

*(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 30 September 2023**

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONTENTS	PAGE
Consolidated Balance Sheet (Statement of Financial Position) .....	3 - 4
Consolidated Statement of Off-Balance Sheet Items.....	5
Consolidated Statement of Profit/Loss.....	6
Consolidated Statement of Profit/Loss and Other Comprehensive Income.....	7
Consolidated Statement of Changes in Shareholders' Equity.....	8
Consolidated Statement of Cash Flows.....	9
Notes to the Consolidated Financial Statements .....	10 - 84
Note 1 Organization and Operations of the Company .....	10
Note 2 Basis of the Financial Statements.....	10 - 16
Note 3 Significant Accounting Policies .....	17 - 25
Note 4 Cash, cash equivalents .....	26
Note 5 Financial assets at fair value through profit or loss.....	27
Note 6 Derivative financial assets and liabilities.....	27
Note 7 Financial assets at fair value through other comprehensive income .....	28
Note 8 Factoring Receivables.....	28 - 31
Note 9 Lease Receivables.....	32 - 38
Note 10 Related Parties.....	39 - 44
Note 11 Tangible Assets.....	45
Note 12 Intangible Assets.....	46
Note 13 Deferred Tax Assets and Liabilities .....	47 - 48
Note 14 Assets Held For Sale and Discontinued Operations .....	48
Note 15 Other Assets.....	49
Note 16 Funds Borrowed.....	49 - 50
Note 17 Other Liabilities .....	51
Note 18 Lease Payables.....	52
Note 19 Debt Securities Issued .....	52
Note 20 Provisions .....	53 - 54
Note 21 Current Period Tax Asset and Payable.....	55
Note 22 Non-Controlling Interests .....	55
Note 23 Paid-in Capital and Capital Reserves .....	56
Note 24 Profit Reserves.....	57
Note 25 Prior Years' Profit / Loss.....	57
Note 26 Provisions, Contingent Assets and Liabilities.....	58 - 59
Note 27 Segment Reporting .....	60 - 61
Note 28 Events After The Reporting Date.....	62
Note 29 Operating Income .....	62
Note 30 Operating Expenses .....	62
Note 31 Other Operating Income .....	63
Note 32 Finance Expenses.....	63
Note 33 Provisions.....	63
Note 34 Other Operating Expenses .....	64
Note 35 Taxation .....	65 - 66
Note 36 Earnings Per Share .....	67
Note 37 Other Issues That Significantly Affect the Financial Statements or Other Issues Required for Understanding of the Financial Statements.....	67
Note 38 Additional Information on Financial Instruments.....	68 - 84

