

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

**İř Finansal Kiralama
Anonim Őirketi and Its Subsidiary**

**Consolidated Financial Statements as at and for the
year ended 31 March 2022**

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(BALANCE SHEET) AS AT 31 March 2022

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

	ASSETS	Notes	Reviewed Current Period 31 March 2022			Audited Prior Period 31 December 2021		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH, CASH EQUIVALENTS and CENTRAL BANK	4	91.765	240.104	331.869	41.649	429.853	471.502
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL ASSETS	6	-	1.467	1.467	-	-	-
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	7	339.495	-	339.495	404.862	-	404.862
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)	8	9.008.132	11.242.771	20.250.903	8.267.951	9.777.376	18.045.327
5.1	Factoring Receivables	8	5.231.200	2.248.974	7.480.174	4.874.483	1.797.516	6.671.999
5.1.1	Discounted Factoring Receivables (Net)		1.943.498	1.007.912	2.951.410	1.657.216	657.468	2.314.684
5.1.2	Other Factoring Receivables		3.287.702	1.241.062	4.528.764	3.217.267	1.140.048	4.357.315
5.2	Savings Financing Receivables		-	-	-	-	-	-
5.2.1	From the Savings Fund Pool		-	-	-	-	-	-
5.2.2	From equity		-	-	-	-	-	-
5.3	Financing loans		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	Lease Receivables (Net)	9	3.737.484	9.093.762	12.831.246	3.309.893	8.063.052	11.372.945
5.4.1	Finance Lease Receivables		4.993.799	9.924.737	14.918.536	4.308.928	8.799.222	13.108.150
5.4.2	Operational Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		1.256.315	830.975	2.087.290	(999.035)	(736.170)	(1.735.205)
5.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6	Non-Performing Loans	8,9	546.648	286.254	832.902	522.228	283.277	805.505
5.7	Expected Credit Loss (-) / Specific Provisions (-)		507.200	386.219	893.419	(438.653)	(366.469)	(805.122)
VI.	EQUITY INVESTMENTS		-	-	-	-	-	-
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	TANGIBLE ASSETS (Net)	11	37.980	-	37.980	23.277	-	23.277
VIII.	INTANGIBLE ASSETS (Net)	12	7.286	-	7.286	7.032	-	7.032
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSET	21	849	-	849	12.390	-	12.390
XI.	DEFERRED TAX ASSET	13	99.982	-	99.982	89.070	-	89.070
XII.	OTHER ASSETS	15	179.831	1.452.421	1.632.252	259.391	1.063.226	1.322.617
	SUB TOTAL		9.765.320	12.936.763	22.702.083	9.105.622	11.270.455	20.376.077
XIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	793	-	793	838	-	838
13.1	Held for Sale		793	-	793	838	-	838
13.2	Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		9.766.113	12.936.763	22.702.876	9.106.460	11.270.455	20.376.915

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS

AS AT 31 March 2022

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

	LIABILITIES	Notes	Reviewed Current Period 31 March 2022			Audited Prior Period 31 December 2021		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	FUNDS BORROWED	16	5.377.176	10.991.621	16.368.797	5.578.976	9.790.324	15.369.300
II.	FACTORING PAYABLES		-	-	-	-	-	-
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES	18	4.495	-	4.495	2.907	-	2.907
V.	SECURITIES ISSUED (Net)	19	2.827.636	-	2.827.636	1.658.151	-	1.658.151
VI.	FİNANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITY	6	-	107.958	107.958	-	84.615	84.615
VIII.	PROVISIONS	20	22.625	11.616	34.241	18.518	10.461	28.979
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		20.613	-	20.613	17.567	-	17.567
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		2.012	11.616	13.628	951	10.461	11.412
IX.	CURRENT PERIOD TAX LIABILITY	21	76.471	-	76.471	84.352	-	84.352
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED LOANS		-	-	-	-	-	-
	OTHER LIABILITY	17	132.687	940.608	1.073.295	136.602	872.566	1.009.168
	SUB TOTAL		8.441.090	12.051.803	20.492.893	7.479.506	10.757.966	18.237.472
XII.	PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
12.1	Held For Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
			2.209.983	-	2.209.983	2.139.443	-	2.139.443
XIII.	SHAREHOLDER'S EQUITY							
13.1	Paid-in Capital	23	695.303	-	695.303	695.303	-	695.303
13.2	Capital Reserves	23	1.763	-	1.763	1.763	-	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	(187)	-	(187)	(187)	-	(187)
13.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	23	281.694	-	281.694	339.948	-	339.948
13.5	Profit Reserves	24	954.367	-	954.367	652.128	-	652.128
13.5.1	Legal Reserves		80.210	-	80.210	65.098	-	65.098
13.5.2	Statutory Reserves		-	-	-	-	-	-
13.5.3	Extraordinary Reserves		874.157	-	874.157	587.030	-	587.030
13.5.4	Other Profit Reserves		-	-	-	-	-	-
13.6	Profit or Loss		131.727	-	131.727	310.063	-	310.063
13.6.1	Prior Periods Profit/Loss	25	7.824	-	7.824	-	-	-
13.6.2	Current Period Profit/Loss		123.903	-	123.903	310.063	-	310.063
	Non-Controlling Interests	22	145.316	-	145.316	140.425	-	140.425
	TOTAL LIABILITIES		10.651.073	12.051.803	22.702.876	9.618.949	10.757.966	20.376.915

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET ITEMS

AS AT 31 March 2022

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

	OFF-BALANCE SHEET ITEMS	Notes	Reviewed Current Period 31 March 2022			Audited Prior Period 31 December 2021		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	IRREVOCABLE FACTORING TRANSACTIONS		23.922	1.117.127	1.141.049	24.850	758.099	782.949
II.	REVOCABLE FACTORING TRANSACTIONS		806.113	165.496	971.609	549.788	146.412	696.200
III.	SAVING FINANCE AGREEMENTS TRANSACTIONS		-	-	-	-	-	-
IV.	COLLATERALS RECEIVED	38	71.265.277	158.756.588	230.021.865	64.004.709	136.089.099	200.093.808
V.	COLLATERALS GIVEN	26	2.309.697	-	2.309.697	1.398.072	1.853	1.399.925
VI.	COMMITMENTS		492.087	3.767.963	4.260.050	596.435	3.052.604	3.649.039
6.1	Irrevocable Commitments		-	927.270	927.270	-	860.394	860.394
6.2	Revocable Commitments		492.087	2.840.693	3.332.780	596.435	2.192.210	2.788.645
6.2.1	Lease Commitments		492.087	2.840.693	3.332.780	596.435	2.192.210	2.788.645
6.2.1.1	Finance Lease Commitments		492.087	2.840.693	3.332.780	596.435	2.192.210	2.788.645
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS	26	461.644	963.160	1.424.804	227.459	284.923	512.382
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		461.644	963.160	1.424.804	227.459	284.923	512.382
7.2.1	Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
7.2.2	Swap Purchases/Sales		461.644	963.160	1.424.804	227.459	284.923	512.382
7.2.3	Put/call options		-	-	-	-	-	-
7.2.4	Futures purchases/sales		-	-	-	-	-	-
7.2.5	Others		-	-	-	-	-	-
VIII.	ITEMS HELD IN CUSTODY		1.899.786	387.697	2.287.483	1.606.281	316.735	1.923.016
	TOTAL OFF-BALANCE SHEET ITEMS		77.258.526	165.158.031	242.416.557	68.407.594	140.649.725	209.057.319

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 March 2022
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

		Dipnot	Reviewed Current Period 01.01-31.03.2022	Reviewed Prior Period 01.01-31.03.2021
	PROFIT OR LOSS STATEMENT			
I.	OPERATING INCOME	29	606.273	324.293
	FACTORING INCOME		290.559	144.872
1.1	Factoring Interest Income		275.756	141.108
1.1.1	Discounted		123.328	60.931
1.1.2	Other		152.428	80.177
1.2	Factoring Commission Income		14.803	3.764
1.2.1	Discounted		5.848	1.893
1.2.2	Other		8.955	1.871
	INCOME FROM FINANCING LOANS		-	-
1.3	Interest income from Financing Loans		-	-
1.4	Fees and Commission Income from Financing Loans		-	-
	LEASE INCOME		315.714	179.421
1.5	Finance Lease Income		315.143	179.099
1.6	Operational Lease Income		571	322
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	(382.177)	(205.359)
2.1	Interest Expense on Funds Borrowed		(276.223)	(150.326)
2.2	Interest Expense on Factoring Payables		-	-
2.3	Interest Expense of Finance Leasing Expenses		(239)	(212)
2.4	Interest Expense on Securities Issued		(89.512)	(44.125)
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Paid		(16.203)	(10.696)
III.	GROSS PROFIT / LOSS (I+II)		224.096	118.934
IV.	OPERATING EXPENSES (-)	30	(43.336)	(26.855)
4.1	Personal Expenses		(28.273)	(17.603)
4.2	Employee Severance Indemnity Expense		(3.069)	(878)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(11.994)	(7.664)
4.5	Other		-	(710)
V.	GROSS OPERATING PROFIT / LOSS (III+IV)		180.760	92.079
VI.	OTHER OPERATING INCOME	31	232.710	136.345
6.1	Interest Income on Bank Deposits		899	744
6.2	Interest Income on Marketable Securities Portfolio		-	-
6.3	Dividend Income		9.733	17.274
6.4	Gains on Securities Trading		39	8
6.5	Income From Derivative Financial Instruments		86.081	11.641
6.6	Foreign Exchange Gains		98.881	32.479
6.7	Other		37.077	74.199
VII.	PROVISION EXPENSES (-)	33	(108.489)	(60.111)
7.1	Specific Provisions		-	-
7.2	Expected Credit Losses		(108.489)	(60.111)
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	OTHER OPERATING EXPENSES (-)	34	(113.017)	(24.828)
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		(110.310)	(21.317)
8.5	Foreign Exchange Losses		-	(3)
8.6	Other		(2.707)	(3.508)
IX.	NET OPERATING PROFIT (V+...+VIII)		191.964	143.485
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)		191.964	143.485
XIV.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	35	(56.054)	(27.248)
14.1	Current Tax Provision		(66.966)	(44.075)
14.2	Deferred Tax Income Effect (+)		-	-
14.3	Deferred Tax Expense Effect (-)		10.912	16.827
XV.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII+XIV)		135.910	116.237
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		(12.007)	(8.993)
XXI.	NET PROFIT FOR THE PERIOD (XV+XX)		123.903	107.244
	EARNINGS PER SHARE (**)	36	0,0018	0,0015
	Earnings Per Share from Continued Operations		0,0018	0,0015
	Earnings Per Share from Discontinued Operations		-	-
	DILUTED EARNINGS PER SHARE	36	0,0018	0,0015
	Earnings Per Share from Continued Operations		0,0018	0,0015
	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 March 2022

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

PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	Reviewed Current Period	Reviewed Prior Period
	01.01-31.03.2022	01.01-31.03.2021
I. CURRENT PERIOD PROFIT/LOSS	135.910	116.237
II. OTHER COMPREHENSIVE INCOME	(65.370)	(42.776)
2.1 Items that will not be Reclassified to Profit or Loss	-	-
2.1.1 Tangible Assets Revaluation Increases/Decreases	-	-
2.1.2 Intangible Assets Revaluation Increases/Decreases	-	-
2.1.3 Employee Benefits Re-Measuring Loss/Income	-	-
2.1.4 Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
2.1.5 Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
2.2 Items that may be Reclassified subsequently to Profit or Loss	(65.370)	(42.776)
2.2.1 Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2 Value Increases or Decreases on Assets Held for Sales	(65.370)	(42.776)
2.2.3 Cash Flow Hedge Income/Losses	-	-
2.2.4 Net Investment Hedge Income/Losses	-	-
2.2.5 Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6 Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
III. Current Tax Income/Expense	70.540	73.461

