

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

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

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

# 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 2023

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

	ASSETS	Notes	Revised Current Period 31 March 2023			Audited Prior Period 31 December 2022		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH, CASH EQUIVALENTS and CENTRAL BANK	4	231.611	100.501	332.112	178.236	184.479	362.715
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5	6.425	-	6.425	-	-	-
III.	DERIVATIVE FINANCIAL ASSETS	6	-	16.412	16.412	-	4.207	4.207
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	7	751.251	-	751.251	1.088.210	-	1.088.210
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		19.396.387	14.687.846	34.084.233	17.943.268	14.734.655	32.677.923
5.1	Factoring Receivables	8	14.746.269	1.987.650	16.733.919	13.497.715	2.134.009	15.631.724
5.1.1	Discounted Factoring Receivables (Net)		6.130.961	9.619	6.140.580	5.202.741	58.068	5.260.809
5.1.2	Other Factoring Receivables		8.615.308	1.978.031	10.593.339	8.294.974	2.075.941	10.370.915
5.2	Savings Financing Receivables		-	-	-	-	-	-
5.2.1	From the Savings Fund Pool		-	-	-	-	-	-
5.2.2	From equity		-	-	-	-	-	-
5.3	Financing loans		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	Lease Receivables (Net)	9	4.812.450	12.847.471	17.659.921	4.591.587	12.670.758	17.262.345
5.4.1	Finance Lease Receivables		6.680.410	14.099.241	20.779.651	6.369.797	13.912.460	20.282.257
5.4.2	Operational Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		(1.867.960)	(1.251.770)	(3.119.730)	(1.778.210)	(1.241.702)	(3.019.912)
5.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6	Non-Performing Loans	8,9	458.813	473.967	932.780	498.517	461.641	960.158
5.7	Expected Credit Loss (-) / Specific Provisions (-)		(621.145)	(621.242)	(1.242.387)	(644.551)	(531.753)	(1.176.304)
VI.	EQUITY INVESTMENTS		-	-	-	-	-	-
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	TANGIBLE ASSETS (Net)	11	53.855	-	53.855	46.547	-	46.547
VIII.	INTANGIBLE ASSETS (Net)	12	16.886	-	16.886	13.208	-	13.208
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSET	21,2,3	84	-	84	292	-	292
XI.	DEFERRED TAX ASSET	13	179.867	-	179.867	165.380	-	165.380
XII.	OTHER ASSETS	15,2,3	614.963	1.473.815	2.088.778	301.165	1.669.672	1.970.837
	<b>SUB TOTAL</b>		<b>21.251.329</b>	<b>16.278.574</b>	<b>37.529.903</b>	<b>19.736.306</b>	<b>16.593.013</b>	<b>36.329.319</b>
XIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	760	-	760	760	-	760
13.1	Held for Sale		760	-	760	760	-	760
13.2	Discontinued Operations		-	-	-	-	-	-
	<b>TOTAL ASSETS</b>		<b>21.252.089</b>	<b>16.278.574</b>	<b>37.530.663</b>	<b>19.737.066</b>	<b>16.593.013</b>	<b>36.330.079</b>

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 2023

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

	LIABILITIES	Notes	Revised Current Period 31 March 2023			Audited Prior Period 31 December 2022		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>FUNDS BORROWED</b>	<b>16</b>	<b>15.523.838</b>	<b>13.238.166</b>	<b>28.762.004</b>	<b>14.025.496</b>	<b>13.704.727</b>	<b>27.730.223</b>
<b>II.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>III.</b>	<b>LIABILITIES FROM THE SAVING FUND POOL</b>		-	-	-	-	-	-
<b>IV.</b>	<b>LEASE PAYABLES</b>	<b>18</b>	<b>7.735</b>	-	<b>7.735</b>	<b>4.569</b>	-	<b>4.569</b>
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	<b>19</b>	<b>3.289.846</b>	-	<b>3.289.846</b>	<b>3.410.633</b>	-	<b>3.410.633</b>
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITY</b>	<b>6</b>	-	<b>116.459</b>	<b>116.459</b>	-	<b>67.840</b>	<b>67.840</b>
<b>VIII.</b>	<b>PROVISIONS</b>	<b>20</b>	<b>48.173</b>	<b>17.274</b>	<b>65.447</b>	<b>36.564</b>	<b>13.940</b>	<b>50.504</b>
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		45.001	-	45.001	34.273	-	34.273
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		3.172	17.274	20.446	2.291	13.940	16.231
<b>IX.</b>	<b>CURRENT PERIOD TAX LIABILITY</b>	<b>21</b>	<b>237.756</b>	-	<b>237.756</b>	<b>116.648</b>	-	<b>116.648</b>
<b>X.</b>	<b>DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XI.</b>	<b>SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XII.</b>	<b>OTHER LIABILITY</b>	<b>17</b>	<b>453.616</b>	<b>864.531</b>	<b>1.318.147</b>	<b>229.207</b>	<b>976.410</b>	<b>1.205.617</b>
	<b>SUB TOTAL</b>		<b>19.560.964</b>	<b>14.236.430</b>	<b>33.797.394</b>	<b>17.823.117</b>	<b>14.762.917</b>	<b>32.586.034</b>
<b>XII.</b>	<b>PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
12.1	Held For Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
<b>XIII.</b>	<b>SHAREHOLDER’S EQUITY</b>		<b>3.733.269</b>	-	<b>3.733.269</b>	<b>3.744.045</b>	-	<b>3.744.045</b>
13.1	Paid-in Capital	<b>23</b>	695.303	-	695.303	695.303	-	695.303
13.2	Capital Reserves	<b>23</b>	1.763	-	1.763	1.763	-	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	<b>23,2,3</b>	646.529	-	646.529	946.809	-	946.809
13.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	<b>2,3</b>	-	-	-	-	-	-
13.5	Profit Reserves	<b>24</b>	1.783.089	-	1.783.089	954.367	-	954.367
13.5.1	Legal Reserves		111.905	-	111.905	80.210	-	80.210
13.5.2	Statutory Reserves		-	-	-	-	-	-
13.5.3	Extraordinary Reserves		1.671.184	-	1.671.184	874.157	-	874.157
13.5.4	Other Profit Reserves		-	-	-	-	-	-
13.6	Profit or Loss		280.223	-	280.223	834.590	-	834.590
13.6.1	Prior Periods Profit/Loss	<b>25</b>	5.868	-	5.868	7.824	-	7.824
13.6.2	Current Period Profit/Loss		274.355	-	274.355	826.766	-	826.766
	Non-Controlling Interests	<b>22</b>	326.362	-	326.362	311.213	-	311.213
	<b>TOTAL LIABILITIES</b>		<b>23.294.233</b>	<b>14.236.430</b>	<b>37.530.663</b>	<b>21.567.162</b>	<b>14.762.917</b>	<b>36.330.079</b>

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 2023

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

	OFF-BALANCE SHEET ITEMS	Notes	Revised Current Period 31 March 2023			Audited Prior Period 31 December 2022		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>IRREVOCABLE FACTORING TRANSACTIONS</b>		223.124	1.318.222	1.541.346	622.420	1.411.446	2.033.866
<b>II.</b>	<b>REVOCABLE FACTORING TRANSACTIONS</b>		782.252	360.316	1.142.568	784.054	213.148	997.202
<b>III.</b>	<b>SAVING FINANCE AGREEMENTS TRANSACTIONS</b>		-	-	-	-	-	-
<b>IV.</b>	<b>COLLATERALS RECEIVED</b>	38	100.928.104	210.083.873	311.011.977	90.909.662	203.106.186	294.015.848
<b>V.</b>	<b>COLLATERALS GIVEN</b>	26	4.887.452	-	4.887.452	3.609.938	-	3.609.938
<b>VI.</b>	<b>COMMITMENTS</b>		1.772.298	1.737.731	3.510.029	522.286	2.448.896	2.971.182
6.1	Irrevocable Commitments		-	413.791	413.791	-	451.059	451.059
6.2	Revocable Commitments		1.772.298	1.323.940	3.096.238	522.286	1.997.837	2.520.123
6.2.1	Lease Commitments		1.772.298	1.323.940	3.096.238	522.286	1.997.837	2.520.123
6.2.1.1	Finance Lease Commitments		1.772.298	1.323.940	3.096.238	522.286	1.997.837	2.520.123
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	26	1.348.630	3.898.720	5.247.350	1.396.339	1.397.234	2.793.573
7.1	Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
7.1.1	Fair Value Hedges		-	-	-	-	-	-
7.1.2	Cash Flow Hedges		-	-	-	-	-	-
7.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
7.2	Derivative Financial Instruments Held For Trading		1.348.630	3.898.720	5.247.350	1.396.339	1.397.234	2.793.573
7.2.1	Forward Foreign Currency Purchases/Sales		-	95.917	95.917	-	-	-
7.2.2	Swap Purchases/Sales		1.348.630	3.802.803	5.151.433	1.396.339	1.397.234	2.793.573
7.2.3	Put/call options		-	-	-	-	-	-
7.2.4	Futures purchases/sales		-	-	-	-	-	-
7.2.5	Others		-	-	-	-	-	-
<b>VIII.</b>	<b>ITEMS HELD IN CUSTODY</b>		2.870.533	343.464	3.213.997	2.940.026	338.037	3.278.063
	<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>112.812.393</b>	<b>217.742.326</b>	<b>330.554.719</b>	<b>100.784.725</b>	<b>208.914.947</b>	<b>309.699.672</b>