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 30 SEPTEMBER 2023

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

	ASSETS	Notes	Revised Current Period 30 September 2023			Audited Prior Period 31 December 2022		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>CASH, CASH EQUIVALENTS and CENTRAL BANK</b>	<b>4</b>	<b>388.912</b>	<b>460.410</b>	<b>849.322</b>	<b>178.236</b>	<b>184.479</b>	<b>362.715</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	<b>5</b>	<b>19.619</b>	<b>-</b>	<b>19.619</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>III.</b>	<b>DERIVATIVE FINANCIAL ASSETS</b>	<b>6</b>	<b>-</b>	<b>38.934</b>	<b>38.934</b>	<b>-</b>	<b>4.207</b>	<b>4.207</b>
<b>IV.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)</b>	<b>7</b>	<b>2.930.309</b>	<b>-</b>	<b>2.930.309</b>	<b>1.088.210</b>	<b>-</b>	<b>1.088.210</b>
<b>V.</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>24.290.277</b>	<b>18.276.384</b>	<b>42.566.661</b>	<b>17.943.268</b>	<b>14.734.655</b>	<b>32.677.923</b>
<b>5.1</b>	<b>Factoring Receivables</b>	<b>8</b>	<b>18.516.500</b>	<b>2.579.583</b>	<b>21.096.083</b>	<b>13.497.715</b>	<b>2.134.009</b>	<b>15.631.724</b>
5.1.1	Discounted Factoring Receivables (Net)		6.205.143	9.675	6.214.818	5.202.741	58.068	5.260.809
5.1.2	Other Factoring Receivables		12.311.357	2.569.908	14.881.265	8.294.974	2.075.941	10.370.915
<b>5.2</b>	<b>Savings Financing Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.2.1	From the Savings Fund Pool		-	-	-	-	-	-
5.2.2	From equity		-	-	-	-	-	-
<b>5.3</b>	<b>Financing loans</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
<b>5.4</b>	<b>Lease Receivables (Net)</b>	<b>9</b>	<b>5.938.866</b>	<b>15.864.741</b>	<b>21.803.607</b>	<b>4.591.587</b>	<b>12.670.758</b>	<b>17.262.345</b>
5.4.1	Finance Lease Receivables		8.167.046	17.397.318	25.564.364	6.369.797	13.912.460	20.282.257
5.4.2	Operational Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		(2.228.180)	(1.532.577)	(3.760.757)	(1.778.210)	(1.241.702)	(3.019.912)
<b>5.5</b>	<b>Other Financial Assets Measured at Amortised Cost</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5.6</b>	<b>Non-Performing Loans</b>	<b>8,9</b>	<b>440.590</b>	<b>654.584</b>	<b>1.095.174</b>	<b>498.517</b>	<b>461.641</b>	<b>960.158</b>
<b>5.7</b>	<b>Expected Credit Loss (-) / Specific Provisions (-)</b>		<b>(605.679)</b>	<b>(822.524)</b>	<b>(1.428.203)</b>	<b>(644.551)</b>	<b>(531.753)</b>	<b>(1.176.304)</b>
<b>VI.</b>	<b>EQUITY INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
<b>VII.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>11</b>	<b>100.228</b>	<b>-</b>	<b>100.228</b>	<b>46.547</b>	<b>-</b>	<b>46.547</b>
<b>VIII.</b>	<b>INTANGIBLE ASSETS (Net)</b>	<b>12</b>	<b>19.647</b>	<b>-</b>	<b>19.647</b>	<b>13.208</b>	<b>-</b>	<b>13.208</b>
<b>IX.</b>	<b>INVESTMENT PROPERTY (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X.</b>	<b>CURRENT TAX ASSET</b>	<b>21,2,3</b>	<b>169</b>	<b>-</b>	<b>169</b>	<b>292</b>	<b>-</b>	<b>292</b>
<b>XI.</b>	<b>DEFERRED TAX ASSET</b>	<b>13</b>	<b>267.735</b>	<b>-</b>	<b>267.735</b>	<b>165.380</b>	<b>-</b>	<b>165.380</b>
<b>XII.</b>	<b>OTHER ASSETS</b>	<b>15,2,3</b>	<b>386.483</b>	<b>1.186.405</b>	<b>1.572.888</b>	<b>301.165</b>	<b>1.669.672</b>	<b>1.970.837</b>
	<b>SUB TOTAL</b>		<b>28.403.379</b>	<b>19.962.133</b>	<b>48.365.512</b>	<b>19.736.306</b>	<b>16.593.013</b>	<b>36.329.319</b>
<b>XIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>14</b>	<b>2.432</b>	<b>-</b>	<b>2.432</b>	<b>760</b>	<b>-</b>	<b>760</b>
13.1	Held for Sale		2.432	-	2.432	760	-	760
13.2	Discontinued Operations		-	-	-	-	-	-
	<b>TOTAL ASSETS</b>		<b>28.405.811</b>	<b>19.962.133</b>	<b>48.367.944</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 30 SEPTEMBER 2023

