5.628
Tax exempt income	(0,39)	(11.065)	(0,40)	(4.866)
Other	(2,29)	(65.339)	(0,83)	(10.152)
Total income tax expense	29,31	<u>837.515</u>	24,23	<u>295.205</u>

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

35. TAXATION (Continued)

The Group is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the period.

Turkish tax legislation does not allow a parent company to file a tax return on its consolidated financial statements. Therefore, the tax liabilities reflected in this consolidated financial statements are calculated separately for all companies included in the scope of consolidation.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The corporate tax rate is 30% as of 31 December 2023 (31 December 2022: %25). With the Law proposed to the Turkish Grand National Assembly on July 5, 2023 and published in the Official Gazette dated July 15, 2023, amendments were made to the Corporate Tax Law No. 5520. According to this; Starting from the declarations that must be submitted as of October 1, 2023, the corporate tax rate for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, increased from 25% to 30%. This regulation starts with the declarations that must be submitted as of October 1, 2023; It entered into force on July 15, 2023, to be applied to the earnings of institutions in the 2023 and subsequent taxation periods, and to the earnings of institutions subject to the special accounting period in the special account taxation periods starting in the 2023 calendar year.

In Turkey, provisional tax is calculated and accrued quarterly. The provisional tax rate that must be calculated on corporate earnings during the taxation of 2023 corporate earnings as of the provisional tax periods is 30% for 31.12.2023. (December 31, 2022: 25%). According to Turkish tax legislation, financial losses shown on the declaration can be deducted from the period corporate income for a period not exceeding 5 years. However, losses cannot be deducted retroactively from profits made in previous years. According to the 17th article of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, Banks are subject to the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21/11/2012. Profit/loss differences arising from inflation adjustments to be made in the 2024 and 2025 accounting periods, including provisional tax periods, by the companies within the scope of the scope of payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. It has become law that it will not be taken into account in the determination. The President is authorized to extend the periods determined within the scope of this paragraph by one accounting period, including provisional tax periods.

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

35. TAXATION (Continued)

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes. Purchase, sale, manufacturing and construction operations, leasing and leasing transactions, borrowing and issuing money, bonuses, fees and similar transactions that require payments are considered as purchase or sale of goods or services in every condition. Companies are required to fill in the transfer pricing form which will be included in the annex of the annual corporate tax return. In this form, the amounts of all transactions with related companies and the methods of transfer pricing related to these transactions are specified in the related accounting period.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

36. EARNINGS PER SHARE

Earnings per share are calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. In Turkey, companies can raise their share capital by distributing “bonus shares” to shareholders from retained earnings. In computing earnings per share, such “bonus share” distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Earnings per share is calculated by dividing net income distributable to shareholders by the weighted average number of shares issued.

The weighted average number of shares of the Group and earnings per share for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	<u>1 January- 31 December 2023</u>	<u>1 January- 31 december 2022</u>
Weighted average number of outstanding shares (*)	69.530.264.500	69.530.264.500
Net profit for the year (TL)	1.767.060	826.766
Basic earnings per share (full TL)	2,54	1,19

(*) As at 31 December 2023, the share capital of the Company consists 69.530.264.500 of shares having Kurus 1 nominal price.

	<u>31 December 2023</u>	<u>31 December 2022</u>
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	<u>69.530.264.500</u>	<u>69.530.264.500</u>

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 DECEMBER 2023

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

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 2023, the debt.equity ratio is 11% (31 December 2022: 12 %). As at 31 December 2023 and 31 December 2022, the leverage ratios are as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Funds borrowed	39.461.307	27.730.223
Debt securities issued	3.745.276	3.410.633
Other liabilities	1.171.337	1.205.617
Total liabilities	44.377.920	32.346.473
Cash and Cash Equivalents (-)	(2.512.911)	(362.715)
Net liabilities	41.865.009	31.983.758
Total shareholders’ equity	6.769.900	3.744.045
Shareholders’ equity . liabilities	16%	12%

According to the credit rating reports of Fitch issued at 26.09.2023 credit ratings of the Company are as follows:

Foreign Currency

Long term	B-
Short term	B
Outlook	Stable

TL

Long term	B
Short term	B
Outlook	Stable

National

Long term	A+(tur)
Outlook	Stable
Sharehold Support	B-

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(c) Categories of financial instruments