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 2023

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

		Dipnot	Revised Current Period 01.01-31.03.2023	Revised Prior Period 01.01-31.03.2022
	<b>PROFIT OR LOSS STATEMENT</b>			
<b>I.</b>	<b>OPERATING INCOME</b>	<b>29</b>	<b>1.497.818</b>	<b>606.273</b>
	<b>FAKTORING INCOME</b>		<b>918.172</b>	<b>290.559</b>
1.1	Factoring Interest Income		838.056	275.756
1.1.1	Discounted		393.064	123.328
1.1.2	Other		444.992	152.428
1.2	Factoring Commission Income		80.116	14.803
1.2.1	Discounted		45.403	5.848
1.2.2	Other		34.713	8.955
	<b>INCOME FROM FINANCING LOANS</b>		-	-
1.3	Interest income from Financing Loans		-	-
1.4	Fees and Commission Income from Financing Loans		-	-
	<b>LEASE INCOME</b>		<b>579.646</b>	<b>315.714</b>
1.5	Finance Lease Income		578.757	315.143
1.6	Operational Lease Income		889	571
1.7	Fees and Commission Income from Lease Operations		-	-
	<b>SAVING FINANCE INCOME</b>		-	-
1.8	Dividends Received from Savings Financing Receivables		-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-
<b>II.</b>	<b>FINANCING EXPENSES (-)</b>	<b>32</b>	<b>(983.551)</b>	<b>(382.177)</b>
2.1	Interest Expense on Funds Borrowed		(708.128)	(276.223)
2.2	Interest Expense on Factoring Payables		-	-
2.3	Interest Expense of Finance Leasing Expenses		(412)	(239)
2.4	Interest Expense on Securities Issued		(189.309)	(89.512)
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Paid		(85.702)	(16.203)
<b>III.</b>	<b>GROSS PROFIT / LOSS (I+II)</b>		<b>514.267</b>	<b>224.096</b>
<b>IV.</b>	<b>OPERATING EXPENSES (-)</b>	<b>30</b>	<b>(101.176)</b>	<b>(43.336)</b>
4.1	Personal Expenses		(64.659)	(28.273)
4.2	Employee Severance Indemnity Expense		(6.940)	(3.069)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(29.577)	(11.994)
4.5	Other		-	-
<b>V.</b>	<b>GROSS OPERATING PROFIT / LOSS (III+IV)</b>		<b>413.091</b>	<b>180.760</b>
<b>VI.</b>	<b>OTHER OPERATING INCOME</b>	<b>31</b>	<b>334.912</b>	<b>232.710</b>
6.1	Interest Income on Bank Deposits		2.630	899
6.2	Interest Income on Marketable Securities Portfolio		-	-
6.3	Dividend Income		36.730	9.733
6.4	Gains on Securities Trading		34	39
6.5	Income From Derivative Financial Instruments		110.778	86.081
6.6	Foreign Exchange Gains		70.666	98.881
6.7	Other		114.074	37.077
<b>VII.</b>	<b>PROVISION EXPENSES (-)</b>	<b>33</b>	<b>(151.107)</b>	<b>(108.489)</b>
7.1	Specific Provisions		-	-
7.2	Expected Credit Losses		(151.107)	(108.489)
7.3	General Provisions		-	-
7.4	Other		-	-
<b>VIII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>34</b>	<b>(167.063)</b>	<b>(113.017)</b>
8.1	Impairment Losses on Securities Portfolio		-	-
8.2	Impairment Losses on Tangible and Intangible Assets		-	-
8.3	Losses on Securities Trading		-	-
8.4	Losses From Derivative Financial Instruments		(143.656)	(110.310)
8.5	Foreign Exchange Losses		-	-
8.6	Other		(23.407)	(2.707)
<b>IX.</b>	<b>NET OPERATING PROFIT (V+...+VIII)</b>		<b>429.833</b>	<b>191.964</b>
<b>X.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XI.</b>	<b>PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD</b>		<b>-</b>	<b>-</b>
<b>XII.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)</b>		<b>429.833</b>	<b>191.964</b>
<b>XIV.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>35</b>	<b>(103.654)</b>	<b>(56.054)</b>
14.1	Current Tax Provision		(118.141)	(66.966)
14.2	Deferred Tax Income Effect (+)		-	-
14.3	Deferred Tax Expense Effect (-)		14.487	10.912
<b>XV.</b>	<b>NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)</b>		<b>326.179</b>	<b>135.910</b>
<b>XVI.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
16.1	Income on Assets Held for Sale		-	-
16.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
16.3	Other Income on Discontinued Operations		-	-
<b>XVII.</b>	<b>EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
17.1	Expense on Assets Held for Sale		-	-
17.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
17.3	Other Expense on Discontinued Operations		-	-
<b>XVIII.</b>	<b>PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)</b>		<b>-</b>	<b>-</b>
<b>XIX.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Expense Effect (+)		-	-
19.3	Deferred Tax Income Effect (-)		-	-
<b>XX.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)</b>		<b>-</b>	<b>-</b>
	<b>NON-CONTROLLING INTEREST</b>		<b>(51.824)</b>	<b>(12.007)</b>
<b>XXI.</b>	<b>NET PROFIT FOR THE PERIOD (XV+XX)</b>		<b>274.355</b>	<b>123.903</b>
	<b>EARNINGS PER SHARE (**)</b>	<b>36</b>	<b>0,0039</b>	<b>0,0018</b>
	Earnings Per Share from Continued Operations		0,0039	0,0018
	Earnings Per Share from Discontinued Operations		-	-
	<b>DILUTED EARNINGS PER SHARE</b>	<b>36</b>	<b>0,0039</b>	<b>0,0018</b>
	Earnings Per Share from Continued Operations		0,0039	0,0018
	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 2023**

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

<b>PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT</b>		<b>Revised Current Period</b>	<b>Revised Prior Period</b>
		<b>01.01-31.03.2023</b>	<b>01.01-31.03.2022</b>
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>326.179</b>	<b>135.910</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(336.955)</b>	<b>(65.370)</b>
<b>2.1</b>	<b>Items that will not be Reclassified to Profit or Loss</b>	-	-
2.1.1	Tangible Assets Revaluation Increases/Decreases	-	-
2.1.2	Intangible Assets Revaluation Increases/Decreases	-	-
2.1.3	Employee Benefits Re-Measuring Loss/Income	-	-
2.1.4	Other Comprehensive Income that will not be Reclassified to Profit or Loss (Note 2.3)	-	-
2.1.5	Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
<b>2.2</b>	<b>Items that may be Reclassified subsequently to Profit or Loss</b>	<b>(336.955)</b>	<b>(65.370)</b>
2.2.1	Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2	Value Increases or Decreases on Assets Held for Sales (Note 2.3)	(336.955)	(65.370)
2.2.3	Cash Flow Hedge Income/Losses	-	-
2.2.4	Net Investment Hedge Income/Losses	-	-
2.2.5	Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6	Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
<b>III.</b>	<b>Current Tax Income/Expense</b>	<b>(10.776)</b>	<b>70.540</b>

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 2023

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

		Revised Current Period	Revised Prior Period
	Notes	01.01-31.03.2023	01.01-31.03.2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>471.062</b>	<b>313.639</b>
1.1.1 Interests Received/Lease Income		1.351.623	564.305
1.1.2 Interest Paid / Lease Expenses		(815.000)	(364.115)
1.1.3 Dividends Received		36.730	9.733
1.1.4 Fees and Commissions Received		80.116	14.803
1.1.5 Other Income	31	38.089	15.646
1.1.6 Collections from Non-performing Receivables		75.985	21.431
1.1.7 Payments to Personnel and Service Suppliers	21	(55.786)	(23.563)
1.1.8 Taxes Paid		(116.940)	(84.352)
1.1.9 Others		(123.755)	159.751
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(329.908)</b>	<b>(1.592.745)</b>
1.2.1 Net (Increase) Decrease in Factoring Receivables		(1.023.455)	(752.223)
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		172.362	(506.545)
1.2.4 Net (Increase) Decrease in Savings Financing Receivables		-	-
1.2.5 Net (Increase) Decrease in Other Assets		(136.363)	(299.516)
1.2.6 Net Increase (Decrease) in Factoring Payables		-	-
1.2.7 Net (Increase) Decrease in Savings Financing Payables		-	-
1.2.8 Net Increase (Decrease) in Lease Payables		3.166	1.588
1.2.9 Net Increase (Decrease) in Funds Borrowed		444.207	(92.492)
1.2.10 Net Increase (Decrease) in Due Payables		-	-
1.2.11 Net Increase (Decrease) in Other Liabilities		210.175	56.443
<b>I. Net Cash Provided from / (Used in) Operating Activities</b>		<b>141.154</b>	<b>(1.279.106)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3 Purchases of Tangible and Intangible Assets	11,12	-	-
2.4 Proceeds From Sale of Tangible and Intangible Assets	11,12	(17.313)	(18.053)
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		1.108	237
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		4	(3)
<b>II. Net cash used in investing activities</b>		<b>(16.201)</b>	<b>(17.819)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		3.772.145	3.468.708
3.4 Dividends paid		(3.927.748)	(2.311.224)
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>III. Net Cash Used in Financing Activities</b>		<b>(155.603)</b>	<b>1.157.484</b>
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>50</b>	<b>(192)</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>(30.600)</b>	<b>(139.633)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	4	<b>362.710</b>	<b>471.500</b>
<b>VII. Operating Profit Before Changes In Operating Assets And Liabilities</b>	4	<b>332.110</b>	<b>331.867</b>

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 2023

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

### 1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

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

As at 31 March 2023, the Company and its subsidiary (“the Group”) have 266 employees (31 December 2022: 262 employees).

#### Dividend Payable

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

#### Approval of the Financial Statements

The consolidated financial statements and consolidated profit and loss table of the Group as at 31 March 2023 have been approved by the Board of Directors of the Group and authorized for issue as at 02.05.2023. The General Assembly and / or legal authorities have power to amend the consolidated financial statements after its issue.

### 2. BASIS OF THE FINANCIAL STATEMENTS

#### 2.1 Basis of the Presentation

##### Accounting Standards Applied

The Group prepared accompanying consolidated financial statements accordingly to the “Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies” and “Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Financing Companies” the published in the Official Gazette dated 29 June 2021 and numbered 31526 published by “Banking Regulation and Supervision Agency” (BRSA) and Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and their additions and comments issued by Public Oversight Accounting and Auditing Standards’ Authority (“POA”) and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Agency (all together refer to as “BRSA Accounting and Reporting Legislation”) in respect of accounting and financial reporting.

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

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

##### 2.1 Basis of the Presentation (Continued)

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

The COVID-19 pandemic, which spread globally in the first half of 2020 in China, had effects on both economic and social lives. Since the beginning of 2022, it has started to disappear from our lives by reducing the measures in many countries, following a decreasing course. 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. The Russia - Ukraine crisis which broke out in March 2022, started to push the world towards a new economic and regional crisis. The continuation of the war brings with it new economic contractions, food shortages and concerns that the inflationary environment will gradually increase. Considering the geographies in which the Group operates, the crisis is not expected to have a direct impact on group operations.

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 2023 and 31 December 2022 are as follows:

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

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

##### 2.1 Basis of the Presentation (Continued)

###### (i) Subsidiaries

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

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

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

###### (ii) Transactions eliminated on consolidation

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

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

###### (iii) Non-controlling interests

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

###### Offsetting

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

##### 2.2 Changes in Accounting Policies

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

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

### 2.3 Changes in Accounting Estimates and Errors

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

### 2.4 Changes in Standards and Interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at March 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2023. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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

##### **Amendments to 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.

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

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

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

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

##### **Amendments to TAS 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.

##### **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.

#### **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.

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

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

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

###### **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**

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. In accordance with amendments issued by POA in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17. The Group is in the process of assessing the impact of the standard on financial position or performance of the the Group.

The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA:

- Insurance, reinsurance and pension companies.
- Banks that have ownership/investments in insurance, reinsurance and pension companies and
- Other entities that have ownership/investments in insurance, reinsurance and pension companies.

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

### **CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 MARCH 2023**

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

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

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

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

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

#### **Amendments to TAS 1 - Disclosure of Accounting Policies**

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

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

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

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

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

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

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

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

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### a. Revenue

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

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

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

##### b. Tangible Assets

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

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

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

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

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

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

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### c. Intangible Assets

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

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

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

##### d. Impairment of Non-Financial Assets

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

##### e. Borrowing Costs

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

##### f. Financial Assets Held For Sale

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### g. Financial Instruments

###### Financial Assets

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

###### Financial Assets at Fair Value Through Profit or Loss

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

###### Financial Assets Measured at Amortised Cost

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

###### Financial Assets at Fair Value Through Other Comprehensive Income

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

Gains and losses arising from changes in the fair value impairment loss recognized in the income statement, interest and monetary assets and interest and monetary assets calculated using the effective interest method are recognized in other comprehensive income and the financial assets are accumulated in the fund of revaluation. In the event that the investment is disposed of or is impaired, the total profit / loss accumulated in the revaluation fund of financial assets is classified in the income statement. Dividends on equity instruments recognized at fair value through other comprehensive income are recognized in income statement when the Company's right to receive payment is established.

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### g. Financial Instruments (Continued)

##### Financial Lease Receivables, Factoring Receivables and Expected Credit Loss

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

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

##### **Stage 1:**

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

##### **Stage 2:**

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

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

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

##### **Stage 3**

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

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

Specific provision is provided for factoring receivables in Stage 3.