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 March 2022

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

	Dipnot	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss						Profit Reserves	Prior Period Profit/(Loss)	Net Current Period Profit/Loss	Non-Controlling Interest	Total Equity
						1	2	3	4	5	6					
CHANGES IN EQUITY																
Prior Period (01.01 – 31.03.2021) (Audited)																
I.		695.303	-	-	1.938	-	(263)	-	-	263.459	-	474.100	179.322	-	103.839	1.717.698
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	23	695.303	-	-	1.938	-	(263)	-	-	263.459	-	474.100	179.322	-	103.839	1.717.698
IV.		-	-	-	-	-	-	-	-	(37.279)	-	-	-	107.244	3.495	73.460
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	(175)	-	-	-	-	-	-	(1.294)	-	-	(409)	(1.878)
XI.		-	-	-	-	-	-	-	-	-	-	179.322	(179.322)	-	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	-	-	-	-	-	-	179.322	(179.322)	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+XI)		695.303	-	-	1.763	-	(263)	-	-	226.180	-	652.128	-	107.244	106.925	1.789.280
Current Period (01.01 – 31.03.2022) (Audited)																
I.		695.303	-	-	1.763	-	(187)	-	-	339.94800	-	652.128	-	310.063	140.425	2.139.443
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	23	695.303	-	-	1.763	-	(187)	-	-	339.948	-	652.128	-	310.063	140.425	2.139.443
IV.		-	-	-	-	-	-	-	-	(58.254)	-	-	-	123.903	4.891	70.540
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	302.239	7.824	(310.063)	-	-
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	-	-	-	-	-	-	302.239	7.824	(310.063)	-	-
11.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+XI+XII)		695.303	-	-	1.763	-	(187)	-	-	281.694	-	954.367	7.824	123.903	145.316	2.209.983

1. Revaluation increase/decrease of property and equipment,
2. Employee benefits re-measuring income/loss,
3. Other (Other comprehensive income related with equity pick up investment portions and accumulated other comprehensive income components that will not be re-classified to profit/loss)
4. Foreign currency translation differences for foreign operations,
5. Net change in fair value of available-for-sale financial assets,
6. Other (Cash flow hedge income/ (losses), accumulated other comprehensive income components that may re-classified subsequently to profit/loss)

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 March 2022

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

		Reviewed Current Period	Reviewed Prior Period
	Notes	01.01-31.03.2022	01.01-31.03.2021
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		313.639	339.373
1.1.1 Interests Received/Lease Income		564.305	324.825
1.1.2 Interest Paid / Lease Expenses		(364.115)	(183.963)
1.1.3 Dividends Received		9.733	17.274
1.1.4 Fees and Commissions Received		14.803	3.764
1.1.5 Other Income	31	15.646	56.650
1.1.6 Collections from Non-performing Receivables		21.431	17.549
1.1.7 Payments to Personnel and Service Suppliers	21	(23.563)	(15.386)
1.1.8 Taxes Paid		(84.352)	(18.660)
1.1.9 Others		159.751	137.320
1.2 Changes in Operating Assets and Liabilities		(1.592.745)	(64.012)
1.2.1 Net (Increase) Decrease in Factoring Receivables		(752.223)	(36.884)
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		(506.545)	(234.557)
1.2.4 Net (Increase) Decrease in Savings Financing Receivables		-	-
1.2.5 Net (Increase) Decrease in Other Assets		(299.516)	(238.554)
1.2.6 Net Increase (Decrease) in Factoring Payables		-	-
1.2.7 Net Increase (Decrease) in Lease Payables		-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed		1.588	1.307
1.2.9 Net Increase (Decrease) in Due Payables		(92.492)	161.463
1.2.10 Net Increase (Decrease) in Other Liabilities		-	-
I. Net Cash Provided from / (Used in) Operating Activities		(1.279.106)	275.361
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		-	(14.097)
2.3 Purchases of Tangible and Intangible Assets	11,12	(18.053)	(3.911)
2.4 Proceeds From Sale of Tangible and Intangible Assets	11,12	237	18
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		-	-
2.6 Proceeds From Sale of Financial Assets Available for Sale		-	-
2.7 Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8 Proceeds from Sale of Held-to-Maturity Investment Securities		-	-
2.9 Other		(3)	(1.469)
II. Net cash used in investing activities		(17.819)	(19.459)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash obtained from funds borrowed and securities issued		3.468.708	1.404.486
3.2 Cash used for repayment of funds borrowed and securities issued		(2.311.224)	(1.514.781)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
III. Net Cash Used in Financing Activities		1.157.484	(110.295)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(192)	(197)
V. Net Increase / (Decrease) in Cash and Cash Equivalents		(139.633)	145.410
VI. Cash and Cash Equivalents at the Beginning of the Period	4	471.500	382.325
VII. Operating Profit Before Changes In Operating Assets And Liabilities	4	331.867	527.735

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

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

As at 31 March 2022, the Company and its subsidiary (“the Group”) have 255 employees (31 December 2021: 255 employees).

Dividend Payable

As at 31 March 2022, the Company does not have any dividend payable.

Approval of the Financial Statements

The consolidated financial statements and consolidated profit and loss table of the Group as at 31 March 2022 have been approved by the Board of Directors of the Group and authorized for issue as at 27 October 2021. The General Assembly and / or legal authorities have power to amend the consolidated financial statements after its issue.

2. BASIS OF THE FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Accounting Standards Applied

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

The COVID-19 pandemic, which spread globally in the first half of 2020 in China, had effects on both economic and social life. In addition to the social life impacts of the cautions taken to ensure that the other content pandemic is taken under control, the consequences of adversely affecting the limited global economic activity continue. In order to reduce this negativity and in the economic environment, various measures have been reported by cycling within the normalization process in our country as well as in other cases where the pandemic is effective. The Company, together with the company included in the consolidation, continues the segments to this period, with the deferment of the customer's debts that are due for sale, a grace period and the allocation of existing / additional limits. During the calculation of estimated loan provisions in the financial statements dated 31.03.2022, it was evaluated for the impact of the COVID-19 outbreak, third Section note “G. Financial Instruments” is given instead.

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

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

Note 8 – Factoring receivables

Note 9 – Lease receivables

Note 20 – Provisions

Note 26 – Provisions, contingent assets and liabilities

Basis of Consolidation

The details of the Group’s subsidiary as at 31 March 2022 and 31 December 2021 are as follows:

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

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

(i) Subsidiaries

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

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

(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)

As at 31 March 2022 and 31 December 2021, 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 March 31, 2022 are applied consistently with the financial statements prepared as of December 31, 2021.

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.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

(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

The accounting policies adopted in preparation of the consolidated financial statements as at March 31, 2022 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, 2022. 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, 2022 are as follows:

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

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

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

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

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

(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, 2021 are as follows (Continued)

Relief from discontinuing hedging relationships

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

Separately identifiable risk components

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

Additional disclosures

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

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

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

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

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

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

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

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

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

TFRS 17 - The new Standard for insurance contracts

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

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

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

Amendments to TAS 16 – Proceeds before intended use

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

There is no transition relief for the first time adopters.

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

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

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

Amendments to TAS 8 - Definition of Accounting Estimates

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

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term ‘significant’ in TFRS, the POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added..

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

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

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. 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.

Annual Improvements – 2018–2020 Cycle

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

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 March 2022

(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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Intangible Assets

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

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives. Costs associated with developing or maintaining computer software programs are recognized in the statement of income as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized over their estimated useful lives, not exceeding five years.

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

d. Impairment of Non-Financial Assets

Assets that have an indefinite useful life, like goodwill, are not subject to amortization, but tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at each reporting date.

e. Borrowing Costs

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

f. Financial Assets Held For Sale

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments

Financial Assets

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

Financial Assets at Fair Value Through Profit or Loss

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

Financial Assets Measured at Amortised Cost

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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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.

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Cash and cash equivalents

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

Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

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

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

Derivative financial instruments and hedge accounting

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Business Combinations

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

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

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

i. Effects of Changes in Exchange Rates

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

The foreign currency exchange rates used by the Group as at 31 March 2022 and 31 December 2021 are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
USD	14,6458	12,9775
EUR	16,3086	14,6823
GBP	19,2129	17,4530
CHF	15,7671	14,1207
100 JPY	11,9926	11,2434
AUD	10,9857	9,3950

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Earnings Per Share

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

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

k. Events After the Reporting Period

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

l. Provisions, Contingent Liabilities and Contingent Assets:

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Segment Reporting

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

n. Taxes on Income

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

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

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

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

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

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Employee Benefits / Reserve for Employee Termination Benefits

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

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
Discount rate	3,50%	3,50%
Expected rate of salary/limit increase	15,07%	15,07%
Probability of retirement	100%	100%

p. Statement of Cash Flows

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

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

r. Share Capital and Dividends

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

s. Related Parties

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

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4. CASH AND CASH EQUIVALENTS

As at 31 March 2022 and 31 December 2021, the details of the banks are as follows:

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
Demand Deposits	89.064	46.857	40.149	216.970
Time Deposits	2.700	193.246	1.499	212.882
Interest accrual	1	1	1	1
	91.765	240.104	41.649	429.853

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

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>31 March 2022</u>
TL	16,00%	1.10.2021	2.701
USD	0,05%-1,10%	1.10.2021	99.899
Euro	0,01% - 0,30%	01.10.2021-18.10.2021	93.348
			195.948

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

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

As at 31 March 2022, TL 187.721 portion of total foreign currency deposits (31 December 2021: TL 393.789) and TL 5.452 portion of total TL deposits (31 December 2021: TL 5.564) consist of accounts at the Group’s main shareholder, Türkiye İş Bankası A.Ş.

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
Demand deposits	135.921	257.119
Time deposits (1-3 months) (excluding accrual)	195.946	214.381
Cash and cash equivalents	331.867	471.500

As at 31 March 2022 and 31 December 2021, there is no blockage on cash and cash equivalents.

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

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

As at 31 March 2022 and 31 December 2021, details of financial assets at fair value through profit or loss and expected loss provision are as follows:

	31 March 2022	
	TL	FC
Debt securities issued by private sector(*)	400	-
Specific provisions/ Expected Credit Loss(-)	(400)	-
Mutual funds	-	-
	<u>-</u>	<u>-</u>

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

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

The Group has no investments in Türkiye İş Bankası A.Ş. (31 December 2021: 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 March 2022		31 December 2021	
	TL	FC	TL	FC
Swap Transactions	-	1.467	-	-
	<u>-</u>	<u>1.467</u>	<u>-</u>	<u>-</u>

Derivative Financial Liabilities

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
Swap Transactions	-	107.958	-	84.615
	<u>-</u>	<u>107.958</u>	<u>-</u>	<u>84.615</u>

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7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 March 2022 and 31 December 2021, details of financial assets at fair value through other comprehensive income are as follows:

Name of the investment	Core business	Incorporation and location	Voting right (%)	Ownership Rate (%)		Carrying Amount	
				31 December 2021	31 December 2021	31 December 2021	31 December 2021
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	332.037	397.404
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						339.495	404.862

8. FACTORING RECEIVABLES

As at 31 March 2022 and 31 December 2021 details of factoring receivables are as follows:

	31 March 2022	31 December 2021
Factoring receivables	7.581.050	6.754.249
Factoring interest income accrual (-)	(100.876)	(82.250)
Total factoring receivables	7.480.174	6.671.999
Stage 1 (Expected Credit Loss)	(48.595)	(44.126)
Stage 2 (Expected Credit Loss)	(17.228)	(3.453)
Total factoring receivables	7.414.351	6.624.420
Non-performing factoring receivables	223.617	223.358
Specific provisions- Stage 3	(212.851)	(195.254)
Factoring receivables, net	7.425.117	6.652.524

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

Ratings 31 March 2022	Stage 1	Stage 2	Stage 3	Total
Total portfolio	7.244.271	235.903	223.617	7.703.791
Very good	3.630.599	-	-	3.630.599
Standard	3.613.672	-	-	3.613.672
Substandard	-	235.903	223.617	459.520
Expected credit losses	48.595	17.228	212.851	278.674
Factoring receivables, net	7.195.676	218.675	10.766	7.425.117

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8. FACTORING RECEIVABLES (Continued)

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

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

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

	1 January- 31 March 2022	1 January- 31 March 2021
Provision at the beginning of the period	(242.833)	(224.332)
Additions	(42.240)	(11.916)
Collections	7.638	4.661
Exchange difference income/expense	(1.239)	(934)
Provision at the end of the period	(278.674)	(232.521)

As at 31 March 2022, the average interest rates applicable for the factoring receivables are 22,85% for TL, for 5,71% USD, 3,52% for EUR and 4,81% for GBP (26,64% for TL, for 4,15% USD, 3,25% for EUR and 4,76% for).