	<u>31 December</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
<u>Financial Assets:</u>		
Cash and Cash Equivalents	2.512.911	362.715
Derivative Financial Assets	83.917	4.207
Finance lease receivables and non-performing receivables, net	23.220.714	17.146.965
Leasing Contracts in Progress	241.715	941.118
Advances Given for Lease Transactions	646.638	880.803
Other Finance Lease Receivables	70.193	45.929
Factoring receivables and non-performing factoring receivables, Net	22.092.144	15.530.958
Financial Assets at Fair Value Through Other Comprehensive Income	2.228.384	1.088.210
Financial assets at fair value through profit or loss	24.328	-
<u>Financial Liabilities:</u>		
Derivative financial liabilities at fair value	(5.837)	(67.840)
Finance Lease Obligations	(6.455)	(4.569)
Other liabilities	(1.171.337)	(1.205.617)
Funds borrowed	(39.461.307)	(27.730.223)
Debt securities issued	(3.745.276)	(3.410.633)

(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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

As 31 December 2023 and 31 December 2022, details of foreign currency denominated assets and liabilities are as follows:

31 December 2023 (*)	USD (000)	Avro (000)	CHF (000)	GBP (000)	JPY (000)	AUD (000)	CNY (000)	TL Equivalent
Banks	466	46.796	3	904	28	2	5	1.572.058
Finance lease receivables	100.227	428.863	-	-	-	-	-	16.920.228
Factoring receivables(*)	62.009	40.671	-	2.929	-	-	-	3.259.927
Advances given for lease transactions	7.961	12.362	-	-	-	-	-	637.669
Leasing contracts in progress	70	3.450	-	-	-	-	-	114.435
Other receivables from leasing transactions	207	905	-	-	-	-	-	35.587
Other assets	26	18	-	-	-	-	-	1.374
Total assets (**)	170.966	533.065	3	3.833	28	2	5	22.541.278
Funds borrowed(*)	(77.002)	(381.157)	-	(3.427)	-	-	-	(20.978.447)
Lease Obligations	-	-	-	-	-	-	-	-
Other provisions	(1)	(833)	-	(1)	-	-	-	(27.191)
Other Liabilities	(4.868)	(18.451)	(1)	(233)	-	-	-	(753.102)
Total liabilities (**)	(81.871)	(400.441)	(1)	(3.661)	-	-	-	(21.758.740)
Balance sheet position	89.095	132.624	-	172	28	2	5	782.538
Off balance sheet position	(54.339)	(110.830)	-	141.030	-	-	-	77.746
Net foreign currency position	34.756	21.794	2	141.202	28	2	5	860.284

(*) As at 31 December 2023, has no foreign currency indexed borrowings.

(**) As at 31 December 2023, derivative financial assets amounting to TL 78.080 are not included.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

31 December 2022 (*)	USD (000)	Avro (000)	CHF (000)	GBP (000)	JPY (000)	AUD (000)	CNY (000)	TL Equivalent
Banks	3.287	5.947	2	195	28	2	5	184.479
Finance lease receivables	103.883	532.234	-	-	-	-	-	12.552.465
Factoring receivables(*)	55.679	54.457	-	2.467	-	-	-	2.182.190
Advances given for lease transactions	18.081	23.732	-	2.592	3.900	-	-	870.424
Leasing contracts in progress	7.287	32.217	-	-	-	-	-	778.498
Other receivables from leasing transactions	172	633	-	-	-	-	-	15.834
Other assets	4	243	-	-	-	-	-	4.916
Total assets (**)	188.393	649.463	2	5.254	3.928	2	5	16.588.806
Funds borrowed(*)	(155.286)	(538.883)	-	(2.604)	-	-	-	(13.704.727)
Lease Obligations	-	-	-	-	-	-	-	-
Other provisions	(1)	(698)	-	-	-	-	-	(13.940)
Other Liabilities	(12.999)	(36.700)	-	(77)	-	-	-	(976.410)
Total liabilities (**)	(168.286)	(576.281)	-	(2.681)	-	-	-	(14.695.077)
Balance sheet position	20.107	73.182	2	2.573	-	2	5	1.893.729
Off balance sheet position	(5.000)	(65.400)	-	-	-	-	-	(1.397.234)
Net foreign currency position	15.107	7.782	2	2.573	-	2	5	496.495

(*) As at 31 December 2022, has no foreign currency indexed borrowings.