##### Cash and cash equivalents

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### g. Financial Instruments (Continued)

###### Financial liabilities

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

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

###### Financial liabilities at fair value through profit or loss

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

###### Other financial liabilities

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

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

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

###### Derivative financial instruments and hedge accounting

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### h. Business Combinations

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

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

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

##### i. Effects of Changes in Exchange Rates

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

The foreign currency exchange rates used by the Group as at 31 March 2023 and 31 December 2022 are as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
USD	19,1460	18,6983
EUR	20,8021	19,9349
GBP	23,5943	22,4892
CHF	20,8521	20,2019
100 JPY	14,4100	14,1301
AUD	12,8046	12,6670

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### j. Earnings Per Share

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

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

##### k. Events After the Reporting Period

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

##### l. Provisions, Contingent Liabilities and Contingent Assets:

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

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

##### m. Segment Reporting

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### n. Taxes on Income

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

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

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

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

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

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

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.

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### o. Employee Benefits / Reserve for Employee Termination Benefits

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

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Discount rate	2,21%	2,21%
Expected rate of salary/limit increase	19,80%	19,80%
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).

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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#### 4. CASH AND CASH EQUIVALENTS

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

	<b>31 March 2023</b>		<b>31 December 2022</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Demand Deposits	231.611	76.106	173.634	45.200
Time Deposits	-	24.393	4.600	139.276
Interest accrual	-	2	2	3
	<b>231.611</b>	<b>100.501</b>	<b>178.236</b>	<b>184.479</b>

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

<b><u>Currency</u></b>	<b><u>Interest Rate (%)</u></b>	<b><u>Maturity</u></b>	<b><u>31 March 2023</u></b>
Avro	0,20%	17.04.2023	24.395
			<b>24.395</b>

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

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

As at 31 March 2023, TL 81.203 portion of total foreign currency deposits (31 December 2022: TL 179.820) and TL 19.374 portion of total TL deposits (31 December 2022: TL 24.026) consist of accounts at the Group’s main shareholder, Türkiye İş Bankası A.Ş.

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

	<b><u>31 March 2023</u></b>	<b><u>31 December 2022</u></b>
Demand deposits	307.717	218.834
Time deposits (1-3 months) (excluding accrual)	24.393	143.876
<b>Cash and cash equivalents</b>	<b>332.110</b>	<b>362.710</b>

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

	<b>31 March 2023</b>	
	<b>TL</b>	<b>FC</b>
Debt securities issued by private sector(*)	400	-
Specific provisions/ Expected Credit Loss(-)	(400)	-
Mutual funds	6.425	-
	<b>6.425</b>	-

  

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

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

The Group has investments in Türkiye İş Bankası A.Ş. mutual funds amounting to TL 6.425 (31 December 2022: None).

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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#### 6. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

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

##### Derivative Financial Assets

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Swap Transactions	-	15.931	-	4.207
Futures Transactions		481	-	-
	-	<b>16.412</b>	-	<b>4.207</b>

##### Derivative Financial Liabilities

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Swap Transactions	-	116.458	-	67.840
Futures Transactions		1		-
	-	<b>116.459</b>	-	<b>67.840</b>

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

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

Name of the investment	Core business	Incorporation and location	Voting right (%)	Ownership Rate (%)		Carrying Amount	
				31 March 2023	31 December 2022	31 March 2023	31 December 2022
<b>Quoted Investments:</b>							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	743.793	1.080.752
<b>Unquoted investments:</b>							
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
<b>TOTAL</b>						<b>751.251</b>	<b>1.088.210</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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#### 8. FACTORING RECEIVABLES

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

	31 March 2023	31 December 2022
Factoring receivables	16.946.269	15.890.481
Factoring interest income accrual (-)	(212.350)	(258.757)
<b>Total factoring receivables</b>	<b>16.733.919</b>	<b>15.631.724</b>
Stage 1 (Expected Credit Loss)	(129.646)	(126.491)
Stage 2 (Expected Credit Loss)	(36.077)	(45.871)
<b>Total factoring receivables</b>	<b>16.568.196</b>	<b>15.459.362</b>
Non-performing factoring receivables	269.153	276.933
Specific provisions- Stage 3	(204.285)	(205.337)
<b>Factoring receivables, net</b>	<b>16.633.064</b>	<b>15.530.958</b>

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

Ratings 31 March 2023	Stage 1	Stage 2	Stage 3	Total
Total portfolio	16.533.389	200.530		17.003.072
Very good	6.625.545	-	-	6.625.545
Standard	9.907.844	-	-	9.907.844
Substandard	-	200.530	269.153	469.683
Expected credit losses	<b>(129.646)</b>	<b>(36.077)</b>	<b>(204.285)</b>	<b>(370.008)</b>
<b>Factoring receivables, net</b>	<b>16.403.743</b>	<b>164.453</b>	<b>64.868</b>	<b>16.633.063</b>

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 8. FACTORING RECEIVABLES (Continued)

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

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
Provision at the beginning of the period	(377.699)	(242.833)
Additions	(49.059)	(42.240)
Collections	47.710	7.638
Exchange difference income/expense	(1.143)	(1.239)
Write-off (*)	10.182	-
Provision at the end of the period	<b>(370.009)</b>	<b>(278.674)</b>

(\*) As at 31 March 2023, The Group's non-performing factoring receivables amounting to TL 10.182 was written-of from the assets regarding the protocol signed and the provision amounting to TL 10.182 allocated for the mentioned receivables. As at 31 December 2022, The Group's non-performing factoring receivables amounting to TL 32 was written-of from the assets regarding the protocol signed and the provision amounting to TL 32 allocated for the mentioned receivables.

As at 31 March 2023, the average interest rates applicable for the factoring receivables are 23,43% for TL, for 11,64% USD, 6,89% for EUR and 8,48% for GBP (31 December 2022: 24,42% for TL, 11,60% for USD, 6,11% for EUR and 7,98% for GBP).

As of 31 March 2023 TL 2.124.019 thousand, EUR 670.956 thousand, USD 217.051 thousand, GBP 57.544 thousand and AUD 1 thousand factoring receivables have variable interest rates, (31 December 2022: TL 11.754.589 thousand, EUR 370.156 thousand, USD 748.625 thousand, GBP 222 thousand and AUD 6 thousand), TL 12.485.805 thousand, EUR 303.221 thousand, USD 774.384 thousand and GBP 83 thousand faktoring receivable have stabil interest rates (31 December 2022: TL 1.594.178 thousand, EUR 715.448 thousand, USD 292.484 thousand and GBP 55.250 thousand).

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

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

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

**8. FACTORING RECEIVABLES (Continued)**

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
Domestic irrevocable	7.279.498	7.496.464
Foreign irrevocable	748.469	856.510
Domestic revocable	7.946.592	6.458.436
Foreign revocable	658.505	719.548
	<b>16.633.064</b>	<b>15.530.958</b>

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
Up to 90 days	-	1.278
Between 90 – 180 days	1.211	79.842
Between 180 – 360 days	83.514	1.089
Over 360 days	184.428	194.724
	<b>269.153</b>	<b>276.933</b>

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

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

	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>Number of Amendments Related to the Extension of the Payment</b>		<b>120.357</b>
Extended for 1 or 2 Times	-	105.895
Extended for 3,4 or 5 Times	-	14.462
Extended for More than 5 Times	-	-

	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>The Time Extended via the Amendment on payment Plan</b>		<b>120.357</b>
0-6 Months	-	14.589
6 Months – 12 Months	-	105.768
1 – 2 Years	-	-
2 –5 Years	-	-
5 Years and More	-	-

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 8. FACTORING RECEIVABLES (Continued)

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

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

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

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

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

**9. LEASE RECEIVABLES**

**A. Financial Lease Receivables**

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

	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
Financial Lease Receivables	7.048.053	13.731.598	20.779.651
Unearned interest income (-)	(1.391.191)	(1.728.539)	(3.119.730)
<b>Subtotal</b>	<b>5.656.862</b>	<b>12.003.059</b>	<b>17.659.921</b>
Expected Credit Loss– Stage 1	(8.498)	(88.013)	(96.511)
Expected Credit Loss – Stage 2	(106.585)	(187.918)	(294.503)
<b>Total Financial Lease Receivables</b>	<b>5.541.779</b>	<b>11.727.128</b>	<b>17.268.907</b>
Non- Performing Lease Receivables	567.840	95.787	663.627
Specific provision– Stage 3	(411.885)	(69.479)	(481.364)
<b>Net finance lease receivables</b>	<b>5.697.734</b>	<b>11.753.436</b>	<b>17.451.170</b>

	<b>Carried value</b>			<b>Expected credit loss and specific provision</b>		
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
Financial Assets	332.112	-	-	(25)	-	-
Financial Lease	16.888.798	771.123	663.627	(96.511)	(294.503)	(481.364)

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 9. LEASE RECEIVABLES (Continued)

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

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

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

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

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

Ratings	Stage 1	Stage 2	Stage 3	Total
<b>Internal ratings</b>				
A+ (Excellent)	42.396	-	-	42.396
A (Very good))	247.013	-	58.051	305.064
A- (Good)	509.916	1.462	1.539	512.917
B+ (Enough)	3.468.051	186.803	63.555	3.718.409
B (Reasonable)	3.318.396	358.697	192.216	3.869.309
B- (Close Monitoring)	4.051.037	39.505	234.007	4.324.549
C+ (Insufficient)	1.906.337	139.915	43.481	2.089.733
C (Suspicious)	1.804.525	13.404	46.422	1.864.351
<b>Scoring</b>				
Y (High)	659.431	4.693	2.558	666.682
O (medium)	783.379	9.288	15.190	807.857
D (Low)	98.317	17.356	6.608	122.281
Expected Loss Provisions	(96.511)	(294.503)	(481.364)	(872.378)
<b>Leasing receivables</b>	<b>16.792.287</b>	<b>476.620</b>	<b>182.263</b>	<b>17.451.170</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 9. LEASE RECEIVABLES (Continued)

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

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

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

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

	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>Number of Amendments Related to the Extension of the Payment Plan</b>		<b>666.884</b>
Extended for 1 or 2 Times	-	666.884
Extended for 3,4 or 5 Times	-	-
Extended for More than 5	-	-
	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>The Time Extended via the Amendment on payment Plan</b>		<b>666.884</b>
0-6 Months	-	-
6 Months – 12 Months	-	666.884
1 – 2 Years	-	-
2 –5 Years	-	-
5 Years and More	-	-

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 9. LEASE RECEIVABLES (Continued)

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

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

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

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

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

	2023	2024	2025	2026	2027	2028 and after	Total
Finance lease receivables (gross)	6.743.515	6.697.401	4.062.607	1.884.648	816.696	366.033	20.570.900
Unearned interest	(1.391.191)	(1.048.983)	(448.617)	(144.644)	(43.663)	(42.632)	(3.119.730)
<b>Finance lease receivables (net)</b>	<b>5.352.324</b>	<b>5.648.418</b>	<b>3.613.990</b>	<b>1.740.004</b>	<b>773.033</b>	<b>323.401</b>	<b>17.451.170</b>

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

	2023	2024	2025	2026	2027	2028 and after	Total
Finance lease receivables (gross)	8.414.468	5.739.663	3.440.575	1.564.598	656.729	350.844	20.166.877
Unearned interest	(1.625.360)	(838.650)	(361.663)	(116.182)	(36.791)	(41.266)	(3.019.912)
<b>Finance lease receivables (net)</b>	<b>6.789.108</b>	<b>4.901.013</b>	<b>3.078.912</b>	<b>1.448.416</b>	<b>619.938</b>	<b>309.578</b>	<b>17.146.965</b>

As at 31 March 2023, the average compound interest rates applicable for the finance lease receivables are 31,72% for TL, 6,90% for USD, 5,04% for EUR (31 December 2022: 29,71% for TL, 6,80% for USD, 4,95% for EUR).