As of 31 March 2022 TL 417.957 thousand, EUR 376.572 thousand, USD 128.484 thousand , GBP 42.735 thousand and AUD 1 thousand factoring receivables have variable interest rates, (31 December 2021: 423.598 thousand, EUR 318.143 thousand, USD 116.316 thousand Bin and GBP 33.599 thousand), TL 4.777.151 thousand, EUR 391.094 thousand, USD 1.285.802 thousand and GBP 5.321 thousand faktoring receivable have stabil interest rates (31 December 2021: TL 4.447.791 thousand, EUR 410.446 thousand, USD 898.580 thousand and GBP 4.051 thousand).

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8. FACTORING RECEIVABLES (Continued)

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

	31 March 2022	31 December 2021
Domestic irrevocable	3.597.345	3.761.394
Foreign irrevocable	853.438	376.023
Domestic revocable	2.715.636	2.243.849
Foreign revocable	258.698	271.258
	7.425.117	6.652.524

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

	31 March 2022	31 December 2021
Up to 90 days	708	433
Between 90 – 180 days	1.115	1.543
Between 180 – 360 days	2.209	2.017
Over 360 days	219.585	219.365
	223.617	223.358

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

As at 31 March 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		
Extended for 1 or 2 Times	-	35
Extended for 3,4 or 5 Times	-	183.660
Extended for More than 5 Times	-	-

	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan		
0-6 Months	-	35
6 Months – 12 Months	-	-
1 – 2 Years	-	-
2 –5 Years	-	183.660
5 Years and More	-	-

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8. FACTORING RECEIVABLES (Continued)

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

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

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

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

	Short Term	Long Term	Total
Financial Lease Receivables	5.462.937	7.645.213	13.108.150
Unearned interest income (-)	(860.286)	(874.919)	(1.735.205)
Subtotal	4.602.651	6.770.294	11.372.945
Expected Credit Loss– Stage 1	(6.655)	(78.845)	(85.500)
Expected Credit Loss – Stage 2	(89.324)	(48.321)	(137.645)
Total Financial Lease Receivables	4.506.672	6.643.128	11.149.800
Non- Performing Lease Receivables	504.941	77.206	582.147
Specific provision– Stage 3	(294.166)	(44.978)	(339.144)
Net finance lease receivables	4.717.447	6.675.356	11.392.803

	Carried value			Expected credit loss		
	Stage 1	Stage 2	Stage 3	Stage 2	Stage 2	Stage 3
Financial Lease Receivables	471.502	-	-	(217)	-	-
Financial Assets	10.986.201	386.744	582.147	(85.500)	(137.645)	(339.144)

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

Ratings	Stage 1	Stage 2	Stage 3	Total
Internal ratings				
A+ (Excellent)	56.844	-	-	56.844
A (Very good))	81.898	-	35.198	117.096
A- (Good)	523.832	345	1.905	526.082
B+ (Enough)	2.252.903	67.825	157.379	2.478.107
B (Reasonable)	2.275.095	59.810	152.626	2.487.531
B- (Close Monitoring)	2.925.588	229.430	182.390	3.337.408
C+ (Insufficient)	2.058.916	73.798	20.797	2.153.511
C (Suspicious)	975.490	61.772	31.728	1.068.990
Scoring				
Y (High)	404.283	295	3.023	407.601
O (medium)	660.296	3.865	16.128	680.289
D (Low)	102.302	16.659	8.111	127.072
Expected Loss Provisions	(85.891)	(167.512)	(361.342)	(614.745)
Leasing receivables	12.231.556	346.287	247.943	12.825.786

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

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

Ratings	Stage 1	Stage 2	Stage 3	Total
Internal ratings				
A+ (Excellent)	159.429	-	-	159.429
A (Very good))	278.405	10.600	1	289.006
A- (Good)	618.095	326	75.813	694.234
B+ (Enough)	1.749.675	4.611	162.453	1.916.739
B (Reasonable)	2.137.989	212.911	139.230	2.490.130
B- (Close Monitoring)	2.039.438	36.749	116.465	2.192.652
C+ (Insufficient)	1.341.098	62.099	10.320	1.413.517
C (Suspicious)	1.636.902	48.902	43.650	1.729.454
Scoring				
Y (High)	282.476	3.417	5.351	291.244
O (medium)	606.368	4.395	19.375	630.138
D (Low)	136.326	2.734	9.489	148.549
Expected Loss Provisions and specific provision	(85.499)	(137.645)	(339.145)	(562.289)
Leasing receivables	10.900.702	249.099	243.002	11.392.803

As at 31 March 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		
Extended for 1 or 2 Times	349.055	349.055
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-
The Time Extended via the Amendment on payment Plan		
0-6 Months	-	-
6 Months – 12 Months	349.055	349.055
1 – 2 Years	-	-
2 – 5 Years	-	-
5 Years and More	-	-

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

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

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan		
Extended for 1 or 2 Times	305.882	305.882
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-
The Time Extended via the Amendment on payment Plan		
0-6 Months	-	-
6 Months – 12 Months	305.882	305.882
1 – 2 Years	-	-
2 – 5 Years	-	-
5 Years and More	-	-

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

	2022	2023	2024	2025	2026	2027 and after	Toplam
Finance lease receivables (gross)	4.882.194	4.728.003	2.977.265	1.520.155	589.373	216.086	14.913.076
Unearned interest	(836.255)	(714.017)	(334.580)	(132.108)	(40.112)	(30.218)	(2.087.290)
Finance lease receivables (net)	4.045.939	4.013.986	2.642.685	1.388.047	549.261	185.868	12.825.786

As at 31 December 2021, analysis of finance lease receivables according to their maturities is as follows:

	2022	2023	2024	2025	2026	2027 and after	Toplam
Finance lease receivables (gross)	5.405.589	3.778.218	2.334.211	1.089.441	378.003	142.546	13.128.008
Unearned interest	(860.285)	(518.944)	(222.311)	(81.499)	(26.600)	(25.566)	(1.735.205)
Finance lease receivables (net)	4.545.304	3.259.274	2.111.900	1.007.942	351.403	116.980	11.392.803

As at 31 March 2022, the average compound interest rates applicable for the finance lease receivables are 22,84% for TL, 6,45% for USD, 4,66% for EUR (31 December 2021: 20,55% for TL, 6,48% for USD, 4,69% for EUR).

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 March 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	113.225.025	1.658.271	13.940.059	204.164
EUR	450.957.836	7.354.491	38.434.394	626.811
TL	-	3.813.024	-	1.256.315
Total		12.825.786		2.087.290

As at 31 December 2021, details of finance lease receivables in terms of currency types are as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principal (*) (Net) (TL)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest (TL)</u>
USD	109.944.569	1.426.806	13.178.558	171.025
EUR	447.438.994	6.569.433	38.491.583	565.145
TL	-	3.396.564	-	999.035
Total		11.392.803		1.735.205

The collaterals obtained by the Group, except for the leased assets, for its all finance lease receivables, except for non-performing finance lease receivables are as follows (if the amount of collaterals exceeds the amount of receivables during the calculation of collaterals, only the corresponding portion of the receivable is included in the below table):

<u>Collateral type:</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
Mortgages	479.103	457.661
Sureties of credit guarantee fund	131.419	138.927
Pledged equity	133.081	67.746
Letters of guarantee	18.880	18.762
Pledged shares	12.796	15.376
Pledged movable	1.336	1.252
Cash blockages	579	958
Account pledge	13	51
	777.207	700.733

In addition to collaterals above, the Group also has sureties amounting to TL 11.413.599 pledged vehicles amounting to TL 133.461, pledged accounts receivable to TL 379.136 (31 December 2021: sureties amounting to TL 10.061.420, pledged vehicles amounting to TL 122.407, pledged accounts receivable to TL 387.007).

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 March 2022 and 31 December 2021 details of overdue finance lease receivables are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Up to 30 days	102.424	98.583
Between 30 – 60 days	7.524	3.488
Between 60 – 90 days	7.048	2.619
Between 90 – 180 days(*)	962	345
Total overdue	<u>117.958</u>	<u>105.035</u>

(*) With the regulation published in the Official Gazette dated 15 August 2018 and numbered 30510, debtors who have a credit relationship with financial leasing companies are allowed to fulfill their obligations. Firms that applied within the scope of Financial Restructuring Framework Agreements were followed in the 90-180 band and classified in the 2nd stage until the end of the process. The Group makes provisions by its risk policies.

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

<u>Collateral type</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
Mortgages	86.319	89.005
Pledged equity	20.837	20.756
Letters of guarantee	3.057	2.787
Sureties of credit guarantee fund	78.730	1.731
Pledged movable	1.335	1.251
Commercial Enterprise Pledge	92	-
	<u>190.370</u>	<u>115.530</u>

In addition to above guarantees, the Group also has sureties amounting to TL 407.922, pledged vehicles amounting to TL 5.057, (31 December 2021: sureties amounting to TL 431.069, pledged vehicles amounting to TL 6.743).

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

As at 31 March 2022 and 31 December 2021, the aging of non-performing finance lease receivables is as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Between 90 – 240 days	14.177	17.405
Between 240 – 360 days	2.521	2.811
Over 360 days	257.016	216.943
Uninvoiced non-performing finance lease receivables	354.466	375.346
Unearned interest of non-performing finance lease receivables	(18.895)	(30.448)
	<u>609.285</u>	<u>582.147</u>

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

Collaterals obtained for non-performing finance lease receivables as at 31 March 2022 and 31 December 2021 are as follows:

<u>Guarantee type:</u>	<u>31 March</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
Mortgages	4.923	4.956
Letter of Guarentee	-	2
	<u>4.923</u>	<u>4.958</u>

In addition to the above collaterals, the Group also has sureties amounting to TL 361.342, pledged vehicles amounting to TL 4.004 and leased equipments amounting to TL 239.016 (31 December 2021: sureties amounting to TL 339.145, pledged vehicles amounting to TL 3.261 and leased equipments amounting to TL 234.783).