(**) As at 31 December 2022, derivative financial assets amounting to TL 67.840 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

	Profit/ (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2023				
15% change of the USD against TL				
1- Net USD asset.liability	393.419	(393.419)	393.419	(393.419)
2- Hedged portion of TL against USD risk (-)	(239.946)	239.946	(239.946)	239.946
3- Net effect of USD (1+ 2)	153.473	(153.473)	153.473	(153.473)
15% change of the Euro against TL				
4- Net Euro asset.liability	648.012	(648.012)	648.012	(648.012)
5- Hedged portion of TL against Euro risk (-)	(541.525)	541.525	(541.525)	541.525
6- Net effect of Euro (4+5)	106.487	(106.487)	106.487	(106.487)
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset.liability	793.040	(793.040)	793.040	(793.040)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	793.040	(793.040)	793.040	(793.040)
TOTAL (3+6+9)	1.053.000	(1.053.000)	1.053.000	(1.053.000)

(*) Includes profit.loss effect.

	Profit / (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2022				
15% change of the USD against TL				
1- Net USD asset.liability	56.395	(56.395)	56.395	(56.395)
2- Hedged portion of TL against USD risk (-)	(14.024)	14.024	(14.024)	14.024
3- Net effect of USD (1+ 2)	42.371	(42.371)	42.371	(42.371)
15% change of the Euro against TL				
4- Net Euro asset.liability	218.831	(218.831)	218.831	(218.831)
5- Hedged portion of TL against Euro risk (-)	(195.561)	195.561	(195.561)	195.561
6- Net effect of Euro (4+5)	23.270	(23.270)	23.270	(23.270)
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset.liability	8.769	(8.769)	8.769	(8.769)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	8.769	(8.769)	8.769	(8.769)
TOTAL (3+6+9)	74.410	(74.410)	74.410	(74.410)

(*) Includes profit.loss effect.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

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 December 2023 and 31 December 2022, the interest rate profile of the Group’s interest-bearing financial instruments is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
<u>Fixed rate instruments</u>		
Financial assets:		
Cash and Cash Equivalents	1.961.533	143.881
Finance lease receivables	23.193.312	17.103.164
Factoring receivables	20.304.633	12.873.598
Financial liabilities:		
Funds borrowed	31.588.986	22.044.685
Debt securities issued	3.745.276	3.410.633
Variable rate instruments		
Financial assets:		
Finance lease receivables	27.402	43.801
Factoring receivables	1.787.511	2.657.360
Financial liabilities:		
Borrowings	7.872.321	5.685.538

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(g) Interest rate risk management (Continued)

Interest rate sensitivity (Continued)

If interest rates were 100 base points higher at the reporting date and all other variables were fixed:

Interest income from finance leases with variable interest rates would be higher at an amount of TL 392 (31 December 2022: TL 606).

Interest income from factoring transactions with variable interest rates would be higher at an amount of TL 17.630 (31 December 2022: TL 26.210).

Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 76.238 (31 December 2022: TL 56.171).

(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 351.160 (31 December 2022: TL 137.260).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

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 December 2023 (%)</u>	<u>31 December 2022 (%)</u>
Tekxtile Construction	17,73	19,02
Construction	19,48	15,82
Metal industry	10,82	11,95
Transportation	8,92	9,57
Mining	5,90	7,20
Real estate	5,09	4,40
Forestry products and paper	3,92	4,35
Energy	2,64	3,31
Food and beverage	2,88	2,76
Agriculture and forestry	2,94	2,41
Machinery and Equipment	2,79	2,20
Rubber, Plastic	1,83	2,80
Healthcare	1,17	1,65
Wholesale-Per.Tic	1,32	1,28
Finance	0,26	0,96
Tourism	0,46	0,25
Other	11,85	10,07
	<u>100,00</u>	<u>100,00</u>

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2023, 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>				
31 December 2023								
Exposure to maximum credit risk as at reporting date (*)	16.474	23.204.240	211.790	21.880.354	24.328	14.228.789	2.228.384	22.155.237
- The portion of maximum risk covered by guarantee	-	964.164	-	3.329.656	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	16.474	22.246.020	211.790	21.541.145	24.328	14.228.789	2.228.384	22.155.237
- The portion covered by guarantee	-	784.227	-	3.105.756	-	-	-	-
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	-	1.042.269	-	2.301	-	-	-	-
- The portion covered by guarantee	-	175.970	-	223.900	-	-	-	-
D. Net carrying value of impaired assets	-	(91.049)	-	336.848	-	-	-	-
- Overdue (gross book value)	-	615.275	-	336.848	-	-	-	-
- Impairment (-)	-	(911.447)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	3.967	-	-	-	-	-	-
- Not past due (gross book value)	-	257.594	-	-	-	-	-	-
- Impairment (-)	-	(52.471)	-	-	-	-	-	-
- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2022 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>31 December 2022</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>				
Exposure to maximum credit risk as at reporting date (*)	18.827	17.128.138	51.381	15.479.577	-	10.375.122	-	15.631.724
- The portion of maximum risk covered by guarantee	-	816.317	-	2.464.245	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	18.827	15.992.832	51.381	15.191.866	-	10.375.122	-	15.631.724
- The portion covered by guarantee	-	606.872	-	2.453.748	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	281	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	1.250.686	-	10.497	-	-	-	-
- The portion covered by guarantee	-	204.610	-	10.497	-	-	-	-
D. Net carrying value of impaired assets	-	(115.380)	-	276.933	-	-	-	-
- Overdue (gross book value)	-	491.526	-	276.933	-	-	-	-
- Impairment (-)	-	(783.451)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	4.835	-	-	-	-	-	-
- Not past due (gross book value)	-	191.699	-	-	-	-	-	-
- Impairment (-)	-	(15.154)	-	-	-	-	-	-
- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