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

	LIABILITIES	Notes	Revised Current Period 30 September 2023			Audited Prior Period 31 December 2022		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>FUNDS BORROWED</b>	<b>16</b>	<b>18.182.004</b>	<b>18.298.986</b>	<b>36.480.990</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>7.291</b>	-	<b>7.291</b>	<b>4.569</b>	-	<b>4.569</b>
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	<b>19</b>	<b>2.953.661</b>	-	<b>2.953.661</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>8.106</b>	<b>8.106</b>	-	<b>67.840</b>	<b>67.840</b>
<b>VIII.</b>	<b>PROVISIONS</b>	<b>20</b>	<b>60.533</b>	<b>24.152</b>	<b>84.685</b>	<b>36.564</b>	<b>13.940</b>	<b>50.504</b>
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		54.158	-	54.158	34.273	-	34.273
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		6.375	24.152	30.527	2.291	13.940	16.231
<b>IX.</b>	<b>CURRENT PERIOD TAX LIABILITY</b>	<b>21</b>	<b>420.646</b>	-	<b>420.646</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>357.172</b>	<b>841.882</b>	<b>1.199.054</b>	<b>229.207</b>	<b>976.410</b>	<b>1.205.617</b>
	<b>SUB TOTAL</b>		<b>21.981.307</b>	<b>19.173.126</b>	<b>41.154.433</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>7.213.511</b>	-	<b>7.213.511</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>	2.588.862	-	2.588.862	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		111.904	-	111.904	80.210	-	80.210
13.5.2	Statutory Reserves		-	-	-	-	-	-
13.5.3	Extraordinary Reserves		1.671.185	-	1.671.185	874.157	-	874.157
13.5.4	Other Profit Reserves		-	-	-	-	-	-
13.6	Profit or Loss		1.421.213	-	1.421.213	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		1.415.345	-	1.415.345	826.766	-	826.766
	Non-Controlling Interests	<b>22</b>	723.281	-	723.281	311.213	-	311.213
	<b>TOTAL LIABILITIES</b>		<b>29.194.818</b>	<b>19.173.126</b>	<b>48.367.944</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 30 SEPTEMBER 2023

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

	OFF-BALANCE SHEET ITEMS	Notes	Revised Current Period 30 September 2023			Audited Prior Period 31 December 2022		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>IRREVOCABLE FACTORING TRANSACTIONS</b>		<b>2.199.996</b>	<b>1.690.992</b>	<b>3.890.988</b>	<b>622.420</b>	<b>1.411.446</b>	<b>2.033.866</b>
<b>II.</b>	<b>REVOCABLE FACTORING TRANSACTIONS</b>		<b>1.884.365</b>	<b>314.572</b>	<b>2.198.937</b>	<b>784.054</b>	<b>213.148</b>	<b>997.202</b>
<b>III.</b>	<b>SAVING FINANCE AGREEMENTS TRANSACTIONS</b>		-	-	-	-	-	-
<b>IV.</b>	<b>COLLATERALS RECEIVED</b>	<b>38</b>	<b>114.288.320</b>	<b>299.359.329</b>	<b>413.647.649</b>	<b>90.909.662</b>	<b>203.106.186</b>	<b>294.015.848</b>
<b>V.</b>	<b>COLLATERALS GIVEN</b>	<b>26</b>	<b>7.784.930</b>	<b>10</b>	<b>7.784.940</b>	<b>3.609.938</b>	-	<b>3.609.938</b>
<b>VI.</b>	<b>COMMITMENTS</b>		<b>620.003</b>	<b>1.193.126</b>	<b>1.813.129</b>	<b>522.286</b>	<b>2.448.896</b>	<b>2.971.182</b>
6.1	Irrevocable Commitments		-	198.033	198.033	-	451.059	451.059
6.2	Revocable Commitments		620.003	995.093	1.615.096	522.286	1.997.837	2.520.123
6.2.1	Lease Commitments		620.003	995.093	1.615.096	522.286	1.997.837	2.520.123
6.2.1.1	Finance Lease Commitments		620.003	995.093	1.615.096	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>	<b>26</b>	-	<b>10.182.519</b>	<b>10.182.519</b>	<b>1.396.339</b>	<b>1.397.234</b>	<b>2.793.573</b>
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		-	10.182.519	10.182.519	1.396.339	1.397.234	2.793.573
7.2.1	Forward Foreign Currency Purchases/Sales		-	355.140	355.140	-	-	-
7.2.2	Swap Purchases/Sales		-	9.827.379	9.827.379	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>		<b>3.230.546</b>	<b>479.115</b>	<b>3.709.661</b>	<b>2.940.026</b>	<b>338.037</b>	<b>3.278.063</b>
	<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>130.008.160</b>	<b>313.219.663</b>	<b>443.227.823</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 30 SEPTEMBER 2023**  
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