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

<u>Movement of expected credit losses:</u>	<u>1 January-</u>	<u>1 January-</u>
	<u>31 March</u>	<u>31 March</u>
	<u>2022</u>	<u>2021</u>
Provision at the beginning of the period	(562.289)	(333.706)
Provision set during the period	(66.249)	(48.195)
Collections	13.793	12.888
Provision at the end of the period	<u>(614.745)</u>	<u>(369.013)</u>

B. Operating Lease Receivables (Continued)

As at 31 March 2022 and 31 December 2021 analysis of time lease receivables occurred from operating lease receivables according to their maturities is as follows :

	<u>31 March 2022</u>	<u>31 December 2021</u>
2022 Year	1.819	2.122
2023 Year	2.224	1.945
2024 Year	871	731
2025 Year	18	-
	<u>4.932</u>	<u>4.798</u>

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10. RELATED PARTIES

As at 31 March 2022 and 31 December 2021, details of related party receivables and payables are as follows:

	31 March 2022	31 December 2021
<u>Finance lease receivables from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	12.532	9.942
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	1.063	1.278
Total	13.595	11.220
<u>Factoring receivables from related parties</u>		
Nevotek Bilişim Ses Ve İletişim Sist.San. Ve Tic. A.Ş.	6.015	4.192
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	152	4.017
Total	6.167	8.209
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Sigorta Primi)	56.826	51.298
Softtech Yazılım Teknolojileri	118	-
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	83	13
İş Merkezleri Yönetim ve İşletim A.Ş.	61	128
KKB Kredi Kayıt Bürosu A.Ş.	6	5
Türkiye İş Bankası A.Ş.	4	18
Total	57.098	51.462
<u>Deposits placed to related parties</u>		
Türkiye İş Bankası A.Ş. Vadeli Mevduat	167.612	180.937
Türkiye İş Bankası A.Ş. Vadesiz Mevduat	25.561	218.416
İşbank AG Vadesiz Mevduat	1.386	51
Türkiye Sınai Kalkınma Bankası A.Ş.Vadesiz Mevduat	364	374
Total	194.923	399.778

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10. RELATED PARTIES (Continued)

Derivative financial assets held for trading from related parties

	<u>31 March 2022</u>	<u>31 December 2021</u>
Türkiye İş Bankası A.Ş.	1.467	-
Total	1.467	-

Finance lease liability to related parties

Türkiye İş Bankası A.Ş.	129	220
İş Gayrimenkul Yatırım Ort.A.Ş	-	6
Total	129	226

As at 31 March 2022 and 31 December 2021, details of borrowings from related parties are as follows:

Borrowings from related parties

Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 March 2022</u>
TL	17,38%-20,37%	01.06.2022-15.09.2022	1.816.838
EUR	2,53%-4,20%	01.04.2022-17.06.2022	1.333.998
Avro	1,81%-2,75%	01.04.2022-24.06.2022	2.054.173
			5.205.009

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2021</u>
TL	19,19%-25,59%	14.01.2022-15.09.2022	2.705.751
EUR	2,53%-4,20%	03.01.2022-15.06.2022	910.981
Avro	1,71%-2,53%	03.01.2022-24.06.2022	1.930.635
			5.547.367

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10. RELATED PARTIES (Continued)Türkiye Sınai Kalkınma Bankası A.S.

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 March 2022</u>
ABD Doları	2,86%-3,62%	04.08.2023-29.06.2026	373.034
EUR	1,96%-3,79%	30.06.2022-01.06.2026	645.817
			1.018.851

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2021</u>
ABD Doları	2,86%-3,26%	29.06.2026-04.08.2023	366.292
EUR	1,96%-3,79%	30.06.2022-01.06.2026	623.970
			990.262

İş Bank AG

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 March 2022</u>
TL	1,30%-2,77%	19.04.2022-26.08.2024	209.372
			209.372

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2021</u>
TL	1,30%-2,77%	19.04.2022-26.08.2024	188.901
			188.901

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10. RELATED PARTIES (Continued)

For the periods ended 31 March 2022 and 31 December 2021, finance income and expenses from related parties are as follows:

	01.01.2021- 31.03.2022	01.01.2021- 31.03.2021
<u>Finance lease interest income from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	747	245
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	56	77
Toksöz Spor Malzemeleri Ticaret A.Ş.	-	9
KKB Kredi Kayıt Bürosu A.Ş.	-	1
Total	803	332
<u>Operating Lease Income from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	539	277
TSKB Gayrimenkul Değerleme A.Ş.	32	45
Total	571	322
<u>Interest income from related parties</u>		
Türkiye İş Bankası A.Ş.	23	22
Total	23	22
<u>Dividend income from related parties</u>		
İş Yatırım Menkul Değerler A.Ş.	9.730	17.270
Yatırım Finansman Menkul Değerler A.Ş.	3	4
Total	9.733	17.274
<u>Finance expense</u>		
Türkiye İş Bankası A.Ş.	101.094	50.425
Türkiye Sınai Kalkınma Bankası A.Ş.	9.257	5.138
İş Yatırım Menkul Değerler A.Ş.	2.929	1.639
İşbank AG	1.333	752
Total	114.613	57.954
<u>Rent expense</u>		
Türkiye İş Bankası A.Ş.	1.021	854
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	14	12
Total	1.035	866

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10. RELATED PARTIES (Continued)

	<u>01.01.2021-</u> <u>31.03.2022</u>	<u>01.01.2021-</u> <u>31.03.2021</u>
<u>Factoring commission income from related parties</u>		
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	29	6
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	13	6
Total	42	12
<u>Factoring interest income from related parties</u>		
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	93	35
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	97	42
Total	190	77
<u>Commission income</u>		
Anadolu Anonim Türk Sigorta Şirketi	3.353	1.972
Total	3.353	1.972
<u>Finance lease expence</u>		
Türkiye İş Bankası A.Ş.	129	90
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	3
Total	129	93
<u>Mutual funds income</u>		
Türkiye İş Bankası A.Ş.	107	68
Total	107	68

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10. RELATED PARTIES (Continued)

As at 31 March 2022 and 31 December 2021, the amount of the Group’s issued debt securities in related parties’ securities portfolio are as follows:

	31 March 2022	31 December 2021
Türkiye İş Bankası A.Ş.	363.363	427.760
Millî Reasürans T.A.Ş.	83.025	67.783
Anadolu Anonim Türk Sigorta Şirketi	24.990	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	718	-
İş Yatırım Ortaklığı A.Ş.	-	9.616
	472.096	505.159

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

For the periods ended 31 March 2022 and 31 December 2021, total salary and benefits paid to the key management during year comprised the following:

	01.01.2022- 31.03.2022	01.01.2021- 31.03.2021
Salaries and other short-term benefits (**)	4.587	3.339
	4.587	3.339

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

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

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11. TANGIBLE ASSETS

For the periods ended 31 March 2022 and 31 December 2021, movements in tangible assets are as follows.

	Furniture and Fixtures	Leasehold Improvements	Assets Subject to Operational Lease	Vehicles	Other Tangible Assets	Right of Use	Real Estate	Total
Cost								
Opening balance at 1 January 2021	15.117	5.422	3.802	183	1.456	11.577	8.750	46.307
Additions	14.401	-	127	-	-	2.683	-	17.211
Transfer	-	-	-	-	-	-	-	-
Disposals	(369)	-	-	-	-	-	-	(369)
Closing balance at 31 March 2022	29.149	5.422	3.929	183	1.456	14.260	8.750	63.149
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	(827)	(89)	(108)	(63)	-	(1.141)	(43)	(2.271)
Transfer	-	-	-	-	-	-	-	-
Disposals	132	-	-	-	-	-	-	132
Closing balance at 31 March 2022	(7.216)	(4.369)	(1.312)	(116)	(1.456)	(10.102)	(598)	(s25.169)
Carrying amounts at 31 March 2022	21.933	1.053	2.617	67	-	4.158	8.152	37.980
Carrying amounts at 31 March 2022	8.596	1.142	2.598	130	-	2.616	8.195	23.277
Cost								
Opening balance at 1 January 2021	9.500	4.407	3.180	1.282	1.456	7.521	8.750	36.096
Additions	400	292	500	-	-	2.228	-	3.420
Disposals	(143)	-	-	-	-	-	-	(143)
Closing balance at 31 March 2021	9.757	4.699	3.680	1.282	1.456	9.749	8.750	39.373
Accumulated depreciation								
Opening balance at 1 January 2021	(5.745)	(4.001)	(1.105)	(415)	(1.456)	(4.868)	(380)	(17.970)
Depreciation for the period	(288)	(43)	(266)	(105)	-	(880)	(43)	(1.625)
Disposals	125	-	-	-	-	-	-	125
Closing balance at 31 March 2021	(5.908)	(4.044)	(1.371)	(520)	(1.456)	(5.748)	(423)	(19.470)
Carrying amounts at 31 March 2021	3.849	655	2.309	762	-	4.001	8.327	19.903
Carrying amounts at 31 March 2021	3.755	406	2.075	867	-	2.653	8.370	18.126

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12. INTANGIBLE ASSETS

For the periods ended 31 March 2022 and 31 December 2021, movements in intangible assets except goodwill are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
<u>Cost</u>		
Opening balance at 1 January	16.747	12.302
Additions	842	4.445
Disposals	-	-
Closing balance at the end of the period	<u>17.589</u>	<u>16.747</u>
<u>Amortization</u>		
Opening balance at 1 January	(9.881)	(7.750)
Amortization for the period	(588)	(2.131)
Disposals	-	-
Closing balance at the end of the period	<u>(10.469)</u>	<u>(9.881)</u>
Carrying amounts(*)	<u>7.120</u>	<u>6.866</u>

(*) The Group’s intangible assets consist of computer software.

Goodwill

The Company has purchased nominal shares of İş Faktoring A.Ş. amounting to TL 12.517 in consideration of USD 10.952.375 on 11 August 2004. The ownership rate of the Company in this subsidiary is 78,23%. Goodwill has arisen amounting to TL 166 on purchased equity of TL 16.603. As at 31 March 2022, net amount of goodwill is TL 166 (31 December 2021: TL 166). Based on TFRS 3, for the annual periods beginning on 1 January 2005, after the reporting period ended on 30 June 2004 the Group has ceased amortization of goodwill arising from the acquisitions before 31 December 2004.

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13. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2022 and 31 December 2021 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>	31 March 2022	31 December 2021
Expected Credit Losses for Doubtful Receivables	391.712	346.202
Financial assets valuation difference	106.492	84.615
Unearned factoring income	100.876	82.250
Provision for lawsuit	12.100	10.966
Reserve for employee benefits	11.104	8.340
Unused vacation provision	4.283	2.799
Employee bonus accrual	4.131	3.028
Prepaid expenses	2.250	2.252
Expense accruals	870	103
Expected credit losses of financial assets	658	343
Measurement difference of monetary items in the foreign currency according to TAS	208	(703)
IFRS-16 Adjustment	(1)	38
Tax base differences in tangible and intangible assets	(6.968)	(6.488)
Finance lease adjustment	(25.778)	(37.383)
Finance lease income accruals	(129.682)	(109.039)
	472.255	387.323
	31 March 2022	31 December 2021
<u>Deferred tax assets / (liabilities)</u>		
Expected Credit Loss for Doubtful Receivables	80.317	79.627
Unearned factoring income	23.202	18.917
Provision for lawsuit	2.420	2.522
Reserve for employee benefits	2.299	1.918
Valuation differences on financial instruments	21.564	19.461
Expense accruals	517	518
Employee bonus accrual	950	696
Unused vacation provision	907	644
Prepaid expenses	174	24
Provision for expected loss	146	79
IFRS-16 Adjustment	-	9
Measurement difference of monetary items in the foreign currency according to TAS	48	(176)
Tax base differences in tangible and intangible assets	(1.470)	(1.492)
Finance lease adjustment	(5.156)	(8.598)
Finance lease income accruals	(25.936)	(25.079)
Deferred tax asset	99.982	89.070

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13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

The Corporate Tax rate will be applied as 25% for corporate income for the taxation period of 2021 and as 23% for corporate income for the taxation period of 2022 with the the corporate tax law No. 5520, Article 13 published in the Official Gazette numbered 31462, dated 22 April 2021. This amendment will be effective as of July 1, 2021 for the taxation of corporate earnings for periods beginning on January 1, 2021. In the financial statements dated March 31, 2022, the tax rate for the period was 23%, and in deferred tax calculations 20% was used as the tax rate due to the fact that the tax rate change will take effect as of April 22, 2021.