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

	31 December 2023		31 December 2022	
	Nominal Value	Authentic Value (*)	Nominal Value	Authentic Value (*)
Sureties	370.618.752	40.613.297	238.636.353	29.224.604
Collaterals of factoring transaction	45.348.004	3.287.380	32.189.144	2.425.876
Mortgage	14.310.737	622.944	9.339.895	527.653
Pledged shares	11.790.263	-	8.490.374	-
Guaranties of factoring transaction	3.106.503	32.032	1.994.271	25.997
Share certificates	1.807.287	429.008	1.700.755	403.054
Pledged commercial	946.871	189.598	730.436	136.348
Pledged vehicles	635.998	315.105	391.386	231.134
Sureties of credit guarantee fund	398.722	139.858	248.351	144.734
Guarantors	171.772	-	132.827	-
Securities Received For Collateral Purposes	99.153	-	60.950	-
Collaterals given by vendors	73.596	-	46.746	-
Cash blockages	29.427	18.425	25.075	18.039
Ship mortgage	1.475	-	12.933	-
Funds bonds as collateral	10.758	1.500	7.806	375
Collaterals of leasing transaction	7.942	-	5.439	-
Letters of guarantee	2.082	2.083	2.475	1.540
Pledged machines	502	-	502	-
Pledged account	130	-	130	-
Commercial receivable insurance	-	-	-	-
	449.359.974	45.651.230	294.015.848	33.139.354

(*) 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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Liquidity risk table (Continued)

31 December 2023	Carrying Amount	Contractual Cash					More than 5 Years (IV)
		Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)		
Sözleşme Uyarınca Vadeler							
Non-derivative Financial Assets:							
Banks	2.512.911	2.515.323	2.515.323	-	-	-	-
Financial Assets at Fair value through profit and Loss	24.328	24.328	24.328	-	-	-	-
Lease Receivables (*)	23.220.714	27.170.982	3.483.679	9.558.002	13.823.696	305.605	-
Factoring Receivables	22.092.144	23.607.975	18.625.857	4.981.112	1.006	-	-
Other Lease Receivables	65.970	65.970	65.970	-	-	-	-
Total Assets	4.223	4.223	4.223	-	-	-	-
	47.920.290	53.388.801	24.719.380	14.539.114	13.824.702	305.605	
Non-derivative Financial Liabilities:							
Funds Borrowed	39.461.307	41.363.428	23.617.951	13.921.057	3.824.420	-	-
Debt Securities Issued	3.745.276	3.856.000	2.770.000	1.086.000	-	-	-
Lease Obligations	6.455	8.829	1.469	3.151	4.209	-	-
Other Liabilities	1.171.337	1.171.337	1.117.302	53.934	101	-	-
Total Liabilities	44.384.375	46.399.594	27.506.722	15.064.142	3.828.730	-	-
31 December 2022							
Contractual Maturities							
Non-derivative Financial Assets:							
Banks	362.715	362.719	339.343	23.376	-	-	-
Financial Assets at Fair value through profit and Loss	-	-	-	-	-	-	-
Lease Receivables (*)	17.146.965	19.965.202	2.136.766	6.076.026	11.401.565	350.845	-
Factoring Receivables	15.530.958	16.312.827	9.847.487	6.438.657	26.683	-	-
Other Lease Receivables	30.420	30.420	30.420	-	-	-	-
Total Assets	15.509	15.509	15.509	-	-	-	-
	33.086.567	36.686.677	12.369.525	12.538.059	11.428.248	350.845	
Non-derivative Financial Liabilities:							
Funds Borrowed	27.730.223	28.625.370	16.431.024	9.037.527	3.119.432	37.387	-
Debt Securities Issued	3.410.633	3.522.190	2.401.500	1.120.690	-	-	-
Lease Obligations	4.569	5.698	871	1.935	2.892	-	-
Other Liabilities	1.205.617	1.205.617	1.032.114	173.402	101	-	-
Total Liabilities	32.351.042	33.358.875	19.865.509	10.333.554	3.122.425	37.387	-

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2023**

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

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 December 2023 and 31 December 2022.