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 9. LEASE RECEIVABLES (Continued)

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

As at 31 March 2023, details of finance lease receivables in terms of currency types are as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principal (Net) (TL)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest (TL)</u>
USD	96.996.134	1.857.089	12.237.416	234.298
EUR	519.539.764	10.807.518	48.912.005	1.017.472
TL	-	4.786.563	-	1.867.960
<b>Total</b>		<b>17.451.170</b>		<b>3.119.730</b>

As at 31 December 2022, details of finance lease receivables in terms of currency types are as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principal (Net) (TL)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest (TL)</u>
USD	103.882.510	1.942.426	13.131.981	245.546
EUR	532.234.355	10.610.039	49.970.445	996.156
TL	-	4.594.500	-	1.778.210
<b>Total</b>		<b>17.146.965</b>		<b>3.019.912</b>

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 2023</u>	<u>31 December 2022</u>
Mortgages	488.652	484.449
Pledged equity	131.988	136.348
Sureties of credit guarantee fund	131.166	144.734
Pledged shares	28.976	25.997
Letters of guarantee	18.930	18.039
Pledged movable	1.563	1.540
Cash blockages	375	375
	<b>801.650</b>	<b>811.482</b>

In addition to collaterals above, the Group also has sureties amounting to TL 16.098.848 pledged vehicles amounting to TL 207.183, pledged accounts receivable to TL 376.490 (31 December 2022: sureties amounting to TL 15.685.892, pledged vehicles amounting to TL 189.398, pledged accounts receivable to TL 403.054).

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 9. LEASE RECEIVABLES (Continued)

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

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Up to 30 days	98.270	176.290
Between 30 – 60 days	1.215	1.426
Between 60 – 90 days	357	495
	<u><b>99.842</b></u>	<u><b>178.211</b></u>

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

<u>Collateral type</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Mortgages	96.561	84.894
Pledged equity	18.061	19.018
Letters of guarantee	3.453	4.830
Pledged movable	1.563	1.540
	<u><b>119.638</b></u>	<u><b>110.282</b></u>

In addition to above guarantees, the Group also has sureties amounting to TL 939.339, pledged vehicles amounting to TL 5.070, (31 December 2022: sureties amounting to TL 1.043.761, pledged vehicles amounting to TL 2.315).

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

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Between 90 – 240 days	15.034	33.019
Between 240 – 360 days	2.976	2.735
Over 360 days	359.212	338.135
Uninvoiced non-performing finance lease receivables	391.069	410.049
Unearned interest of non-performing finance lease receivables	(104.664)	(100.713)
	<u><b>663.627</b></u>	<u><b>683.225</b></u>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 9. LEASE RECEIVABLES (Continued)

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

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

<b><u>Guarantee type:</u></b>	<b>31 March 2023</b>	<b>31 December 2022</b>
Mortgages	4.820	4.835
	<b>4.820</b>	<b>4.835</b>

In addition to the above collaterals, the Group also has sureties amounting to TL 481.363, pledged vehicles amounting to TL 16.565 and leased equipments amounting to TL 160.878 (31 December 2022: sureties amounting to TL 471.999, pledged vehicles amounting to TL 41.736 and leased equipments amounting to TL 164.655).

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

##### **Movement of expected credit losses:**

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
Provision at the beginning of the period	(798.605)	(562.289)
Provision set during the period	(102.048)	(66.249)
Collections	28.275	13.793
<b>Provision at the end of the period</b>	<b>(872.378)</b>	<b>(614.745)</b>

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

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
2023 Year	2.511	3.221
2024 Year	1.716	1.534
2025 Year	703	548
2026 Year	112	-
	<b>5.042</b>	<b>5.303</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 10. RELATED PARTIES

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
<u>Finance lease receivables from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	17.037	18.455
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	120	372
<b>Total</b>	<b>17.157</b>	<b>18.827</b>
<u>Factoring receivables from related parties</u>		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	40.069	40.075
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	5.295	9.216
Nevotek Bilişim Ses Ve İletişim Sist.San. Ve Tic. A.Ş.	5.028	2.090
<b>Total</b>	<b>50.392</b>	<b>51.381</b>
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Sigorta Primi)	88.004	77.004
Softtech Yazılım Teknolojileri	2.822	670
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	315	212
İş Merkezleri Yönetim ve İşletim A.Ş.	61	536
TSKB Sürdürülebilirlik Danışmanlığı A.Ş.	18	-
Türkiye İş Bankası A.Ş.	9	67
Anadolu Hayat Emeklilik A.Ş.	-	15
İş Faktoring Anonim Şirketi	-	8
KKB Kredi Kayıt Bürosu A.Ş.	-	4
Erişim Müşteri Hizmetleri A.Ş.	-	2
<b>Total</b>	<b>91.229</b>	<b>78.518</b>
<u>Deposits placed to related parties</u>		
Türkiye İş Bankası A.Ş. Vadesiz Mevduat	76.182	59.966
Türkiye İş Bankası A.Ş. Vadeli Mevduat	24.395	143.880
Türkiye Sınai Kalkınma Bankası A.Ş.Vadesiz Mevduat	272	506
İşbank AG Vadesiz Mevduat	69	18
<b>Toplam</b>	<b>100.918</b>	<b>204.370</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 10. RELATED PARTIES (Continued)

	31 March 2023	31 December 2022
<u>Derivative financial assets held for trading from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	4.790	-
Türkiye İş Bankası A.Ş.	481	-
<b>Total</b>	<b>5.271</b>	<b>-</b>
<u>Derivative financial liabilities held for trading from related parties</u>		
Türkiye İş Bankası A.Ş.	1	-
<b>Total</b>	<b>1</b>	<b>-</b>
<u>Finance lease liability to related parties</u>		
Türkiye İş Bankası A.Ş.	1.093	2.615
<b>Total</b>	<b>1.093</b>	<b>2.615</b>

As at 31 March 2023 and 31 December 2022, details of borrowings from related parties are as follows:

#### Borrowings from related parties

##### Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 March 2023</u>
TL	13,60%-21,29%	03.04.2023-15.12.2023	4.689.298
USD	5,64%	03.04.2023	897.477
EUR	3,35%-8,51%	03.04.2023-19.03.2026	4.884.397
GBP	5,50%-9,60%	03.04.2023-13.12.2023	1.041.587
			<b>11.512.759</b>
<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2022</u>
TL	13,45%-24,12%	02.01.2023-15.12.2023	4.410.116
USD	5,50%-9,60%	02.01.2023-29.05.2023	1.503.030
EUR	3,25%-5,64%	02.01.2023-05.01.2024	5.256.186
			<b>11.169.332</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 10. RELATED PARTIES (Continued)

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

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 March 2023</u>
ABD Doları	6,41%-7,80%	04.08.2023-29.06.2026	395.909
EUR	2,97%-7,06%	24.04.2023-01.06.2026	1.069.223
			<b>1.465.132</b>

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

##### İş Bank AG

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 March 2023</u>
EUR	2,42%-2,77%	27.10.2023-26.08.2024	209.662
			<b>209.662</b>

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 10. RELATED PARTIES (Continued)

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

	<b>01.01- 31.03.2023</b>	<b>01.01- 31.03.2022</b>
<u>Finance lease interest income from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş.	1.320	747
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	13	56
<b>Total</b>	<b>1.333</b>	<b>803</b>
<u>Operating Lease Income from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	857	539
TSKB Gayrimenkul Değerleme A.Ş.	32	32
<b>Total</b>	<b>889</b>	<b>571</b>
<u>Interest income from related parties</u>		
Türkiye İş Bankası A.Ş.	63	23
<b>Total</b>	<b>63</b>	<b>23</b>
<u>Dividend income from related parties</u>		
İş Yatırım Menkul Değerler A.Ş.	36.730	9.730
Yatırım Finansman Menkul Değerler A.Ş.	-	3
<b>Total</b>	<b>36.730</b>	<b>9.733</b>
<u>Finance expense</u>		
Türkiye İş Bankası A.Ş.	269.023	101.094
Türkiye Sınai Kalkınma Bankası A.Ş.	22.669	9.257
İş Yatırım Menkul Değerler A.Ş.	5.045	2.929
İşbank AG	1.520	1.333
<b>Total</b>	<b>298.257</b>	<b>114.613</b>
<u>Rent expense</u>		
Türkiye İş Bankası A.Ş.	1.689	1.021
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	24	14
<b>Total</b>	<b>1.713</b>	<b>1.035</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 10. RELATED PARTIES (Continued)

	<u>01.01- 31.03.2023</u>	<u>01.01- 31.03.2022</u>
<u>Factoring commission income from related parties</u>		
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	48	-
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	25	29
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	14	13
<b>Total</b>	<b>87</b>	<b>42</b>
<u>Factoring interest income from related parties</u>		
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	2.066	-
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	545	93
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	152	97
<b>Total</b>	<b>2.763</b>	<b>190</b>
<u>Commission income</u>		
Anadolu Anonim Türk Sigorta Şirketi	6.013	3.353
<b>Total</b>	<b>6.013</b>	<b>3.353</b>
<u>Finance lease liability to related parties</u>		
Türkiye İş Bankası A.Ş.	1.093	129
<b>Total</b>	<b>1.093</b>	<b>129</b>
<u>Mutual funds income</u>		
Türkiye İş Bankası A.Ş.	133	107
<b>Total</b>	<b>133</b>	<b>107</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 10. RELATED PARTIES (Continued)

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
Anadolu Hayat Emeklilik A.Ş.	-	15.404
	<b>-</b>	<b>15.404</b>

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

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

	<b>01.01- 31.03.2023</b>	<b>01.01- 31.03.2022</b>
Salaries and other short-term benefits (**)	8.975	4.587
	<b>8.975</b>	<b>4.587</b>

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

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

### 11. TANGIBLE ASSETS

For the periods ended 31 March 2023 and 31 March 2022, 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
<b>Cost</b>								
Opening balance at 1 January 2023	41.616	5.979	4.872	183	1.456	9.023	8.750	71.879
Additions	7.026	230	304	-	-	5.102	-	12.662
Transfer	-	-	-	-	-	-	-	-
Disposals	(1.471)	-	-	(183)	-	(309)	-	(1.963)
<b>Closing balance at 31 March 2023</b>	<b>47.171</b>	<b>6.209</b>	<b>5.176</b>	<b>-</b>	<b>1.456</b>	<b>13.816</b>	<b>8.750</b>	<b>82.578</b>
<b>Accumulated depreciation</b>								
Opening balance at 1 January 2023	(11.798)	(4.648)	(1.717)	(147)	(1.456)	(4.836)	(730)	(25.332)
Depreciation for the period	(1.961)	(112)	(147)	(6)	-	(1.977)	(43)	(4.246)
Transfer	-	-	-	-	-	-	-	-
Disposals	393	-	-	153	-	309	-	855
<b>Closing balance at 31 March 2023</b>	<b>(13.366)</b>	<b>(4.760)</b>	<b>(1.864)</b>	<b>-</b>	<b>(1.456)</b>	<b>(6.504)</b>	<b>(773)</b>	<b>(28.723)</b>
<b>Carrying amounts at 31 March 2023</b>	<b>33.805</b>	<b>1.449</b>	<b>3.312</b>	<b>-</b>	<b>-</b>	<b>7.312</b>	<b>7.977</b>	<b>53.855</b>
<b>Carrying amounts at 01 January 2023</b>	<b>29.818</b>	<b>1.331</b>	<b>3.155</b>	<b>36</b>	<b>-</b>	<b>4.187</b>	<b>8.020</b>	<b>46.547</b>
<b>Cost</b>								
Opening balance at 1 January 2022	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)
<b>Closing balance at 31 March 2022</b>	<b>29.149</b>	<b>5.422</b>	<b>3.929</b>	<b>183</b>	<b>1.456</b>	<b>14.260</b>	<b>8.750</b>	<b>63.149</b>
<b>Accumulated depreciation</b>								
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
<b>Closing balance at 31 March 2022</b>	<b>(7.216)</b>	<b>(4.369)</b>	<b>(1.312)</b>	<b>(116)</b>	<b>(1.456)</b>	<b>(10.102)</b>	<b>(598)</b>	<b>(25.169)</b>
<b>Carrying amounts at 31 March 2022</b>	<b>21.933</b>	<b>1.053</b>	<b>2.617</b>	<b>67</b>	<b>-</b>	<b>4.158</b>	<b>8.152</b>	<b>37.980</b>
<b>Carrying amounts at 01 January 2022</b>	<b>8.596</b>	<b>1.142</b>	<b>2.598</b>	<b>130</b>	<b>-</b>	<b>2.616</b>	<b>8.195</b>	<b>23.277</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 12. INTANGIBLE ASSETS