Movements in deferred tax assets are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Opening balance at 1 January	89.070	48.677
Deferred tax income / (expense)	10.912	40.416
Classified in Equity	-	(23)
Closing balance at at 31 December	<u>99.982</u>	<u>89.070</u>

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 March 2022 and 31 December 2021, details of assets held for sale and discontinued operations are as follows:

	<u>31 March 2022</u>		<u>31 December 2021</u>	
	TL	FC	TL	FC
Assets held for sale (*)	793	-	838	-
	<u>793</u>	<u>-</u>	<u>838</u>	<u>-</u>

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

15. OTHER ASSETS

As at 31 March 2022 and 31 December 2021, details of other assets are as follows:

	<u>31 March 2022</u>		<u>31 December 2021</u>	
	TL	FC	TL	FC
Leasing Contracts in Progress	99.956	188.275	188.235	366.273
Advances Given for Lease Transactions	16.089	1.251.755	19.795	682.632
Other Finance Lease Receivables	19.426	11.491	20.041	11.418
Commissions expense on debt securities issued and funds borrowed	14.326	-	14.682	-
Amounts to be invoiced	13.758	92	3.286	60
Advanced given	420	-	25	-
Deposits given	34	-	30	-
Others	15.822	808	13.297	2.843
	<u>179.831</u>	<u>1.452.421</u>	<u>259.391</u>	<u>1.063.226</u>

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16. FUNDS BORROWED

As at 31 March 2022 and 31 December 2021, details of funds borrowed are as follows:

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
Short-term borrowings	5.377.176	7.222.902	5.572.802	5.895.656
Short-term portion of long-term borrowings	-	638.355	4.116	565.830
Total short-term borrowings	5.377.176	7.861.257	5.576.918	6.461.486
Long-term borrowings	-	3.130.364	2.058	3.328.838
Total long-term borrowings	-	3.130.364	2.058	3.328.838
Total borrowings	5.377.176	10.991.621	5.578.976	9.790.324

As at 31 March 2022 and 31 December 2021, borrowings has no collateral.

As at 31 March 2022 and 31 December 2021, details of short term borrowings based on types of currency are as follows:

<u>Currency (*)</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 March 2022</u>
TL	14,50%-22,50%	5.300.212.712	5.300.212
USD	1,65%-4,75%	158.229.854	2.316.803
Euro	0,95%-3,07%	295.764.978	4.822.457
GBP	1,95%-4,50%	2.429.815	46.606
Interest accruals			114.000
TOTAL			12.600.078

<u>Currency (*)</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 December 2021</u>
TL	14,50%-26,00%	5.475.497.000	5.475.497
USD	1,65%-4,20%	120.465.074	1.584.264
Euro	0,70%-3,79%	287.943.537	4.246.512
GBP	1,26%-1,74%	2.117.415	38.043
Interest accruals			124.142
TOTAL			11.468.458

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

As at 31 March 2022 and 31 December 2021, details of long-term borrowings and short-term portion of long-term borrowings based on types of currency are as follows:

<u>Currency</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 March 2022</u>
USD	1,75% - 3,62%	39.781.644	582.548
Euro	0,80% - 4,24%	195.367.553	3.186.171
TOTAL			3.768.719

<u>Currency</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 December 2021</u>
TL	17,11%	6.173.568	6.174
USD	1,65% - 3,26%	66.217.696	864.613
Euro	0,80% - 4,24%	206.374.666	3.030.055
TOTAL			3.900.842

As at 31 March 2022 and 31 December 2021, compounded interest rates have been presented.

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16. FUNDS BORROWED (Continued)

As 31 March 2022 and 31 December 2021, details of borrowings based on types of interest rate are as follows:

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
Fixed rate	5.209.187	7.441.184	5.411.876	6.814.921
Variable rate	167.989	3.550.437	167.100	2.975.403
	5.377.176	10.991.621	5.578.976	9.790.324

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

As at 31 March 2022 the Group has available credit limit of TL 19.095.854 which has fulfilled all necessary conditions but has not been used. (31 December 2021: TL 16.746.913).

17. OTHER LIABILITIES

As at 31 March 2022 and 31 December 2021, details of miscellaneous payables are as follows:

	31 March 2022		31 December 2021	
	TL	FC	TL	FC
Payables to suppliers for lease transactions	751	679.011	16.387	665.294
Advances received (**)	93.951	219.452	90.075	165.015
Banking and Insurance Transaction Tax	9.939	-	6.188	-
Social Security Premium Liability	1.996	-	1.087	-
Income Tax Liability	2.272	-	954	-
Deferred Income	1.267	-	247	-
Other Tax and Liabilities	5.911	-	123	-
Value Added Tax	112	-	56	-
Other(*)	16.488	42.145	21.485	42.257
	132.687	940.608	136.602	872.566

(*) The Group insures the equipments that are subject to the leasing transactions and pays for the relevant costs in instalments. Other payables consist of the Group’s insurance premium payables and payables to suppliers resulting from intercorporate daily operations of the Group.

The Group purchases generally in cash from the suppliers. The Group has a financial risk management policy that enables the Group to pay all its payables at their maturities.

(**) Advances received consist of advances received from lessees in accordance with the leasing agreements for machinery and equipments that are not readily in use of the customers.

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18. LEASE PAYABLES

	<u>31 March 2022</u>	<u>31 December 2021</u>
Lease Payables	4.495	2.907
	4.495	2.907

As of 31 March 2022 and 31 December 2021, the group's forward-looking debt arising from leasing transactions is as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
2022	3.547	1.333
2023	827	1.272
2024	121	302
	4.495	2.907

19. DEBT SECURITIES ISSUED

	<u>31 March 2022</u>		<u>31 December 2021</u>	
	TL	FC	TL	FC
Bills bonds	2.774.406	-	1.616.922	-
Interest accruals	53.230	-	41.229	-
	2.827.636	-	1.658.151	-

As of 31 March 2022, 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>
TRFISFN42211	7.12.2021	50.000.000	6.04.2022	Qualified Investor	Payment at maturity
TRFISFN42229	12.01.2022	130.000.000	8.04.2022	Qualified Investor	Payment at maturity
TRFISFN42237	24.01.2022	270.000.000	22.04.2022	Qualified Investor	Payment at maturity
TRFISFN52210	8.02.2022	200.000.000	20.05.2022	Qualified Investor	Payment at maturity
TRFISFN62219	14.02.2022	100.000.000	14.06.2022	Qualified Investor	Payment at maturity
TRFISFN62235	15.02.2022	60.000.000	15.06.2022	Qualified Investor	Payment at maturity
TRFISFN62243	16.02.2022	250.000.000	3.06.2022	Qualified Investor	Payment at maturity
TRFISFN82217	21.02.2022	20.000.000	19.08.2022	Qualified Investor	Payment at maturity
TRFISFN72218	24.02.2022	250.000.000	26.07.2022	Qualified Investor	Payment at maturity
TRFISFN72226	1.03.2022	250.000.000	4.07.2022	Qualified Investor	Payment at maturity
TRFISFN72234	9.03.2022	250.000.000	7.07.2022	Qualified Investor	Payment at maturity
TRFISFN62250	16.03.2022	120.000.000	14.06.2022	Qualified Investor	Payment at maturity
TRFISFN72242	29.03.2022	200.000.000	13.07.2022	Qualified Investor	Payment at maturity

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20. PROVISIONS

As at 31 March 2022 and 31 December 2021, reserve for employee benefits are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Reserve for employee severance indemnity	11.104	8.340
Vacation pay provision	4.283	2.799
Provision for employee bonus	5.226	6.428
	<u>20.613</u>	<u>17.567</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 March 2022 and 31 December 2021, the following actuarial assumptions are used in the calculation of the total liability:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Discount rate	3,50%	3,50%
Inflation	15,07%	15,07%
Estimated probability of retirement	100%	100%

For the periods ended 31 March 2022 and 31 December 2021, movements in reserve for employee severance indemnity are as follows:

	<u>31 March 2022</u>	<u>31 March 2021</u>
Balance at the beginning of the year	8.340	6.633
Service cost	3.069	868
Amounts paid to employee severance indemnity	(305)	(158)
Balance at the end of the year	<u>11.104</u>	<u>7.343</u>

The movement of the vacation pay liability for the periods ended 31 March 2022 and 31 December 2021 are as follows:

	<u>31 March 2022</u>	<u>31 March 2021</u>
Balance at the beginning of the year	2.799	2.051
Increase during the period	1.484	610
Balance at the end of the year	<u>4.283</u>	<u>2.661</u>

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20. PROVISIONS (Continued)

The movement of the provision for employee bonus for the periods ended 31 March 2022 and 31 March 2021 are as follows:

	<u>31 March 2022</u>	<u>31 March 2021</u>
Balance at the beginning of the year	6.428	5.533
Increase during the period	3.226	1.607
Reversals	-	(2.508)
Payment made during the period	(4.428)	-
Balance at the end of the year	<u>5.226</u>	<u>4.632</u>

As at 31 March 2022 and 31 March 2021 , other provisions are as follows:

	<u>31 March 2022</u>	<u>31 March 2021</u>
Provision for lawsuits	12.100	9.351
Provision for general administrative expenses	658	1.855
Expected Credit Loss for Financial Assets	870	585
	<u>13.628</u>	<u>11.791</u>

Movements in other provisions for the periods ended 31 March 2022 and 31 December 2021 are as follows:

	General provision for financial lease receivables	Provision for lawsuits	Provision for administrative expenses	Expected Credit Loss for Financial Assets
<u>31 March 2022</u>				
At the beginning of the year	-	10.966	103	343
Period Expense	-	1.134	767	658
Payments	-	-	-	-
Cancellations	-	-	-	(343)
At the end of the period	-	12.100	870	658

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

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21. CURRENT PERIOD TAX ASSET AND PAYABLE

The current years tax asset as at 31 March 2022 and 31 December 2021 are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Refundable VAT	-	11.704
Income taxes withheld	849	686
Total	849	12.390

As at 31 March 2022 and 31 December 2021, details of current year tax liability are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Current period corporate tax provision (Note:35)	66.966	186.473
Payments During the Term	8.819	(103.432)
Prior Period Corporate Tax Provision	686	-
Taxes paid for the current period	-	1.311
Corporate tax payable	76.471	84.352

For the periods ended 31 March 2022 and 31 December 2021, movements of corporate tax payable are as follows:

	<u>31 March 2022</u>	<u>31 March 2021</u>
Corporate Tax Payable at the Beginning of the Term	84.352	18.660
Current Period Expense	66.966	44.075
Tax Payable	(84.352)	(18.660)
Prior Period Corporate Tax Provision	8.819	1.036
Payments During the Term	686	255
Corporate tax payable	76.471	45.366

22. NON-CONTROLLING INTERESTS

The Company owns 78,23 % of İş Faktoring A.Ş. As at 31 March 2022, the non-controlling interests amounting to TL 145.316 (31 December 2021: TL 140.425) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TL 12.007 (31 December 2021: TL 28.598) have been calculated on the net profit of the subsidiary.

The movements of non-controlling interests for the periods ended 31 March 2022 and 31 December 2021 are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Balance at the beginning of the year	140.425	103.839
From the Profit/Loss of the year	12.007	28.598
Affiliate Sales Adjustment	-	(410)
Fair value changes of marketable securities	(7.116)	8.398
Balance at the end of the year	145.316	140.425

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23. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 31 March 2022 nominal capital of the Company is 695.303 TL, the share capital of the Company consists 69.530.264.500 of shares Kurus 1 price.

As at 31 March 2022 and 31 December 2021, shareholders and their ownership percentages are as follows:

<u>Shareholders</u>	<u>(%)</u>	<u>31 March 2022</u>	<u>(%)</u>	<u>31 December 2021</u>
Türkiye Sınai Kalkınma Bankası A.Ş.	29,46	204.850	29,46	204.850
Türkiye İş Bankası A.Ş.	27,79	193.253	27,79	193.253
Trakya Yatırım Holding A.Ş.	0,93	6.483	0,93	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;

<u>Shareholders</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
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

	<u>31 March 2022</u>	<u>31 December 2021</u>
Other Capital Reserves(*)	1.763	1.763
Accumulated Other Comprehensive Income/Expenditure Not Reclassified in Profit/Loss		
<i>Accumulated Other Comprehensive Income/Expenditure Reclassified in Profit/Loss</i>	(187)	(187)
Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss(**)	281.694	339.948
Total	281.507	339.761

(*) Comprised of bonus shares obtained from associates, subsidiaries and jointly controlled entities

(**) Other Comprehensive Income or Expenses to be reclassified in profit or Loss consists of the valuation differences arised from the fair value of the financial assets.