31 December 2023	Carrying	Contractual	Less than	3-12	1-5 Years	More than
<u>Contractual Maturities</u>	<u>Amount</u>	<u>(I+II+III+IV)</u>	<u>3 Months</u>	<u>Months (II)</u>	<u>(III)</u>	<u>5 Years</u>
			<u>(I)</u>			<u>(IV)</u>
Cash inflows from derivatives	77.746	6.453.546	2.290.267	4.163.279	-	-
Cash outflows from derivatives	-	6.375.800	2.253.897	4.121.903	-	-

31 December 2022	Carrying	Contractual	Less than	3-12	1-5 Years	More than
<u>Contractual Maturities</u>	<u>Amount</u>	<u>(I+II+III+IV)</u>	<u>3 Months</u>	<u>Months (II)</u>	<u>(III)</u>	<u>5 Years</u>
			<u>(I)</u>			<u>(IV)</u>
Cash inflows from derivatives	-	1.396.339	743.151	653.188	-	-
Cash outflows from derivatives	(895)	1.397.234	743.369	653.865	-	-

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

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:

	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
31 December 2023								
<u>Financial Assets</u>								
Cash and Cash Equivalents	-	2.512.911	-	-	-	2.512.911	2.512.911	4
Financial Assets at Fair Value Through Profit or Loss	24.328	-	-	-	-	24.328	24.328	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	2.228.384	-	2.228.384	2.228.384	7
Derivative financial assets	83.917	-	-	-	-	83.917	83.917	6
Finance lease receivables and non-performing lease receivables	-	-	23.220.714	-	-	23.220.714	20.644.658	9
Factoring receivables and non-performing factoring receivables	-	-	22.092.144	-	-	22.092.144	22.092.144	8
<u>Financial liabilities</u>								
Derivative financial Liabilities	5.837	-	-	-	-	5.837	5.837	6
Other liabilities	-	-	-	-	1.171.337	1.171.337	1.171.337	17
Lease Payables	-	-	-	-	6.455	6.455	6.455	18
Funds borrowed	-	-	-	-	39.461.307	39.461.307	42.337.645	16
Debt securities issued	-	-	-	-	3.745.276	3.745.276	3.879.036	19

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments (Continued)

31 December 2022	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	-	362.715	-	-	-	362.715	362.715	4
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	1.088.210	-	1.088.210	1.088.210	7
Derivative financial assets	4.207	-	-	-	-	4.207	4.207	6
Finance lease receivables and non-performing lease receivables	-	-	17.146.965	-	-	17.146.965	15.539.583	9
Factoring receivables and non-performing factoring receivables	-	-	15.530.958	-	-	15.530.958	15.530.958	8
<u>Financial liabilities</u>								
Derivative financial Liabilities	67.840	-	-	-	-	67.840	67.840	6
Other liabilities	-	-	-	-	1.205.617	1.205.617	1.205.617	17
Lease Payables	-	-	-	-	4.569	4.569	4.569	18
Funds borrowed	-	-	-	-	27.730.223	27.730.223	27.283.668	16
Debt securities issued	-	-	-	-	3.410.633	3.410.633	3.446.486	19

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

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).

31 December 2023	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	-	24.328	-	24.328
Derivative financial assets	-	83.917	-	83.917
Financial Assets at Fair Value Through Other Comprehensive Income	2.220.926	-	-	2.220.926
	2.220.926	108.245	-	2.329.171

Derivative financial liabilities

Total financial liabilities carried at fair value

31 December 2022	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Derivative financial assets	-	4.207	-	4.207
Financial Assets at Fair Value Through Other Comprehensive Income	1.080.752	-	-	1.080.752
Total financial assets carried at fair value	1.080.752	4.207	-	1.084.959
Derivative financial liabilities	-	67.840	-	67.840
Total financial liabilities carried at fair value	-	67.840	-	67.840

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

39. INFORMATION ON SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRMS

As at 31 December 2023, The Group’s independent audit fee is 1.050 TL (2022, 344 TL).

As at 31 December 2023, The Group’s tax audit fee is 365 TL (2022, 228 TL).