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
<u>Cost</u>		
Opening balance at 1 January	25.718	16.747
Additions	4.651	842
Disposals	-	-
Closing balance at the end of the period	<u>30.369</u>	<u>17.589</u>
<u>Amortization</u>		
Opening balance at 1 January	(12.676)	(9.881)
Amortization for the period	(973)	(588)
Transfer	-	(12)
Disposals	-	-
Closing balance at the end of the period	<u>(13.649)</u>	<u>(10.469)</u>
<b>Carrying amounts(*)</b>	<u>16.720</u>	<u>7.120</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 2023, net amount of goodwill is TL 166 (31 December 2022: TL 166). Based on TFRS 3, for the annual periods beginning on 1 January 2005, after the reporting period ended on 30 June 2004 the Group has ceased amortization of goodwill arising from the acquisitions before 31 December 2004.

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 13. DEFERRED TAX ASSETS AND LIABILITIES

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

<b><u>Temporary time differences subject to deferred tax</u></b>	<b><u>31 March 2023</u></b>	<b><u>31 December 2022</u></b>
Expected Credit Losses for Doubtful Receivables	625.858	568.960
Unearned factoring income	212.350	258.757
Financial assets valuation difference	100.047	63.632
Reserve for employee benefits	23.401	16.796
Provision for lawsuit	18.170	15.154
Expense accruals	14.069	12.486
Employee bonus accrual	8.735	5.753
Unused vacation provision	8.502	5.103
Financial assets valuation differences	7.866	-
IFRS-16 Adjustment	6.942	3.392
Actuarial Difference for severance pay	2.238	2.238
Expected credit losses of financial assets	1.029	768
Measurement difference of monetary items in the foreign currency according to TAS	(156)	-
Received Credits BSMV & KKDF Reeskont Effect	-	6.723
Tax base differences in tangible and intangible assets	(17.276)	(15.198)
Finance lease adjustment	(38.442)	(67.560)
Prepaid expenses	(40.024)	(13.811)
Finance lease income accruals	(213.842)	(201.675)
	<b><u>719.467</u></b>	<b><u>661.518</u></b>
	<b><u>31 March 2023</u></b>	<b><u>31 December 2022</u></b>
<b><u>Deferred tax assets (liabilities)</u></b>		
Expected Credit Loss for Doubtful Receivables	156.465	142.240
Unearned factoring income	53.088	64.689
Valuation differences on financial instruments	25.012	15.908
Reserve for employee benefits	5.850	4.199
Provision for lawsuit	4.543	3.789
Prepaid expenses	3.517	3.121
Employee bonus accrual	2.184	1.438
Unused vacation provision	2.125	1.276
Valuation differences on financial instruments	1.967	-
IFRS-16 Adjustment	1.735	848
Actuarial Difference for severance pay	559	560
Provision for expected loss	257	192
Received Credits BSMV & KKDF Reeskont Effect	-	1.681
Measurement difference of monetary items in the foreign currency according to TAS	(39)	-
Tax base differences in tangible and intangible assets	(4.319)	(3.799)
Finance lease adjustment	(9.611)	(16.890)
Expense accruals	(10.006)	(3.453)
Finance lease income accruals	(53.460)	(50.419)
<b>Deferred tax asset</b>	<b><u>179.867</u></b>	<b><u>165.380</u></b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

With the Provisional Article 13 added to the Corporate Tax Law No. 5520 with Article 11 of the Law No. 7316 on the Amendment of the Law on the Collection Procedure of Public Receivables and Certain Laws, which entered into force after being published in the Official Gazette dated April 22, 2021 and numbered 31462, the Corporate Tax rate will be applied as 25% for the corporate earnings for the taxation period of 2021 and 23% for the corporate earnings for the taxation period of 2022. (Article 25 of Law No. 7394 dated 15.04.2020 and Law No. 5520 "Corporate tax and provisional tax rate" With the amendment made to the first paragraph of Article 32, it is stipulated that the corporate tax rate shall be applied as 25% on the corporate income of banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In addition, Article 26 of the same Law stipulates that the said 25% rate can also be applied in the calendar year 2022, starting from the declarations to be submitted as of 1.7.2022 and valid for the corporate earnings of the taxation period starting from 1.1.2022. Accordingly, the corporate tax rate will be applied as 25% for the above-mentioned institutions as of the second provisional tax period of 2022.). Corporate tax rate will continue to be applied as 25% for year of 2023.

Movements in deferred tax assets are as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Opening balance at 1 January	165.380	89.070
Deferred tax income / (expense) (Net)	14.487	75.640
Classified in Equity	-	670
<b>Closing balance</b>	<b>179.867</b>	<b>165.380</b>

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

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

	<b>31 March 2023</b>		<b>31 December 2022</b>	
	TL	FC	TL	FC
Assets held for sale (*)	760	-	760	-
	<b>760</b>	<b>-</b>	<b>760</b>	<b>-</b>

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 15. OTHER ASSETS

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

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Leasing Contracts in Progress	319.638	379.832	162.620	778.498
Advances Given for Lease Transactions	106.811	1.080.795	10.379	870.424
Amounts to be invoiced	73.457	124	19.138	34
Commissions expense on debt securities issued and funds borrowed	26.107	-	27.570	-
Other Finance Lease Receivables	21.971	12.660	30.095	15.834
Refundable VAT	13.773	-	16.170	-
Advanced given	226	-	108	-
Deposits given	34	-	34	-
Others	52.946	404	35.051	4.882
	<b>614.963</b>	<b>1.473.815</b>	<b>301.165</b>	<b>1.669.672</b>

#### 16. FUNDS BORROWED

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

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Short-term borrowings	15.475.036	10.207.109	13.954.672	9.725.562
Short-term portion of long-term borrowings	24.401	754.988	35.412	908.751
<b>Total short-term borrowings</b>	<b>15.499.437</b>	<b>10.962.097</b>	<b>13.990.084</b>	<b>10.634.313</b>
Long-term borrowings	24.401	2.276.069	35.412	3.070.414
<b>Total long-term borrowings</b>	<b>24.401</b>	<b>2.276.069</b>	<b>35.412</b>	<b>3.070.414</b>
<b>Total borrowings</b>	<b>15.523.838</b>	<b>13.238.166</b>	<b>14.025.496</b>	<b>13.704.727</b>

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 16. FUNDS BORROWED (Continued)

As at 31 March 2023 and 31 December 2022, details of short term borrowings based on types of currency are as follows:

<u>Currency (*)</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 March 2023</u>
TL	13,06%-25,50%	15.202.039.812	15.202.040
USD	5,5%-9,60%	57.053.021	1.092.646
Euro	2,77%-7,42%	379.447.954	7.895.210
GBP	5,68%-6,43%	46.490.617	1.097.077
Interest accruals			395.172
<b>TOTAL</b>			<b>25.682.145</b>

  

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

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

As at 31 March 2023 and 31 December 2022, details of long-term borrowings and short-term portion of long-term borrowings based on types of currency are as follows:

<u>Currency</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 March 2023</u>
3TL	14,26%	48.802.504	48.802
USD	6,41% - 7,80%	32.684.558	625.815
Euro	2,42% - 8,51%	115.624.983	2.405.242
<b>TOTAL</b>			<b>3.079.859</b>

  

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

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

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

	<u>31 March 2023</u>		<u>31 December 2022</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Fixed rate	14.698.660	9.185.548	12.803.954	9.240.731
Variable rate	825.178	4.052.618	1.221.542	4.463.996
	<b>15.523.838</b>	<b>13.238.166</b>	<b>14.025.496</b>	<b>13.704.727</b>

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

As at 31 March 2023 the Group has available credit limit of TL 25.311.126 which has fulfilled all necessary conditions but has not been used. (31 December 2022: TL 24.423.263).

#### 17. OTHER LIABILITIES

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

	31 March 2023		31 December 2022	
	TL	FC	TL	FC
Advances received (**)	379.541	272.798	158.309	348.964
Banking and Insurance Transaction Tax	15.204	-	11.449	-
Social Security Premium Liability	4.390	-	4.676	-
Income Tax Liability	4.404	-	2.266	-
Payables to suppliers for lease transactions	1.907	521.372	783	574.605
Deferred Income	878	-	974	-
Other Tax and Liabilities	185	-	105	-
Value Added Tax	142	-	227	-
Other(*)	46.965	70.361	50.418	52.841
	<b>453.616</b>	<b>864.531</b>	<b>229.207</b>	<b>976.410</b>

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

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 18. LEASE PAYABLES

	<u>31 March 2023</u>	<u>31 December 2022</u>
Lease Payables	7.735	4.569
	<u>7.735</u>	<u>4.569</u>

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
2023	5.222	2.257
2024	1.654	1.487
2025	859	825
	<u>7.735</u>	<u>4.569</u>

#### 19. DEBT SECURITIES ISSUED

	<u>31 March 2023</u>		<u>31 December 2022</u>	
	TL	FC	TL	FC
Bills bonds	3.147.251	-	3.302.854	-
Interest accruals	142.595	-	107.779	-
	<u>3.289.846</u>	<u>-</u>	<u>3.410.633</u>	<u>-</u>

As of 31 March 2023, The characteristics of financing bills issued by the group are as follows:

<u>ISIN CODE</u>	<u>Maturity Starting Date</u>	<u>Nominal Value of Capital Market Instrument Sold</u>	<u>Maturity Date</u>	<u>Sale Type</u>	<u>Coupon Period</u>
TRFISFN42310	3.01.2023	150.000.000	6.04.2023	Nitelikli Yatırımcı	Vade sonu ödemeli
TRFISFN42328	6.01.2023	200.000.000	6.04.2023	Nitelikli Yatırımcı	Vade sonu ödemeli
TRFISFN42336	10.01.2023	400.000.000	13.04.2023	Nitelikli Yatırımcı	Vade sonu ödemeli
TRFISFN52319	30.01.2023	200.000.000	22.05.2023	Nitelikli Yatırımcı	Vade sonu ödemeli
TRFISFN52327	3.02.2023	100.000.000	29.05.2023	Nitelikli Yatırımcı	Vade sonu ödemeli
TRFISFN62318	21.02.2023	300.000.000	2.06.2023	Nitelikli Yatırımcı	Vade sonu ödemeli
TRFISFN62326	16.03.2023	300.000.000	20.06.2023	Nitelikli Yatırımcı	Vade sonu ödemeli
TRFISFN72317	24.03.2023	75.000.000	12.07.2023	Nitelikli Yatırımcı	Vade sonu ödemeli

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 20. PROVISIONS

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Reserve for employee severance indemnity	25.639	19.035
Provision for employee bonus	10.860	10.135
Vacation pay provision	8.502	5.103
	<u><b>45.001</b></u>	<u><b>34.273</b></u>

Under the Turkish Labor Law, the companies are required to pay termination benefits to each employee who has qualified for such amount at the end of its employment contract. Also, employees who are entitled to retirement are required to be paid retirement pay in accordance with the requirements of Act no. 2422 dated 6 March 1981, Act no. 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code no. 506. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended on 23 May 2002.