		Dipnot	Unaudited Current Period 01.01-30.09.2023	Unaudited Current Period 01.07-30.09.2023	Unaudited Prior Period 01.01-30.09.2022	Unaudited Prior Period 01.07-30.09.2022
	<b>PROFIT OR LOSS STATEMENT</b>					
<b>I.</b>	<b>OPERATING INCOME</b>	<b>29</b>	<b>5.534.939</b>	<b>2.236.481</b>	<b>2.258.586</b>	<b>937.923</b>
	<b>FACTORING INCOME</b>		<b>3.438.024</b>	<b>1.447.079</b>	<b>1.123.658</b>	<b>494.816</b>
1.1	Factoring Interest Income		2.643.541	1.044.799	1.067.810	468.916
1.1.1	Discounted		1.225.491	488.253	547.331	266.622
1.1.2	Other		1.418.050	556.546	520.479	202.294
1.2	Factoring Commission Income		794.483	402.280	55.848	25.900
1.2.1	Discounted		423.814	216.507	26.058	14.339
1.2.2	Other		370.669	185.773	29.790	11.561
	<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>2.096.915</b>	<b>789.402</b>	<b>1.134.928</b>	<b>443.107</b>
1.5	Finance Lease Income		2.093.931	788.312	1.133.064	442.353
1.6	Operational Lease Income		2.984	1.090	1.864	754
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>(3.545.621)</b>	<b>(1.418.574)</b>	<b>(1.492.830)</b>	<b>(626.625)</b>
2.1	Interest Expense on Funds Borrowed		(2.739.700)	(1.149.033)	(1.037.712)	(431.134)
2.2	Interest Expense on Factoring Payables		-	-	-	-
2.3	Interest Expense of Finance Leasing Expenses		(1.509)	(502)	(758)	(261)
2.4	Interest Expense on Securities Issued		(344.239)	(65.295)	(391.100)	(167.264)
2.5	Other Interest Expenses		-	-	-	-
2.6	Fees and Commissions Paid		(460.173)	(203.744)	(63.260)	(27.966)
<b>III.</b>	<b>GROSS PROFIT / LOSS (I+II)</b>		<b>1.989.318</b>	<b>817.907</b>	<b>765.756</b>	<b>311.298</b>
<b>IV.</b>	<b>OPERATING EXPENSES (-)</b>	<b>30</b>	<b>(297.464)</b>	<b>(109.083)</b>	<b>(146.268)</b>	<b>(59.825)</b>
4.1	Personal Expenses		(195.123)	(74.926)	(95.516)	(37.427)
4.2	Employee Severance Indemnity Expense		(11.996)	(4.759)	(8.575)	(5.173)
4.3	Research and Development Expenses		-	-	-	-
4.4	General Administration Expenses		(90.345)	(29.398)	(37.965)	(13.017)
4.5	Other		-	-	(4.212)	(4.208)
<b>V.</b>	<b>GROSS OPERATING PROFIT / LOSS (III+IV)</b>	<b>31</b>	<b>1.691.854</b>	<b>708.824</b>	<b>619.488</b>	<b>251.473</b>
<b>VI.</b>	<b>OTHER OPERATING INCOME</b>	<b>31</b>	<b>1.377.332</b>	<b>207.912</b>	<b>742.399</b>	<b>156.783</b>
6.1	Interest Income on Bank Deposits		5.956	2.426	1.820	283
6.2	Interest Income on Marketable Securities Portfolio		-	-	-	-
6.3	Dividend Income		36.730	-	19.463	-
6.4	Gains on Securities Trading		417	309	77	27
6.5	Income From Derivative Financial Instruments		143.887	(40.772)	153.502	55.161
6.6	Foreign Exchange Gains		838.587	146.465	450.868	59.714
6.7	Other		351.755	99.484	116.669	41.598
<b>VII.</b>	<b>PROVISION EXPENSES (-)</b>	<b>33</b>	<b>(458.248)</b>	<b>21.814</b>	<b>(251.809)</b>	<b>(102.506)</b>
7.1	Specific Provisions		-	-	-	-