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24. PROFIT RESERVES

As at 31 March 2022 and 31 December 2021, details of profit reserves are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Legal reserves	80.210	65.098
Extraordinary reserves	874.157	587.030
Total	<u>954.367</u>	<u>652.128</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 78.725 classified in extraordinary tax income reserves which will not be considered in profit distribution and capital increase as at 31 March 2022 (31 December 2021: TL 38.309).

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10 % per annum of all cash dividend distributions. Legal reserves, if less than 50 % of the paid-in capital, can only be used to net-off the losses. TL 8.968 calculated on legal profit has been transferred to legal reserves by a decision of the Company’s Board of Directors.

25. PRIOR YEARS’ PROFIT/LOSS

The group has profit amounting to TL 7.824 as at December 31, 2021 (31 December 2021: 0).

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26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2022, TL 2.309.697 of letters of guarantee are given to customs, authorities and banks (31 December 2021: TL 1.399.925).

As at 31 March 2022, the total risk of litigations filed and currently pending against the Group amounting to approximately TL 19.713 (31 December 2021: TL 18.519). The Group has provided a provision amounting to TL 12.100 for litigations (31 December 2021: TL 10.966) in the accompanying consolidated financial statements (Note 20). The Group management does not anticipate any further provision for the remaining litigations.

As at 31 March 2022, the Group has letter of credit commitments of USD 16.958.907, 41.169.187, EUR 474.499 CHF (860.394 TL) (31 December 2021: USD 23.776.373, 36.714.723 ,EUR 904.999 CHF (509.210 TL)).

As at 31 March 2022 has no factoring commitment. (31 December 2021: None)

As at 31 March 2022, the Group has lease commitments of USD 12.950.336, EUR 162.553.780 and full TL 162.553.780 (TL 3.332.780) (31 December 2021: USD 17.902.095, EUR 133.486.312 and full TL 596.434.956 (TL 2.788.645)

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

As at 31 March 2022 details of derivatives are as follows:

	31 March 2022	
	Amount as	
	Original Currency	TL
Currency Swap Purchases:		
TL	461.643.559	461.644
USD	14.524.380	212.721
		674.365
Currency Swap Sales:		
USD	25.343.589	371.047
EUR	23.263.304	379.392
		750.439

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26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As at 31 December 2021 details of derivatives transactions are as follows:

	31 December 2021	
	Amount as Original Currency	TL
Currency Swap Purchases:		
TL	227.458.559	227.459
		227.459
Currency Swap Sales:		
USD	10.343.589	134.234
EUR	10.263.304	150.689
		284.923

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

As of 31 March 2022, there is an unrealized loss amounting to TL 107.958 TL and there is an unrealized gain amounting to TL 1.467 (Note 6) consisting of changes in the fair value of derivative contracts and associated with profit and loss (31 December 2021: TL 84.615 unrealized loss).

As at 31 March 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	674.365	-	674.365
Currency Swap Sales	750.439	-	750.439

As at 31 December 2021, analysis of derivative transactions according to their maturities is as follows:

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Currency Swap Purchases	227.459	-	227.459
Currency Swap Sales	284.923	-	284.923

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27. SEGMENT REPORTING

Information regarding the Group’s operating business segments is based on the Group’s management and internal reporting structure.

Segment capital expenditure is the total cost incurred during the period to acquire tangible assets and intangible assets.

Business segments

The Group comprises the following main business segments:

- Leasing Includes the Group’s finance lease activities
- Factoring operations Includes the Group’s factoring activities

<u>31 March 2022</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
Total assets	14.972.879	7.783.763	(53.766)	22.702.876
Total liabilities	13.376.087	7.116.806	-	20.492.893
Net profit for the year	80.754	55.156	(12.007)	123.903

<u>31 December 2021</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
Total assets	13.480.875	6.949.806	(53.766)	20.376.915
Total liabilities	11.932.152	6.305.320	-	18.237.472
Net profit for the year	207.289	131.372	(28.598)	310.063

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27. SEGMENT REPORTING (Continued)

<u>31 March 2022</u>	Leasing	Factoring	Consolidation Adjustments	Total
Operating Income	315.714	290.559	-	606.273
Financial Expenses (-)	(196.668)	(185.509)	-	(382.177)
Gross Profit / Loss	119.046	105.050	-	224.096
Operating Expense (-)	(26.179)	(17.157)	-	(43.336)
Gross Operating Profit/Loss	92.867	87.893	-	180.760
Other Operating Income	199.126	33.584	-	232.710
Provisions (-)	(66.249)	(42.240)	-	(108.489)
Other operating Expenses (-)	(102.091)	(10.926)	-	(113.017)
Net Operating Profit / Loss	123.653	68.311	-	191.964
Profit or Loss from Continuing Operations before tax	123.653	68.311	-	191.964
Provision for Taxes from Continuing Operations (±)	(42.899)	(13.155)	-	(56.054)
Net Profit or Loss from Continuing Operations	80.754	55.156	-	135.910
Non-controlling Interests	-	-	(12.007)	(12.007)
Net Profit or Loss for the Period	80.754	55.156	(12.007)	123.903
Fixed Asset Additions	14.562	3.491	-	18.053
Depreciation and Amortisation	(1.539)	(1.320)	-	(2.859)
<u>31 March 2021</u>	Leasing	Factoring	Consolidatin Adjustments	Total
Operating Income	179.421	144.872	-	324.293
Financial Expenses (-)	(95.130)	(110.229)	-	(205.359)
Gross Profit / Loss	84.291	34.643	-	118.934
Operating Expense (-)	(16.491)	(10.364)	-	(26.855)
Gross Operating Profit/Loss	67.800	24.279	-	92.079
Other Operating Income	95.551	40.794	-	136.345
Provisions (-)	(48.147)	(11.964)	-	(60.111)
Other operating Expenses (-)	(19.081)	(5.747)	-	(24.828)
Net Operating Profit / Loss	96.123	47.362	-	143.485
Profit or Loss from Continuing Operations	96.123	47.362	-	143.485
Provision for Taxes from Continuing Operations (±)	(21.198)	(6.050)	-	(27.248)
Net Profit or Loss from Continuing Operations	74.925	41.312	-	116.237
Non-controlling Interests	-	-	(8.993)	(8.993)
Net Profit or Loss for the Period	74.925	41.312	(8.993)	107.244
Fixed Asset Additions	1.233	2.678	-	3.911
Depreciation and Amortisation	(1.148)	(914)	-	(2.062)

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28. EVENTS AFTER THE REPORTING PERIOD

İş Finansal Kiralama A.Ş. The financing bond with a nominal amount of 200.000.000TL issued by the Capital Markets Board has been registered by the Capital Markets Board with the decision number 6/137dated 03.02.2022, and the issuance of the bond was realized as a private placement on 08.04.2022 and the maturity is 20.07.2022

İş Faktoring A.Ş. The financing bond with a nominal amount of 139.000.000 TL issued by the Capital Markets Board has been registered by the Capital Markets Board with the decision number 63/1730 dated 02.12.2021, and the issuance of the bond was realized as a private placement on 07.04.2022 and the maturity is 06.07.2022

29. OPERATING INCOME

For the periods ended 31 March 2022 and 31 March 2021, details of operating income are as follows:

	01.01.2021 - 31.03.2022	01.01.2021- 31.03.2021
Finance Lease income	315.143	179.099
Operating lease income	571	322
Factoring income	290.559	144.872
	606.273	324.293

30. OPERATING EXPENSES

For the periods ended 31 March 2022 and 31 March 2021, operating expenses are as follows:

	01.01.2021 - 31.03.2022	01.01.2021 - 31.03.2021
Personnel expenses	(28.273)	(17.603)
Provision for employee severance	(3.069)	(878)
Depreciation and amortization expenses	(2.859)	(2.062)
Office rent expenses	(1.891)	(1.284)
Information technology expenses	(1.716)	(1.177)
BRSA participation fee	(906)	(567)
Board of Directors attendance fee	(813)	(718)
Taxes, duties and charges	(774)	(466)
Travel and car expenses	(416)	(143)
Consultancy expenses	(408)	(344)
Insurance expense	(153)	(83)
Advertising Ad Expenses	(142)	(106)
Communication expense	(117)	(117)
Representation expenses	(46)	(18)
Expenses of Keeping on the Rank	(37)	-
Write-off expense	-	(710)
Other general administrative expenses	(1.716)	(579)
	(43.336)	(26.855)

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31. OTHER OPERATING INCOME

For the periods ended 31 March 2022 and 31 March 2021, details of other operating income are as follows:

	01.01.2021 - 31.03.2022	01.01.2021 - 31.03.2021
Foreign exchange gains	98.881	32.479
Income from derivative financial transactions	86.081	11.641
Collections from prior period non-performing receivables and cancellation income	21.431	17.549
Dividend income	9.733	17.274
Commission income	3.353	1.972
Interest income	938	752
Other	12.293	54.678
	232.710	136.345

32. FINANCE EXPENSES

For the periods ended 31 March 2022 and 31 March 2021, details of finance expenses are as follows:

	01.01.2021 - 31.03.2022	01.01.2021 - 31.03.2021
Interest expense on funds borrowed	(276.223)	(150.326)
Interest expense on debt securities issued	(89.512)	(44.125)
Fees and commissions expense	(16.203)	(10.696)
Interest expense related to rents	(239)	(212)
	(382.177)	(205.359)

33. PROVISIONS

For the periods ended 31 March 2022 and 31 March 2021, details of provision for non-performing receivables are as follows:

	01.01.2021 - 31.03.2022	01.01.2021 - 31.03.2021
Specific Provisions	(108.489)	(60.111)
	(108.489)	(60.111)

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34. OTHER OPERATING EXPENSES

For the periods ended 31 March 2022 and 31 March 2021, details of other operating expenses are as follows:

	01.01.2021 - 31.03.2022	01.01.2021 - 31.03.2021
Losses From Derivative Financial Instruments	(110.310)	(21.317)
Foreign Exchange Losses	-	(3)
Other	(2.707)	(3.508)
	<u>(113.017)</u>	<u>(24.828)</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 10.817 from measurement difference of such transactions in the Group’s financial statements as at 31 March 2022 (31 December 2021: TL 10.976 foreign exchange loss). The difference is expected to be substantially expired at the maturity of transactions.

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35. TAXATION

For the periods ended 31 March 2022 and 31 December 2021, details of tax expense are as follows:

	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021
Current corporate tax charge	(66.966)	(44.075)
Current corporate tax charge	10.912	16.827
	(56.054)	(27.248)

The reported tax expenses for the period is different than the amounts computed by applying the statutory tax rate of the Company to profit before income tax of the Group, as shown in the following reconciliation:

	%	31 March 2021	%	31 March 2021
Net profit for the period		135.910		116.237
Total tax expense		56.054		27.248
Profit before tax		191.964		143.485
Income tax using the Group's tax rate	23,00	44.152	20,00	28.697
Non-deductible expenses	5,62	10.791	6,72	9.641
Tax exempt income	(1,17)	(2.239)	(2,41)	(3.455)
other	1,75	3.350	(5,32)	(7.635)
Total income tax expense	29,20	56.054	18,99	27.248

Corporate Tax

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

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

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

The Corporate Tax rate will be applied as 25% for corporate income for the taxation period of 2021 and as 23% for corporate income for the taxation period of 2022 with the the corporate tax law No. 5520, Article 13 published in the Official Gazette numbered 31462, dated 22 April 2021. This amendment will be effective as of July 1, 2021 for the taxation of corporate earnings for periods beginning on January 1, 2021. In the financial statements dated December 31, 2021, the tax rate for the period was 25%, and in deferred tax calculations 23% was used as the tax rate due to the fact that the tax rate change will take effect as of April 22, 2021.