IAS 19 – “Employee Benefits” requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. As at 31 March 2023 and 31 December 2022, the following actuarial assumptions are used in the calculation of the total liability:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Discount rate	%2,21	%2,21
Inflation	%19,80	%19,80
Estimated probability of retirement	%100	%100

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

	<u>31 March 2023</u>	<u>31 March 2022</u>
Balance at the beginning of the year	19.035	8.340
Service cost	6.940	3.069
Amounts paid to employee severance indemnity	(336)	(305)
<b>Balance at the end of the year</b>	<u><b>25.639</b></u>	<u><b>11.104</b></u>

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

	<u>31 March 2023</u>	<u>31 March 2022</u>
Balance at the beginning of the year	5.103	2.799
Increase during the period	3.399	1.484
<b>Balance at the end of the year</b>	<u><b>8.502</b></u>	<u><b>4.283</b></u>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 20. PROVISIONS (Continued)

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
Balance at the beginning of the year	10.135	6.428
Increase during the period	5.474	3.226
Reversals	-	-
Payment made during the period	(4.749)	(4.428)
<b>Balance at the end of the year</b>	<b>10.860</b>	<b>5.226</b>

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

	<b>31 March 2023</b>	<b>31 March 2022</b>
Provision for lawsuits	18.170	12.100
Provision for general administrative expenses	1.248	870
Expected Credit Loss for Financial Assets	1.028	658
	<b>20.446</b>	<b>13.628</b>

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

	<b>General provision for financial lease receivables</b>	<b>Provision for lawsuits</b>	<b>Provision for administrative expenses</b>	<b>Expected Credit Loss for Financial Assets</b>
<b>31 March 2022</b>				
At the beginning of the year	-	15.154	308	769
Period Expense	-	3.281	940	1.029
Payments	-	-	-	-
Cancellations	-	(265)	-	(769)
<b>At the end of the period</b>	<b>-</b>	<b>18.170</b>	<b>1.248</b>	<b>1.028</b>

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### 21. CURRENT PERIOD TAX ASSET AND PAYABLE

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Income taxes withheld (*)	84	292
<b>Total</b>	<b><u>84</u></b>	<b><u>292</u></b>

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Current period corporate tax provision (Note:35)	118.141	370.845
Previous period corporate tax provision	112.617	-
Taxes paid for the current period	6.418	4.031
Corporate Tax to be offset	872	-
Payments During the Term	(292)	(258.228)
<b>Corporate tax payable</b>	<b><u>237.756</u></b>	<b><u>116.648</u></b>

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

	<u>31 March 2023</u>	<u>31 March 2022</u>
Corporate Tax Payable at the Beginning of the Term	116.648	84.352
Current Period Expense	118.141	66.966
Corporate Tax to be offset	872	-
Tax Payable	6.418	8.819
Previous period corporate tax provision	112.617	686
Payments During the Term	(116.940)	(84.352)
<b>Corporate tax payable</b>	<b><u>237.756</u></b>	<b><u>76.471</u></b>

#### 22. NON-CONTROLLING INTERESTS

The Company owns 78,23 % of İş Faktoring A.Ş. As at 31 March 2023, the non-controlling interests amounting to TL 326.362 (31 December 2022: TL 311.213) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TL 51.824 (31 December 2022: TL 96.410) have been calculated on the net profit of the subsidiary.

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

	<u>31 March 2023</u>	<u>31 December 2022</u>
Balance at the beginning of the year	311.213	140.425
From the Profit.Loss of the year	51.824	96.410
Fair value changes of marketable securities	(36.675)	74.378
<b>Balance at the end of the year</b>	<b><u>326.362</u></b>	<b><u>311.213</u></b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

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

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

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

<b>Shareholders</b>	<b>(%)</b>	<b>31 March 2023</b>	<b>(%)</b>	<b>31 December 2022</b>
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
<b>TOTAL</b>	<b>100</b>	<b>695.303</b>	<b>100</b>	<b>695.303</b>

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

<b>Shareholders</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
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
<b>Total</b>	<b>600.000.000</b>	<b>600.000.000</b>

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

#### Capital Reserves

	<b>31 March 2023</b>	<b>31 December 2022</b>
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>	(2.107)	(2.107)
Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss(**)	648.636	948.916
<b>Total</b>	<b>646.529</b>	<b>946.809</b>

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

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

### 24. PROFIT RESERVES

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
Legal reserves	111.905	80.210
Extraordinary reserves	1.671.184	874.157
<b>Total</b>	<b>1.783.089</b>	<b>954.367</b>

(\*) As per the BRSA, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Group has deferred tax amounting to TL 56.936 classified in extraordinary tax income reserves which will not be considered in profit distribution and capital increase as at 31 March 2023 (31 December 2022: TL 78.725).

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10 % per annum of all cash dividend distributions. The first and second legal reserves cannot be distributed unless they exceed 50% of the total capital; however, in case of exhaustion of discretionary reserves, it can be used to cover damages. TL 31.694 calculated on legal profit has been transferred to legal reserves by a decision of the Company’s Board of Directors.

### 25. PRIOR YEARS’ PROFIT/LOSS

The group has profit amounting to TL 5.868 as at March 31, 2022 (31 December 2022: TL 7.824).



# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

### 26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

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

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

As of 31 March 2023, there is an unrealized loss amounting to TL 116.459 and there is an unrealized gain amounting to TL 16.412 (Note 6) consisting of changes in the fair value of derivative contracts and associated with profit and loss (31 December 2022: TL 67.840 unrealized loss and TL 4.207 unrealized gain).

As at 31 March 2023 analysis of derivative transactions according to their maturities is as follows:

	<b><u>Short Term</u></b>	<b><u>Long Term</u></b>	<b><u>Total</u></b>
Currency Swap Purchases	2.575.607	-	<b>2.575.607</b>
Currency Swap Sales	2.575.826	-	<b>2.575.826</b>
Currency Futures Purchases	48.102	-	<b>48.102</b>
Currency Futures Sales	47.815	-	<b>47.815</b>

As at 31 December 2022, analysis of derivative transactions according to their maturities is as follows:

	<b><u>Short Term</u></b>	<b><u>Long Term</u></b>	<b><u>Total</u></b>
Currency Swap Purchases	1.396.339	-	<b>1.396.339</b>
Currency Swap Sales	1.397.234	-	<b>1.397.234</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

### 27. SEGMENT REPORTING

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

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

#### *Business segments*

The Group comprises the following main business segments:

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

<b><u>31 March 2023</u></b>	<b><u>Leasing</u></b>	<b><u>Factoring</u></b>	<b><u>Consolidation Adjustments</u></b>	<b><u>Consolidated</u></b>
Total assets	20.111.416	17.473.013	(53.766)	37.530.663
Total liabilities	17.821.929	15.975.465	-	33.797.394
Net profit for the year	88.111	238.068	(51.824)	274.355

  

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

### 27. SEGMENT REPORTING (Continued)

<u>31 March 2023</u>	<b>Leasing</b>	<b>Factoring</b>	<b>Consolidation Adjustments</b>	<b>Total</b>
Operating Income	579.647	918.171	-	1.497.818
Financial Expenses (-)	(389.193)	(594.358)	-	(983.551)
Gross Profit . Loss	190.454	323.813	-	514.267
Operating Expense (-)	(60.900)	(40.276)	-	(101.176)
Gross Operating Profit.Loss	129.554	283.537	-	413.091
Other Operating Income	241.602	93.310	-	334.912
Provisions (-)	(102.048)	(49.059)	-	(151.107)
Other operating Expenses (-)	(155.383)	(11.680)	-	(167.063)
Net Operating Profit . Loss	113.725	316.108	-	429.833
Profit or Loss from Continuing Operations before tax	113.725	316.108	-	429.833
Provision for Taxes from Continuing Operations (±)	(25.614)	(78.040)	-	(103.654)
Net Profit or Loss from Continuing Operations	88.111	238.068	-	326.179
Non-controlling Interests	-	-	(51.824)	(51.824)
<b>Net Profit or Loss for the Period</b>	<b>88.111</b>	<b>238.068</b>	<b>(51.824)</b>	<b>274.355</b>
Fixed Asset Additions	7.905	9.408	-	17.313
Depreciation and Amortisation	(2.761)	(2.458)	-	(5.219)
<u>31 March 2022</u>	<b>Leasing</b>	<b>Factoring</b>	<b>Consolidatin Adjustmets</b>	<b>Total</b>
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)
<b>Net Profit or Loss for the Period</b>	<b>80.754</b>	<b>55.156</b>	<b>(12.007)</b>	<b>123.903</b>
Fixed Asset Additions	14.562	3.491	-	18.053
Depreciation and Amortisation	(1.539)	(1.320)	-	(2.859)

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

### 28. EVENTS AFTER THE REPORTING PERIOD

İş Finansal Kiralama A.Ş. The financing bond with a nominal amount of TL 350.000.000 issued by the Capital Markets Board has been registered by the Capital Markets Board with the decision number 45/1244 dated 06.04.2023, and the issuance of the bond was realized as a private placement on 06.04.2023 and the maturity is 04.08.2023.

İş Finansal Kiralama A.Ş. The redemption payment of the bond with the ISIN code of TRFISFN42328 and a nominal amount of TL 200.000.000 with a maturity date of 06.04.2023 was made.

İş Finansal Kiralama A.Ş. The redemption payment of the bond with the ISIN code of TRFISFN42310 and a nominal amount of TL 150.000.000 with a maturity date of 06.04.2023 was made.

İş Finansal Kiralama A.Ş. The financing bond with a nominal amount of TL 100.000.000 issued by the Capital Markets Board has been registered by the Capital Markets Board with the decision number 45/1244 dated 25.08.2022, and the issuance of the bond was realized as a private placement on 13.04.2023 and the maturity is 11.08.2023.

İş Finansal Kiralama A.Ş. The redemption payment of the bond with the ISIN code of TRFISFN42336 and a nominal amount of TL 400.000.000 with a maturity date of 13.04.2023 was made.

İş Finansal Kiralama A.Ş. The redemption payment of the bond with the ISIN code of TRFISFA42325 and a nominal amount of TL 400.300.000 with a maturity date of 18.04.2023 was made.

İş Faktoring A.Ş. The redemption payment of the bond with the ISIN code of TRFISFA42333 and a nominal amount of TL 300.390.000 with a maturity date of 24.04.2023 was made.