7.2	Expected Credit Losses		(458.248)	21.814	(251.809)	(102.506)
7.3	General Provisions		-	-	-	-
7.4	Other		-	-	-	-
<b>VIII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>34</b>	<b>(300.018)</b>	<b>(12.986)</b>	<b>(189.038)</b>	<b>(2.376)</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		(264.276)	(9.567)	(179.837)	831
8.5	Foreign Exchange Losses		-	-	-	10
8.6	Other		(35.742)	(3.419)	(9.201)	(3.217)
<b>IX.</b>	<b>NET OPERATING PROFIT (V+...+VIII)</b>		<b>2.310.920</b>	<b>925.564</b>	<b>921.040</b>	<b>303.374</b>
<b>X.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XI.</b>	<b>PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD</b>		-	-	-	-
<b>XII.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-	-	-
<b>XIII.</b>	<b>PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)</b>		<b>2.310.920</b>	<b>925.564</b>	<b>921.040</b>	<b>303.374</b>
<b>XIV.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>35</b>	<b>(683.666)</b>	<b>(315.636)</b>	<b>(218.138)</b>	<b>(81.253)</b>
14.1	Current Tax Provision		(785.909)	(407.880)	(258.891)	(108.852)
14.2	Deferred Tax Income Effect (+)		-	-	-	-
14.3	Deferred Tax Expense Effect (-)		102.243	92.244	40.753	27.599
<b>XV.</b>	<b>NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)</b>		<b>1.627.254</b>	<b>609.928</b>	<b>702.902</b>	<b>222.121</b>
<b>XVI.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-	-	-
16.1	Income on Assets Held for Sale		-	-	-	-
16.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-
16.3	Other Income on Discontinued Operations		-	-	-	-
<b>XVII.</b>	<b>EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
17.1	Expense on Assets Held for Sale		-	-	-	-
17.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-
17.3	Other Expense on Discontinued Operations		-	-	-	-
<b>XVIII.</b>	<b>PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVI±XVII)</b>		-	-	-	-
<b>XIX.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
19.1	Current Tax Provision		-	-	-	-
19.2	Deferred Tax Expense Effect (+)		-	-	-	-
19.3	Deferred Tax Income Effect (-)		-	-	-	-
<b>XX.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)</b>		-	-	-	-
	<b>NON-CONTROLLING INTEREST</b>		<b>(211.909)</b>	<b>(77.422)</b>	<b>(60.573)</b>	<b>(26.846)</b>
<b>XXI.</b>	<b>NET PROFIT FOR THE PERIOD (XV+XX)</b>		<b>1.415.345</b>	<b>532.506</b>	<b>642.329</b>	<b>195.275</b>
	<b>EARNINGS PER SHARE (**)</b>	<b>36</b>	<b>0,0204</b>	<b>0,0077</b>	<b>0,0092</b>	<b>0,0028</b>
	Earnings Per Share from Continued Operations		0,0204	0,0077	0,0092	0,0028
	Earnings Per Share from Discontinued Operations		-	-	-	-
	<b>DILUTED EARNINGS PER SHARE</b>	<b>36</b>	<b>0,0204</b>	<b>0,0077</b>	<b>0,0092</b>	<b>0,0028</b>
	Earnings Per Share from Continued Operations		0,0204	0,0077	0,0092	0,0028
	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 30 SEPTEMBER 2023**