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35. TAXATION (Continued)

Temporary tax in Turkey is calculated and accrued on a quarterly basis. the temporary tax rate, which should be calculated on corporate earnings at the stage of taxation of corporate earnings for 2021 as of the interim tax periods, is 23% for 31.03.2022 (December 31, 2021: 25%). According to the Turkish tax legislation, the financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However, the losses incurred cannot be retrospectively deducted from the profits incurred in previous years.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 30 April of the following year (between 1st and 30th of the following fourth month of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Transfer Pricing

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

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Purchase, sale, manufacturing and construction operations, leasing and leasing transactions, borrowing and issuing money, bonuses, fees and similar transactions that require payments are considered as purchase or sale of goods or services in every condition. Companies are required to fill in the transfer pricing form which will be included in the annex of the annual corporate tax return. In this form, the amounts of all transactions with related companies and the methods of transfer pricing related to these transactions are specified in the related accounting period.

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36. EARNINGS PER SHARE

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

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

The weighted average number of shares of the Group and earnings per share for the periods ended 31 March 2022 and 31 December 2021 are as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Weighted average number of outstanding shares (*)	69.530.264.500	69.530.264.500
Net profit for the year (TL)	123.903	107.244
Basic earnings per share (full TL)	0,0018	0,0015

(*) As at 31 March 2022, the share capital of the Company consists 69.530.264.500 of shares having Kurus 1 nominal price.

	31 March 2022	31 December 2021
Number of shares at beginning of the year	69.530.264.500	69.530.264.500
Capital increase	-	-
Number of shares at end of the year	69.530.264.500	69.530.264.500

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

None.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital by sustaining its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

Although there is no change in the capital risk management strategy in 2021, the debt/equity ratio is 15 % (31 December 2021: 16 %). As at 31 March 2022 and 31 December 2021, the leverage ratios are as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Funds borrowed	16.368.797	15.369.300
Debt securities issued	2.827.636	1.658.151
Other liabilities	1.073.295	1.009.168
Total liabilities	20.269.728	18.036.619
Cash and Cash Equivalents (-)	(331.869)	(471.502)
Net liabilities	19.937.859	17.565.117
Total shareholders' equity	2.209.983	2.139.443
Shareholders' equity / liabilities	11%	12%

According to the credit rating reports of Fitch issued at 25.02.2022 credit ratings of the Company are as follows:

Foreign Currency

Long term	B
Short term	B
Outlook	Negative

TL

Long term	B+
Short term	B
Outlook	Negative

National

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

(b) Significant accounting policies

The Group's accounting policies on financial instruments are disclosed in Note 3 “Significant accounting policies”.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(c) Categories of financial instruments

	31 March 2022	31 December 2021
<u>Financial Assets:</u>		
Cash and Cash Equivalents	331.869	471.502
Derivative Financial Assets	1.467	-
Finance lease receivables and non-performing receivables, net	12.825.786	11.392.803
Leasing Contracts in Progress	288.231	554.508
Advances Given for Lease Transactions	1.267.844	702.427
Other Finance Lease Receivables	30.917	31.459
Factoring receivables and non-performing factoring receivables, Net	7.425.117	6.652.524
Financial Assets at Fair Value Through Other Comprehensive Income	339.495	404.862
<u>Financial Liabilities:</u>		
Derivative financial liabilities at fair value	(107.958)	(84.615)
Finance Lease Obligations	(4.495)	(2.907)
Other liabilities	(1.073.295)	(1.009.168)
Funds borrowed	(16.368.797)	(15.369.300)
Debt securities issued	(2.827.636)	(1.658.151)

(*) Included in other receivables.

(d) Financial risk management objectives

The Group’s corporate treasury function provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risk. Such risks include market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group uses derivative instruments to minimize the effects of such risks and it also uses such instruments for hedging. The Group does not enter into or trade any financial instruments (including derivative financial instruments) for speculative purposes.

In order to minimize potential risks, the Group reports monthly to the risk management committee which is in charge of monitoring risks and the policies applied.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates (refer to section f), interest rates (refer to section g) and equity prices will affect the Group’s income or the value of its holdings of financial instruments. To manage risks relating to exchange rates and interest rates, the Group uses various derivative financial instruments including the following:

- “Forward foreign exchange contracts” to hedge the exchange rate risk arising from operations.
- “Currency swaps” to control the exchange rate risk of foreign currency denominated liabilities.

At the Group level, market risk exposures are measured by sensitivity analysis.

There has been no change in the Group’s exposure to market risks or the method it uses to manage and measure such risks.

(f) Currency risk management

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its consolidated financial position and cash flows. The Group manages this currency risk by using the foreign exchange derivative contracts.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

As 31 March 2022 and 31 December 2021, details of foreign currency denominated assets and liabilities are as follows:

31 March 2022 (*)	USD (000)	Avro (000)	CHF (000)	GBP (000)	JPY (000)	AUD (000)	TL Equivalent
Banks	7.914	7.480	4	112	28	5	240.104
Finance lease receivables	113.225	450.958	-	-	-	-	9.012.762
Factoring receivables(*)	96.623	47.138	-	2.505	-	-	2.230.009
Advances given for lease transactions	31.476	46.326	142	1.144	92.000	-	1.251.755
Leasing contracts in progress	2.418	9.373	-	-	-	-	188.275
Other receivables from leasing transactions	200	525	-	-	-	-	11.491
Other assets	47	13	-	-	-	-	900
Total assets (**)	251.903	561.813	146	3.761	92.028 5		12.935.296
Funds borrowed(*)	(198.901)	(493.424)	-	(2.432)	-	-	(11.005.031)
Lease Obligations	-	-	-	-	-	-	-
Other provisions	(9)	(704)	-	-	-	-	(11.616)
Other Liabilities	(13.4039)	(45.633)	4	(8)	(58)	-	(940.608)
Total liabilities (**)	(212.313)	(539.761)	4	(2.440)	(58)	-	(11.957.255)
Balance sheet position	39.590	22.052	150	1.321	91.970	5	978.041
Off balance sheet position	(10.819)	(23.263)	-	-	-	-	(537.718)
Net foreign currency position	28.771	(1.211)	150	1.321	91.970	5	440.323

(*) As at 31 March 2022, foreign currency indexed borrowings amounting to EUR 818 (Total: TL 23.091) are presented in TL column in the accompanying consolidated statement of financial position.

(**) As at 31 March 2022, derivative financial assets amounting to TL 84.615 are not included.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

31 December 2021 (*)	USD (000)	Avro (000)	CHF (000)	GBP (000)	JPY (000)	AUD (000)	TL Equivalent
Banks	15.645	15.014	4	180	27.004	5	429.853
Finance lease receivables	109.945	447.439	-	-	-	-	7.996.240
Factoring receivables(*)	76.142	48.294	-	2.096	-	-	1.781.136
Advances given for lease transactions	12.581	34.202	-	867	18.400	-	682.632
Leasing contracts in progress	10.502	15.664	-	-	-	-	366.273
Other receivables from leasing transactions	174	624	-	-	-	-	11.418
Other assets	34	127	-	30	-	-	2.903
Total assets (**)	225.023	561.364	4	3.173	45.404	5	11.270.455
Funds borrowed(*)	(187.525)	(496.208)	-	(2.119)	-	-	(9.802.337)
Lease Obligations							-
Other provisions	(10)	(704)	-	-	-	-	(10.461)
Other Liabilities	(13.275)	(47.618)	-	(51)	-	-	(872.566)
Total liabilities (**)	(200.810)	(544.530)	-	(2.170)	-	-	(10.685.364)
Balance sheet position	24.213	16.834	4	1.003	45.404	-	585.091
Off balance sheet position	(10.344)	(10.263)	-	-	-	-	(284.923)
Net foreign currency position	13.869	6.571	4	1.003	45.404	5	300.168

(*) As at 31 December 2021, foreign currency indexed borrowings amounting to EUR 818 (Total: TL 12.013) are presented in TL column in the accompanying consolidated statement of financial position.

(**) As at 31 March 2021, derivative liabilities amounting to TL 84.615 are not included.

Foreign currency sensitivity

The Group is mainly exposed to USD and EUR exchange rate risks.

The table below indicates the sensitivity of the Group to USD and Euro when there is a 15 % of change in such exchange rates. The Group uses 15 % of rate change when it reports its foreign currency risk to the top management and this rate represents the top management’s expectation on the exchange rate fluctuations. Sensitivity analysis made in relation to the Group’s exposure to foreign currency at the reporting period is determined based on the fluctuations at the beginning of the fiscal year and the analysis are fixed during the reporting period. Positive amount refers to an increase in the net profit.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

	Profit / (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 March 2022				
15% change of the USD against TL				
1- Net USD asset/liability	86.974	(86.974)	86.974	(86.974)
2- Hedged portion of TL against USD risk (-)	(23.768)	23.768	(23.768)	23.768
3- Net effect of USD (1+ 2)	63.206	(63.206)	63.206	(63.206)
15% change of the Euro against TL				
4- Net Euro asset/liability	53.946	(53.946)	53.946	(53.946)
5- Hedged portion of TL against Euro risk (-)	(56.908)	56.908	(56.908)	56.908
6- Net effect of Euro (4+5)	(2.962)	2.962	(2.962)	2.962
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	5.816	(5.816)	5.816	(5.816)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	5.816	(5.816)	5.816	(5.816)
TOTAL (3+6+9)	66.060	(66.060)	66.060	(66.060)

(*) 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 2021				
15% change of the USD against TL				
1- Net USD asset/liability	47.134	(47.134)	47.134	(47.134)
2- Hedged portion of TL against USD risk (-)	(20.136)	20.136	(20.136)	20.136
3- Net effect of USD (1+ 2)	26.998	(26.998)	26.998	(26.998)
15% change of the Euro against TL				
4- Net Euro asset/liability	37.074	(37.074)	37.074	(37.074)
5- Hedged portion of TL against Euro risk (-)	(22.603)	22.603	(22.603)	22.603
6- Net effect of Euro (4+5)	14.471	(14.471)	14.471	(14.471)
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	3.400	(3.400)	3.400	(3.400)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	3.400	(3.400)	3.400	(3.400)
TOTAL (3+6+9)	44.869	(44.869)	44.869	(44.869)

(*) Includes profit/loss effect.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Forward foreign exchange contracts and currency swaps

The Group uses forward foreign exchange contracts and currency swaps to cover the risks of receipts and payments, expected sales and purchases in a certain foreign currency.

(g) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and variable rates. Such risk is managed by making a proper classification between fixed and variable rate liabilities.

Interest rate sensitivity

The interest rate sensitivity analysis below is based on the Group’s exposure to interest rate risk at the reporting date and estimated interest rate fluctuations at the beginning of the fiscal year, and is fixed during the reporting period. The Group management makes its sensitivity analysis based on a 100 base point interest rate fluctuation scenario. This rate is also used in reporting to the top management.

As at 30 September 2021 and 31 December 2021, the interest rate profile of the Group’s interest-bearing financial instruments is as follows:

	31 March 2022	31 December 2021
<u>Fixed rate instruments</u>		
Financial assets:		
Cash and Cash Equivalents	195.948	214.383
Finance lease receivables	12.776.609	11.341.481
Factoring receivables	6.459.368	5.760.867
Financial liabilities:		
Funds borrowed	12.650.371	12.226.797
Debt securities issued	2.827.636	1.658.151
Variable rate instruments		
Financial assets:		
Finance lease receivables	49.177	51.322
Factoring receivables	965.749	891.657
Financial liabilities:		
Borrowings	3.718.426	3.142.503

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(g) Interest rate risk management (Continued)

Interest rate sensitivity (Continued)

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

Interest income from finance leases with variable interest rates would be higher at an amount of TL 179 (31 March 2021: TL None).

Interest income from factoring transactions with variable interest rates would be higher at an amount of TL 2.381 (31 March 2021: TL None).

Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 8.643 (31 March 2021: TL 4.426).

(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 47.505 (31 December 2021: TL 27.908).