### 29. OPERATING INCOME

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

	<b>01.01.2023 - 31.03.2023</b>	<b>01.01.2022 - 31.03.2022</b>
Finance Lease income	578.757	315.143
Operating lease income	889	571
Factoring income	918.172	290.559
	<b>1.497.818</b>	<b>606.273</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

### 30. OPERATING EXPENSES

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

	<b>01.01.2023- 31.03.2023</b>	<b>01.01.2022- 31.03.2022</b>
Personel expenses	(64.659)	(28.273)
Provision for employee severance	(6.940)	(3.069)
Depreciation and amortization expenses	(5.219)	(2.859)
Information technology expenses	(3.617)	(1.716)
Office rent expenses	(3.307)	(1.891)
Taxes, duties and charges	(1.396)	(774)
Board of Directors attendance fee	(1.229)	(813)
BRSA participation fee	(998)	(906)
Consultancy expenses	(778)	(408)
Travel and car expenses	(611)	(416)
Communication expense	(174)	(117)
Capital increase expense	(113)	(46)
Advertising expense	(108)	(142)
Expenses of Keeping on the Rank	(19)	(37)
Insurance expense	(18)	(153)
Other general administrative expenses	(11.990)	(1.716)
	<b>(101.176)</b>	<b>(43.336)</b>

### 31. OTHER OPERATING INCOME

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

	<b>01.01.2023 - 31.03.2023</b>	<b>01.01.2022- 31.03.2022</b>
Income from derivative financial transactions	110.778	86.081
Collections from prior period non-performing receivables and cancellation income	75.985	21.431
Foreign exchange gains	70.666	98.881
Dividend income	36.730	9.733
Commission income	6.013	3.353
Interest income	2.664	938
Other	32.076	12.293
	<b>334.912</b>	<b>232.710</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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#### 32. FINANCE EXPENSES

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

	<b>01.01.2023</b>	<b>01.01.2022</b>
	<b>31.03.2023</b>	<b>31.03.2022</b>
Interest expense on funds borrowed	(708.128)	(276.223)
Interest expense on debt securities issued	(189.309)	(89.512)
Fees and commissions expense	(85.702)	(16.203)
Interest expense related to rents	(412)	(239)
	<b>(983.551)</b>	<b>(382.177)</b>

#### 33. PROVISIONS

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

	<b>01.01.2023</b>	<b>01.01.2022</b>
	<b>31.03.2023</b>	<b>31.03.2022</b>
Specific Provisions	(151.107)	(108.489)
	<b>(151.107)</b>	<b>(108.489)</b>

#### 34. OTHER OPERATING EXPENSES

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

	<b>01.01.2023</b>	<b>01.01.2022</b>
	<b>31.03.2023</b>	<b>31.03.2022</b>
Losses From Derivative Financial Instruments	(143.656)	(110.310)
Other	(23.407)	(2.707)
	<b>(167.063)</b>	<b>(113.017)</b>

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 59.987 from measurement difference of such transactions in the Group’s financial statements as at 31 March 2023 (31 December 2022: TL 127.815 foreign exchange loss). The difference is expected to be substantially expired at the maturity of transactions.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

### 35. TAXATION

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

	<b>01.01.2023</b>	<b>01.01.2022</b>
	<b>31.03.2023</b>	<b>31.03.2022</b>
Current corporate tax charge	(118.141)	(66.966)
Deffered tax income. (expense)	14.487	10.912
	<b>(103.654)</b>	<b>(56.054)</b>

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:

	<b>%</b>	<b>1 January- 31 March 2023</b>	<b>%</b>	<b>1 January- 31 March 2022</b>
Net profit for the period		326.179		135.910
Total tax expense		103.654		56.054
Profit before tax		429.833		191.964
Income tax using the Group's tax rate	25,00	107.458	23,00	44.152
Non-deductible expenses	1,92	8.258	5,62	10.791
Tax exempt income	(2,14)	(9.182)	(1,17)	(2.239)
Other	(0,67)	(2880)	1,75	3.350
<b>Total income tax expense</b>	<b>24,11</b>	<b>103.654</b>	<b>29,20</b>	<b>56.054</b>

#### Corporate Tax

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

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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#### 35. TAXATION (Continued)

As of March 31, 2023, the corporate tax rate is 25% (December 31, 2022: 25%). With the amendment made in the first paragraph of Article 25 of the Law No. 7394 published in the Official Gazette dated April 15, 2022 and numbered 31810, and the first paragraph of the article 32 titled "Corporate Tax and Provisional Tax Rate" of the Law No. 5520; It has been decreed that the corporate tax rate of 25% is applied over the corporate earnings of banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In addition, Article 26 of the same Law regulates that the aforementioned 25% rate can be applied in the 2023 calendar year, starting from the declarations that must be submitted as of 1.7.2022 and being valid for the corporate earnings for the taxation period starting from 1.1.2022.

Accordingly, as of the second provisional tax period of 2022 for the above-mentioned corporations, the corporate tax rate will be applied as 25%.

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 2023 as of the interim tax periods, is 25% for 31.03.2023 (December 31, 2022: 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 2023 and 31 March 2022 are as follows:

	<b>1 January- 31 March 2023</b>	<b>1 January- 31 March 2022</b>
Weighted average number of outstanding shares (*)	69.530.264.500	69.530.264.500
Net profit for the year (TL)	274.355	123.903
Basic earnings per share (full TL)	0,0039	0,0018

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
Number of shares at beginning of the year	69.530.264.500	69.530.264.500
Capital increase	-	-
Number of shares at end of the year	<b>69.530.264.500</b>	<b>69.530.264.500</b>

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

None.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

### 38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

#### (a) Capital risk management

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

Although there is no change in the capital risk management strategy in 2023, the debt.equity ratio is 11% (31 December 2022: 12 %). As at 31 March 2023 and 31 December 2022, the leverage ratios are as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Funds borrowed	28.762.004	27.730.223
Debt securities issued	3.289.846	3.410.633
Other liabilities	1.318.147	1.205.617
Total liabilities	<b>33.369.997</b>	<b>32.346.473</b>
Cash and Cash Equivalents (-)	(332.112)	(362.715)
Net liabilities	<b>33.115.813</b>	<b>31.983.758</b>
Total shareholders' equity	3.733.269	3.744.045
Shareholders' equity . liabilities	11%	12%

According to the credit rating reports of Fitch issued at 18.04.2023 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	Negative
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

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b><u>Financial Assets:</u></b>		
Cash and Cash Equivalents	332.112	362.715
Derivative Financial Assets	16.412	4.207
Finance lease receivables and non-performing receivables, net	17.451.170	17.146.965
Leasing Contracts in Progress	699.470	941.118
Advances Given for Lease Transactions	1.187.606	880.803
Other Finance Lease Receivables	34.631	45.929
Factoring receivables and non-performing factoring receivables, Net	16.633.064	15.530.958
Financial Assets at Fair Value Through Other Comprehensive Income	751.251	1.088.210
Financial assets at fair value through profit or loss	6.425	-
<b><u>Financial Liabilities:</u></b>		
Derivative financial liabilities at fair value	(116.459)	(67.840)
Finance Lease Obligations	(7.735)	(4.569)
Other liabilities	(1.318.147)	(1.205.617)
Funds borrowed	(28.762.004)	(27.730.223)
Debt securities issued	(3.289.846)	(3.410.633)

#### (d) Financial risk management objectives

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

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

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

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

<b>31 March 2023 (*)</b>	<b>USD (000)</b>	<b>Avro (000)</b>	<b>CHF (000)</b>	<b>GBP (000)</b>	<b>JPY (000)</b>	<b>AUD (000)</b>	<b>CNY (000)</b>	<b>TL Equivalent</b>
Banks	1.024	3.610	2	239	28	2	5	100.501
Finance lease receivables	96.996	519.540	-	-	-	-	-	12.664.606
Factoring receivables(*)	51.763	46.734	-	2.436	-	-	-	2.023.240
Advances given for lease transactions	20.919	32.058	-	552	-	-	-	1.080.795
Leasing contracts in progress	342	17.945	-	-	-	-	-	379.832
Other receivables from leasing transactions	127	491	-	-	-	-	-	12.660
Other assets	9	17	-	-	-	-	-	528
<b>Total assets (**)</b>	<b>171.180</b>	<b>620.395</b>	<b>2</b>	<b>3.227</b>	<b>28</b>	<b>2</b>	<b>5</b>	<b>16.262.162</b>
Funds borrowed(*)	(91.274)	(499.362)	-	(2.494)	-	-	-	(13.238.166)
Lease Obligations	-	-	-	-	-	-	-	-
Other provisions	(4)	(827)	-	-	-	-	-	(17.274)
Other Liabilities	(7.610)	(34.419)	-	(120)	-	-	-	(864.531)
<b>Total liabilities (**)</b>	<b>(98.888)</b>	<b>(534.608)</b>	<b>-</b>	<b>(2.614)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14.119.971)</b>
<b>Balance sheet position</b>	<b>72.292</b>	<b>85.787</b>	<b>2</b>	<b>613</b>	<b>28</b>	<b>2</b>	<b>5</b>	<b>2.142.191</b>
<b>Off balance sheet position</b>	<b>(56.114)</b>	<b>(65.400)</b>	<b>-</b>	<b>46.039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.348.562)</b>
<b>Net foreign currency position</b>	<b>16.178</b>	<b>20.387</b>	<b>2</b>	<b>46.652</b>	<b>28</b>	<b>2</b>	<b>5</b>	<b>793.629</b>

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

(\*\*) As at 31 March 2023, derivative financial assets amounting to TL 100.047 are not included.

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

#### (f) Currency risk management (Continued)

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

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

(\*\*) As at 31 December 2022, derivative financial assets amounting to TL 67.840 are not included.

#### Foreign currency sensitivity

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

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

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

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

	Profit . (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>31 March 2023</b>				
15% change of the USD against TL				
1- Net USD asset.liability	207.615	(207.615)	207.615	(207.615)
2- Hedged portion of TL against USD risk (-)	(161.154)	161.154	(161.154)	161.154
<b>3- Net effect of USD ( 1+ 2)</b>	<b>46.461</b>	<b>(46.461)</b>	<b>46.461</b>	<b>(46.461)</b>
15% change of the Euro against TL				
4- Net Euro asset.liability	267.682	(267.682)	267.682	(267.682)
5- Hedged portion of TL against Euro risk (-)	(204.069)	204.069	(204.069)	204.069
<b>6- Net effect of Euro (4+5)</b>	<b>63.613</b>	<b>(63.613)</b>	<b>63.613</b>	<b>(63.613)</b>
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset.liability	165.115	(165.115)	165.115	(165.115)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>165.115</b>	<b>(165.115)</b>	<b>165.115</b>	<b>(165.115)</b>
<b>TOTAL (3+6+9)</b>	<b>275.189</b>	<b>(275.189)</b>	<b>275.189</b>	<b>(275.189)</b>

(\*) Includes profit.loss effect.

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

(\*) Includes profit.loss effect.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

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

#### (f) Currency risk management (Continued)

##### Forward foreign exchange contracts and currency swaps

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

#### (g) Interest rate risk management

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

##### Interest rate sensitivity

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

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
<b><u>Fixed rate instruments</u></b>		
Financial assets:		
Cash and Cash Equivalents	24.395	143.881
Finance lease receivables	17.411.620	17.103.164
Factoring receivables	13.563.493	12.873.598
Financial liabilities:		
Funds borrowed	23.884.208	22.044.685
Debt securities issued	3.289.846	3.410.633
Variable rate instruments		
Financial assets:		
Finance lease receivables	39.550	43.801
Factoring receivables	3.069.571	2.657.360
Financial liabilities:		
Borrowings	4.877.796	5.685.538

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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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 203 (31 December 2022: TL 606).

Interest income from factoring transactions with variable interest rates would be higher at an amount of TL 7.569 (31 December 2022: TL 26.210).

Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 11.575 (31 December 2022: TL 56.171).

##### (h) Other price risks

The Group is exposed to equity securities price risks because of equity investments. Equity securities are held especially for strategic purposes rather than trading purposes. These investments are not traded by the Group.

###### Equity price sensitivity

Sensitivity analysis below is determined based on the equity share price risks exposed as at the reporting date.

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

If data used in the valuation method were 15% higher . lower and all other variables were fixed:

The effect on equity (without tax effects) as a result of change in the fair value of equity instruments quoted to Borsa İstanbul (Istanbul Stock Exchange) held as financial assets available for sale in the accompanying consolidated financial statements, due to a reasonably possible change in equity indices, with all other variables held constant, would be TL 11.003 (31 December 2022: TL 137.260).