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

<b>PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT</b>		<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>Current Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Prior Period</b>
		<b>01.01-30.09.2023</b>	<b>01.07-30.09.2023</b>	<b>01.01-30.09.2022</b>	<b>01.07-30.09.2022</b>
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>1.627.254</b>	<b>609.928</b>	<b>702.902</b>	<b>222.121</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>1.842.212</b>	<b>1.836.716</b>	<b>58.009</b>	<b>129.181</b>
<b>2.1</b>	<b>Items that will not be Reclassified to Profit or Loss</b>	<b>88</b>	<b>88</b>	<b>-</b>	<b>-</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	88	88	-	-
<b>2.2</b>	<b>Items that may be Reclassified subsequently to Profit or Loss</b>	<b>1.842.124</b>	<b>1.836.628</b>	<b>58.009</b>	<b>129.181</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)	1.842.124	1.836.628	58.009	129.181
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>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>3.469.466</b>	<b>2.446.644</b>	<b>760.911</b>	<b>351.302</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 30 SEPTEMBER 2023

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

		Unaudited Current Period	Unaudited Prior Period
	Notes	01.01-30.09.2023	01.01-30.09.2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>1.553.789</b>	<b>571.746</b>
1.1.1 Interests Received/Lease Income		4.298.843	2.084.474
1.1.2 Interest Paid / Lease Expenses		(2.701.108)	(1.348.981)
1.1.3 Dividends Received		36.730	19.463
1.1.4 Fees and Commissions Received		794.483	55.848
1.1.5 Other Income	31	136.640	60.237
1.1.6 Collections from Non-performing Receivables		215.115	56.432
1.1.7 Payments to Personnel and Service Suppliers	21	(173.537)	(84.877)
1.1.8 Taxes Paid		(433.701)	(236.634)
1.1.9 Others		(619.676)	(34.216)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(584.688)</b>	<b>(2.302.359)</b>
1.2.1 Net (Increase) Decrease in Factoring Receivables		(4.692.678)	(744.398)
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		1.098.128	(1.576.853)
1.2.4 Net (Increase) Decrease in Savings Financing Receivables		-	-
1.2.5 Net (Increase) Decrease in Other Assets		342.055	(1.401.840)
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		2.722	2.640
1.2.9 Net Increase (Decrease) in Funds Borrowed		2.633.691	1.168.312
1.2.10 Net Increase (Decrease) in Due Payables		-	-
1.2.11 Net Increase (Decrease) in Other Liabilities		31.394	249.780
<b>I. Net Cash Provided from / (Used in) Operating Activities</b>		<b>969.101</b>	<b>(1.730.613)</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	(83.906)	(41.199)
2.4 Proceeds From Sale of Tangible and Intangible Assets	11,12	2.844	1.038
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		-	-
2.6 Proceeds From Sale of Financial Assets Available for Sale		-	-
2.7 Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8 Proceeds from Sale of Held-to-Maturity Investment Securities		-	-
2.9 Other		-	(2)
<b>II. Net cash used in investing activities</b>		<b>(81.062)</b>	<b>(40.163)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash obtained from funds borrowed and securities issued		3.751.761	8.895.026
3.2 Cash used for repayment of funds borrowed and securities issued		(4.153.453)	(7.226.779)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
<b>III. Net Cash Used in Financing Activities</b>		<b>(401.692)</b>	<b>1.668.247</b>
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>224</b>	<b>1.380</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>486.571</b>	<b>(101.149)</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>849.281</b>	<b>370.351</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 30 SEPTEMBER 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 30 September 2023, the Company and its subsidiary (“the Group”) have 256 employees (31 December 2022: 262 employees).