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group’s exposure to credit risks and credit ratings of its counterparties are monitored periodically. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

Finance lease receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Sectoral allocation of finance lease receivables is as follows:

	31 March 2022 (%)	31 December 2021 (%)
Tourism	19,85	0,42
Construction	19,55	20,69
Textile	12,09	19,61
Metal industry	7,24	10,89
Mining	7,20	7,79
Transportation	4,11	7,41
Energy	4,02	4,15
Finance	3,77	1,54
Real Estate	3,33	3,99
Rubber, Plastic	3,26	3,63
Agriculture and forestry	2,30	3,58
Machinery and Equipment	1,99	1,86
Wholesale-Per.Tic.	1,89	1,56
Food and beverage	1,57	3,52
Forestry products and paper	1,55	2,48
Healthcare	0,35	2,00
Other	5,93	4,88
	100,00	100,00

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 March 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>Related</u> <u>party</u>	<u>Third</u> <u>party</u>	<u>Related</u> <u>party</u>	<u>Third</u> <u>party</u>				
31 March 2022								
Exposure to maximum credit risk as at reporting date (*)	13.595	12.812.191	6.167	7.418.950	-	4.530.231	339.495	7.480.174
- The portion of maximum risk covered by guarantee	-	782.130	-	1.632.677	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	13.595	12.214.302	6.167	7.194.995	-	4.530.231	339.495	7.480.174
- The portion covered by guarantee	-	586.837	-	1.632.524	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	185	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	603.349	-	153	-	-	-	-
- The portion covered by guarantee	-	190.370	-	153	-	-	-	-
D. Net carrying value of impaired assets	-	(5.460)	-	223.617	-	-	-	-
- Overdue (gross book value)	-	453.261	-	223.617	-	-	-	-
- Impairment (-)	-	(559.424)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	4.923	-	-	-	-	-	-
- Not past due (gross book value)	-	156.024	-	-	-	-	-	-
- Impairment (-)	-	(55.321)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

(*) Guarantees received are not taken into account in the calculation

(**) Includes collaterals for the assets impaired but not overdue.

(***) Equity securities are not included in the table as they don't have market risk.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2021 exposure to credit risk based on categories of financial instruments is as follows:

	<u>Receivables</u>				<u>Cash and Cash</u> <u>Equivalents</u>	<u>Financial</u> <u>Assets at Fair</u> <u>value through</u> <u>profit/loss</u>	<u>Financial Assets at Fair</u> <u>Value Through Other</u> <u>Comprehensive Income</u> <u>(***)</u>	<u>Derivative</u> <u>Financial Assets</u>
	<u>Finance Lease Receivables</u>	<u>Factoring Receivables</u>						
	<u>Related</u> <u>party</u>	<u>Third</u> <u>party</u>	<u>Related</u> <u>party</u>	<u>Third</u> <u>party</u>				
31 December 2021								
Exposure to maximum credit risk as at reporting date (*)	11.220	11.381.583	8.209	6.644.315	-	4.357.315	404.862	6.671.999
- The portion of maximum risk covered by guarantee	-	705.691	-	1.338.117	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	11.220	10.808.384	8.209	6.420.449	-	4.357.315	404.862	6.671.999
- The portion covered by guarantee	-	585.203	-	1.337.950	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	341	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	553.341	-	167	-	-	-	-
- The portion covered by guarantee	-	115.530	-	167	-	-	-	-
D. Net carrying value of impaired assets	-	19.858	-	223.358	-	-	-	-
- Overdue (gross book value)	-	392.738	-	223.358	-	-	-	-
- Impairment (-)	-	(482.274)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	4.958	-	-	-	-	-	-
- Not past due (gross book value)	-	189.409	-	-	-	-	-	-
- Impairment (-)	-	(80.015)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks								

(*) Guarantees received are not taken into account in the calculation.

(**) Includes collaterals for the assets impaired but not overdue.

(***) Equity securities are not included in the table as they don't have market risk.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

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

	31 March 2022		31 December 2021	
	Nominal Değeri	Gerçeğe Uygun Değeri (*)	Nominal Değeri	Gerçeğe Uygun Değeri (*)
Sureties	191.930.634	17.567.381	165.842.699	15.714.973
Collaterals of factoring transaction	23.412.516	1.473.513	20.771.589	1.188.433
Mortgage	7.977.051	562.690	7.299.100	541.801
Share certificates	1.778.966	379.136	1.651.177	387.007
Pledged shares	1.742.938	-	1.615.035	-
Guaranties of factoring transaction	1.675.157	12.796	1.532.042	15.376
Pledged commercial	665.910	133.081	526.345	67.746
Pledged vehicles	273.028	137.465	259.620	125.669
Sureties of credit guarantee fund	264.580	131.419	341.753	138.927
Guarantors	119.728	-	88.419	-
Commercial receivable insurance	80.000	80.000	74.250	70.000
Collaterals given by vendors	36.615	-	32.444	-
Cash blockages	24.796	19.380	24.278	19.262
Ship mortgage	21.579	-	19.398	-
Funds bonds as collateral	9.484	579	8.728	958
Collaterals of leasing transaction	4.721	-	4.399	-
Letters of guarantee	2.067	1.336	1.900	1.252
Pledged movable	1.463	-	-	-
Pledged machines	502	-	502	-
Pledged account	130	13	130	51
	230.021.865	20.498.789	200.093.808	18.271.455

(*) In determination of the fair value, lower of collateral amount or fair value up to the credit exposure amount has been taken into account.

(j) Liquidity risk management

The Group management formed liquidity risk management policy for the Group’s short, medium and long term funding and liquidity management requirements. The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by constantly monitoring forecasts and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity risk table

The following table details the maturities of non-derivative financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual amounts of the financial assets and liabilities based on their maturities. Interest amounts to be collected and to be disbursed regarding the Group’s assets and liabilities have also been included in the table below.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Liquidity risk table

31 March 2022

	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Sözleşme Uyarınca Vadeler						
Non-derivative Financial Assets:						
Banks	331.869	331.869	312.745	19.124	-	-
Financial Assets at Fair value through profit and Loss	-	-	-	-	-	-
Lease Receivables (*)	12.825.786	14.783.394	1.461.853	4.644.344	8.510.743	166.454
Factoring Receivables	7.425.117	7.675.514	5.994.952	1.666.015	14.547	-
Other Lease Receivables	30.917	30.917	30.917	-	-	-
Total Assets	20.613.689	22.821.694	7.800.467	6.329.483	8.525.290	166.454
Non-derivative Financial Liabilities:						
Funds Borrowed	16.368.797	16.778.234	9.966.715	3.628.013	3.110.653	72.853
Debt Securities Issued	2.827.636	2.937.620	1.403.620	1.534.000	-	-
Lease Obligations	4.495	4.987	1.080	3.341	566	-
Other Liabilities	1.073.295	1.073.295	1.066.938	6.308	49	-
Total Liabilities	20.274.223	20.794.136	12.438.353	5.171.662	3.111.268	72.853

31 December 2021

	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Contractual Maturities						
Non-derivative Financial Assets:						
Banks	471.502	471.506	454.289	17.217	-	-
Financial Assets at Fair value through profit and Loss	-	-	-	-	-	-
Lease Receivables (*)	11.392.803	13.018.969	1.268.867	4.027.684	7.579.872	142.546
Factoring Receivables	6.652.524	6.931.989	5.135.858	1.780.638	15.493	-
Other Lease Receivables	31.459	31.459	31.459	-	-	-
Total Assets	18.548.288	20.453.923	6.890.473	5.825.539	7.595.365	142.546
Non-derivative Financial Liabilities:						
Funds Borrowed	15.369.300	15.809.389	8.050.717	4.378.613	3.380.059	-
Debt Securities Issued	1.658.151	1.697.020	1.647.020	50.000	-	-
Lease Obligations	2.907	3.313	674	1.580	1.059	-
Other Liabilities	1.009.168	1.009.168	965.218	43.901	49	-
Total Liabilities	18.039.526	18.518.890	10.663.629	4.474.094	3.381.167	-

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Liquidity risk table (Continued)

The following table details the maturities of derivative financial assets and liabilities as at 31 March 2022 and 31 December 2021.

31 March 2022	Carrying	Contractual	Less than	3-12	1-5 Years	More than
<u>Contractual Maturities</u>	<u>Amount</u>	<u>Cash Flows</u>	<u>3 Months</u>	<u>Months (II)</u>	<u>(III)</u>	<u>5 Years</u>
		<u>(I+II+III+IV)</u>	<u>(I)</u>			<u>(IV)</u>
Cash inflows from derivatives	-	674.365	440.180	234.185	-	-
Cash outflows from derivatives	(76.074)	750.439	530.882	219.557	-	-

31 December 2021	Carrying	Contractual	Less than	3-12	1-5 Years	More than
<u>Contractual Maturities</u>	<u>Amount</u>	<u>Cash Flows</u>	<u>3 Months</u>	<u>Months (II)</u>	<u>(III)</u>	<u>5 Years</u>
		<u>(I+II+III+IV)</u>	<u>(I)</u>			<u>(IV)</u>
Cash inflows from derivatives	-	227.459	-	227.459	-	-
Cash outflows from derivatives	(57.464)	284.923	-	284.923	-	-

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments

Except for the items below, the Group management estimates that the carrying amount of the financial assets and liabilities approximate to their fair value.

Fair value of the financial instruments is determined based on the reliable data provided from financial markets in Turkey. Fair value of other financial assets is determined by the benchmarking market value of a similar financial asset or by assumption methods which includes discounting future cash flows with current interest rates.

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

31 March 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	-	331.869	-	-	-	331.869	331.869	4
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	339.495	-	339.495	339.495	7
Derivative financial assets	1.467	-	-	-	-	1.467	1.467	6
Finance lease receivables and non-performing lease receivables	-	-	12.825.786	-	-	12.825.786	12.271.163	9
Factoring receivables and non-performing factoring receivables	-	-	7.425.117	-	-	7.425.117	7.425.117	8
<u>Financial liabilities</u>								
Derivative financial Liabilities	107.958	-	-	-	-	107.958	107.958	6
Other liabilities	-	-	-	-	1.073.295	1.073.295	1.073.295	17
Lease Payables	-	-	-	-	4.495	4.495	4.495	18
Funds borrowed	-	-	-	-	16.368.797	16.368.797	16.288.523	16
Debt securities issued	-	-	-	-	2.827.636	2.827.636	2.792.454	19

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments (Continued)

31 December 2021	Financial assets and liabilities	Financial assets Measured at amortized cost	Loans and receivables	Financial Assets at Fair Value Through Other Comprehensive Income	Financial liabilities Measured at amortized cost	Carrying amount	Fair value	Notes
<u>Financial Assets</u>								
Cash and Cash Equivalents	-	471.502	-	-	-	471.502	471.502	4
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	404.862	-	404.862	404.862	7
Derivative financial assets	-	-	-	-	-	-	-	6
Finance lease receivables and non- performing lease receivables	-	-	11.392.803	-	-	11.392.803	11.083.017	9
Factoring receivables and non- performing factoring receivables	-	-	6.652.524	-	-	6.652.524	6.652.524	8
<u>Financial liabilities</u>								
Derivative financial Liabilities	84.615	-	-	-	-	84.615	84.615	6
Other liabilities	-	-	-	-	1.009.168	1.009.168	1.009.168	17
Lease Payables	-	-	-	-	2.907	2.907	2.907	18
Funds borrowed	-	-	-	-	15.369.300	15.369.300	15.390.535	16
Debt securities issued	-	-	-	-	1.658.151	1.658.151	1.662.902	19

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(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 March 2022	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Derivative financial assets	-	1.467	-	1.467
Financial Assets at Fair Value Through Other Comprehensive Income	332.037	-	-	332.037
Total financial assets carried at fair value	332.037	1.467	-	333.504
Derivative financial liabilities	-	107.958	-	107.958
Total financial liabilities carried at fair value	-	107.958	-	107.958

31 December 2021	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Derivative financial assets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	397.404	-	-	397.404
Total financial assets carried at fair value	397.404	-	-	397.404
Derivative financial liabilities	-	84.615	-	84.615
Total financial liabilities carried at fair value	-	84.615	-	84.615