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

#### (i) Credit risk management

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

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

Sectoral allocation of finance lease receivables is as follows:

	<u>31 March 2023 (%)</u>	<u>31 December 2022 (%)</u>
Textile	18,62	19,02
Construction	16,85	15,82
Metal industry	11,45	11,95
Transportation	9,44	9,57
Mining	6,53	7,2
Real Estate	4,86	4,4
Forestry products and paper	4,21	4,35
Food and beverage	3,31	2,76
Energy	3,09	3,31
Rubber, Plastic	2,57	2,8
Machinery and Equipment	2,29	2,2
Agriculture and forestry	2,28	2,41
Healthcare	1,62	1,65
Wholesale-Per. Tic.	1,15	1,28
Finance	0,71	0,96
Tourism	0,22	0,25
Other	10,8	10,07
	<u><b>100,00</b></u>	<u><b>100,00</b></u>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

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

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

As at 31 March 2023, exposure to credit risk based on categories of financial instruments is as follows:

	<u>Receivables</u>				<u>Cash and Cash</u> <u>Equivalents</u>	<u>Financial</u> <u>Assets at Fair</u> <u>value through</u> <u>profit.loss</u>	<u>Financial Assets at Fair</u> <u>Value Through Other</u> <u>Comprehensive Income</u> <u>(***)</u>	<u>Derivative</u> <u>Financial Assets</u>
	<u>Finance Lease Receivables</u>	<u>Factoring Receivables</u>						
	<u>Related</u> <u>party</u>	<u>Third</u> <u>party</u>	<u>Related</u> <u>party</u>	<u>Third</u> <u>party</u>				
<b>31 March 2023</b>								
Exposure to maximum credit risk as at reporting date (*)	17.157	17.434.013	50.392	16.582.672	6.425	10.609.751	751.251	16.733.919
- The portion of maximum risk covered by guarantee	-	806.470	-	2.570.656	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	17.157	16.578.718	50.392	16.305.914	6.425	10.609.751	751.251	16.733.919
- The portion covered by guarantee	-	682.012	-	2.563.231	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	179	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	1.064.047	-	7.425	-	-	-	-
- The portion covered by guarantee	-	119.638	-	7.425	-	-	-	-
D. Net carrying value of impaired assets	-	(208.752)	-	269.153	-	-	-	-
- Overdue (gross book value)	-	464.387	-	269.153	-	-	-	-
- Impairment (-)	-	(860.188)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	4.820	-	-	-	-	-	-
- Not past due (gross book value)	-	199.239	-	-	-	-	-	-
- Impairment (-)	-	(12.190)	-	-	-	-	-	-
- 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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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023

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

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

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

As at 31 December 2022 exposure to credit risk based on categories of financial instruments is as follows:

	<u>Receivables</u>				<u>Cash and Cash</u>	<u>Financial</u>	<u>Financial Assets at Fair</u>	<u>Derivative</u>
	<u>Finance Lease Receivables</u>		<u>Factoring Receivables</u>					
<u>31 December 2022</u>	<u>Related</u>	<u>Third</u>	<u>Related</u>	<u>Third</u>	<u>Equivalents</u>	<u>value through</u>	<u>Comprehensive Income</u>	<u>Financial Assets</u>
	<u>party</u>	<u>party</u>	<u>party</u>	<u>party</u>		<u>profit/loss</u>	<u>(***)</u>	
Exposure to maximum credit risk as at reporting date (*)	18.827	17.128.138	51.381	15.479.577	-	10.375.122	-	15.631.724
- The portion of maximum risk covered by guarantee	-	816.317	-	2.464.245	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	18.827	15.992.832	51.381	15.191.866	-	10.375.122	-	15.631.724
- The portion covered by guarantee	-	606.872	-	2.453.748	-	-	-	-
	-	-	-	281	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	281	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	1.250.686	-	10.497	-	-	-	-
- The portion covered by guarantee	-	204.610	-	10.497	-	-	-	-
D. Net carrying value of impaired assets	-	(115.380)	-	276.933	-	-	-	-
- Overdue (gross book value)	-	491.526	-	276.933	-	-	-	-
- Impairment (-)	-	(783.451)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	4.835	-	-	-	-	-	-
- Not past due (gross book value)	-	191.699	-	-	-	-	-	-
- Impairment (-)	-	(15.154)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

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

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

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

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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 2023		31 December 2022	
	Nominal Value	Authentic Value (*)	Nominal Value	Authentic Value (*)
Sureties	253.756.489	30.642.619	238.636.353	29.224.604
Collaterals of factoring transaction	34.306.184	2.533.235	32.189.144	2.425.876
Mortgage	9.666.560	530.893	9.339.895	527.653
Pledged shares	7.781.011	-	8.490.374	-
Guaranties of factoring transaction	2.070.585	28.976	1.994.271	25.997
Share certificates	1.691.899	376.490	1.700.755	403.054
Pledged commercial	744.563	131.988	730.436	136.348
Pledged vehicles	440.188	223.748	391.386	231.134
Sureties of credit guarantee fund	258.357	131.166	248.351	144.734
Guarantors	134.926	-	132.827	-
Securities Received For Collateral Purposes	63.575	-	60.950	-
Collaterals given by vendors	47.865	-	46.746	-
Cash blockages	25.348	18.930	25.075	18.039
Ship mortgage	10.210	-	12.933	-
Funds bonds as collateral	6.411	375	7.806	375
Collaterals of leasing transaction	5.611	-	5.439	-
Letters of guarantee	1.563	1.563	2.475	1.540
Pledged machines	502	-	502	-
Pledged account	130	-	130	-
Commercial receivable insurance	-	-	-	-
	<b>311.011.977</b>	<b>34.619.983</b>	<b>294.015.848</b>	<b>33.139.354</b>

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

#### (j) Liquidity risk management

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

#### Liquidity risk table

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

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

#### (j) Liquidity risk table (Continued)

31 March 2023

	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
<b>Sözleşme Uyarınca Vadeler</b>						
Non-derivative Financial Assets:						
Banks	332.112	332.115	307.722	24.393	-	-
Financial Assets at Fair value through profit and Loss	6.425	6.425	6.425	-	-	-
Lease Receivables (*)	17.451.170	20.357.058	2.061.959	6.341.478	11.670.432	283.189
Factoring Receivables	16.633.064	17.198.478	13.763.531	3.424.526	10.421	-
Other Lease Receivables	32.608	32.608	32.608	-	-	-
<b>Total Assets</b>	<b>2.023</b>	<b>2.023</b>	<b>2.023</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>34.457.402</b>	<b>37.928.707</b>	<b>16.174.268</b>	<b>9.790.397</b>	<b>11.680.853</b>	<b>283.189</b>
Non-derivative Financial Liabilities:						
Funds Borrowed	28.762.004	29.537.150	20.242.975	6.906.550	2.368.136	19.489
Debt Securities Issued	3.289.846	3.354.500	3.279.500	75.000	-	-
Lease Obligations	1.396.075	1.396.075	1.368.815	27.159	101	-
Other Liabilities	7.735	8.979	1.441	5.016	2.522	-
<b>Total Liabilities</b>	<b>33.455.660</b>	<b>34.296.704</b>	<b>24.892.731</b>	<b>7.013.725</b>	<b>2.370.759</b>	<b>19.489</b>

31 December 2022

<b>Contractual Maturities</b>	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Assets:						
Banks	362.715	362.719	339.343	23.376	-	-
Financial Assets at Fair value through profit and Loss	-	-	-	-	-	-
Lease Receivables (*)	17.146.965	19.965.202	2.136.766	6.076.026	11.401.565	350.845
Factoring Receivables	15.530.958	16.312.827	9.847.487	6.438.657	26.683	-
Other Lease Receivables	30.420	30.420	30.420	-	-	-
<b>Total Assets</b>	<b>15.509</b>	<b>15.509</b>	<b>15.509</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>33.086.567</b>	<b>36.686.677</b>	<b>12.369.525</b>	<b>12.538.059</b>	<b>11.428.248</b>	<b>350.845</b>
Non-derivative Financial Liabilities:						
Funds Borrowed	27.730.223	28.625.370	16.431.024	9.037.527	3.119.432	37.387
Debt Securities Issued	3.410.633	3.522.190	2.401.500	1.120.690	-	-
Lease Obligations	4.569	5.698	871	1.935	2.892	-
Other Liabilities	1.205.617	1.205.617	1.032.114	173.402	101	-
<b>Total Liabilities</b>	<b>32.351.042</b>	<b>33.358.875</b>	<b>19.865.509</b>	<b>10.333.554</b>	<b>3.122.425</b>	<b>37.387</b>

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

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

(j) Liquidity risk table (Continued)

The following table details the maturities of derivative financial assets and liabilities as at 31 March 2023 and 31 December 2022.

<b>31 March 2023</b>	<b>Carrying</b>	<b>Contractual</b>	<b>Less than</b>	<b>3-12</b>	<b>1-5 Years</b>	<b>More than</b>
<b><u>Contractual Maturities</u></b>	<b><u>Amount</u></b>	<b><u>(I+II+III+IV)</u></b>	<b><u>3 Months</u></b>	<b><u>Months (II)</u></b>	<b><u>(III)</u></b>	<b><u>5 Years</u></b>
			<b><u>(I)</u></b>			<b><u>(IV)</u></b>
Cash inflows from derivatives	68	2.623.709	1.213.697	1.410.012	-	-
Cash outflows from derivatives	-	2.623.641	1.234.332	1.389.309	-	-

  

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

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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:

	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
<b>31 March 2023</b>								
<u>Financial Assets</u>								
Cash and Cash Equivalents	-	332.112	-	-	-	332.112	332.112	4
Financial Assets at Fair Value Through Profit or Loss	6.425	-	-	-	-	6.425	6.425	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	751.251	-	751.251	751.251	7
Derivative financial assets	16.412	-	-	-	-	16.412	16.412	6
Finance lease receivables and non-performing lease receivables	-	-	17.451.170	-	-	17.451.170	14.769.071	9
Factoring receivables and non-performing factoring receivables	-	-	16.633.064	-	-	16.633.064	16.633.064	8
<u>Financial liabilities</u>								
Derivative financial Liabilities	116.459	-	-	-	-	116.459	116.459	6
Other liabilities	-	-	-	-	1.396.075	1.396.075	1.396.075	17
Lease Payables	-	-	-	-	7.735	7.735	7.735	18
Funds borrowed	-	-	-	-	28.762.004	28.762.004	28.505.413	16
Debt securities issued	-	-	-	-	3.289.846	3.289.846	3.298.926	19

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

#### (k) Fair value of financial instruments (Continued)

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

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

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

#### (1) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>31 March 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	-	6.425	-	6.425
Derivative financial assets	-	16.412	-	16.412
Financial Assets at Fair Value Through Other Comprehensive Income	743.793	-	-	743.793
<b>Total financial assets carried at fair value</b>	<b>743.793</b>	<b>22.837</b>	<b>-</b>	<b>766.630</b>
Derivative financial liabilities	-	116.459	-	116.459
<b>Total financial liabilities carried at fair value</b>	<b>-</b>	<b>116.459</b>	<b>-</b>	<b>116.459</b>
<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Derivative financial assets	-	4.207	-	4.207
Financial Assets at Fair Value Through Other Comprehensive Income	1.080.752	-	-	1.080.752
<b>Total financial assets carried at fair value</b>	<b>1.080.752</b>	<b>4.207</b>	<b>-</b>	<b>1.084.959</b>
Derivative financial liabilities	-	67.840	-	67.840
<b>Total financial liabilities carried at fair value</b>	<b>-</b>	<b>67.840</b>	<b>-</b>	<b>67.840</b>