#### Dividend Payable

As at 30 September 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 30 September 2023 have been approved by the Board of Directors of the Group and authorized for issue as at 27.10.2023 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 30 SEPTEMBER 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 30 September 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 June 30, 2023.

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

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

Note 8 – Factoring receivables

Note 9 – Lease receivables

Note 20 – Provisions

Note 26 – Provisions, contingent assets and liabilities

#### Basis of Consolidation

The details of the Group’s subsidiary as at 30 September 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 30 SEPTEMBER 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 30 September 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 September 30, 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 30 SEPTEMBER 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.

As of December 31, 2022 and September 30, 2023, changes in the fair value of equity instrument investments amounting to TL 391.643 and TL 58.009, respectively, are classified as accumulated other comprehensive income/expense that will not be reclassified to profit or loss in the accompanying consolidated statement of financial position and the accompanying consolidated statement of changes in equity, statement of profit or loss and statement of other comprehensive income.

### 2.4 Changes in Standards and Interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at September 30, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2023. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

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

##### **Amendments to TAS 8 - Definition of Accounting Estimates**

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

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED  
30 SEPTEMBER 2023

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

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

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

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

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

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

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

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

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

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

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

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

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

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

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

###### **TFRS 17 - The new Standard for insurance contracts**

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA.

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

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

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

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

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

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

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

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

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

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

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

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.

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

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

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

In May 2023, IASB issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The 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 30 SEPTEMBER 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 30 SEPTEMBER 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 30 SEPTEMBER 2023

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

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

##### g. Financial Instruments

###### Financial Assets

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

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

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

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

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

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

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 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 30 SEPTEMBER 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 30 SEPTEMBER 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 30 September 2023 and 31 December 2022 are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
USD	27,3767	18,6983
EUR	29,0305	19,9349
GBP	33,4816	22,4892
CHF	29,9837	20,2019
100 JPY	18,3267	14,1301
AUD	17,7107	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 30 SEPTEMBER 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 30 SEPTEMBER 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 30 SEPTEMBER 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>30 September 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 30 SEPTEMBER 2023

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

#### 4. CASH AND CASH EQUIVALENTS

As at 30 September 2023 and 31 December 2022, the details of the banks are as follows:

	<b>30 September 2023</b>		<b>31 December 2022</b>	
	TL	FC	TL	FC
Demand Deposits	364.956	136.061	173.634	45.200
Time Deposits	23.917	324.347	4.600	139.276
Interest accrual	39	2	2	3
	<b>388.912</b>	<b>460.410</b>	<b>178.236</b>	<b>184.479</b>

The details of the time deposits as at 30 September 2023 are as follows:

<b>Currency</b>	<b>Interest Rate (%)</b>	<b>Maturity</b>	<b>30 September 2023</b>
TL	31,67%	02.10.23	23.956
Avro	0,01%-0,2%	02.10.2023-16.10.2023	324.349
			<b>348.305</b>

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

<b>Currency</b>	<b>Interest Rate (%)</b>	<b>Maturity</b>	<b>31 December 2022</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 30 September 2023, TL 75.665 portion of total foreign currency deposits (31 December 2022: TL 179.820) and TL 20.560 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>30 September 2023</b>	<b>31 December 2022</b>
Demand deposits	501.017	218.834
Time deposits (1-3 months) (excluding accrual)	348.264	143.876
<b>Cash and cash equivalents</b>	<b>849.281</b>	<b>362.710</b>

As at 30 September 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 30 SEPTEMBER 2023

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

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

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

As at 30 September 2023 and 31 December 2022, details of financial assets at fair value through profit or loss and expected loss provision are as follows:

	30 September 2023	
	TL	FC
Debt securities issued by private sector(*)	-	-
Specific provisions/ Expected Credit Loss(-)	-	-
Mutual funds	19.619	-
	<b>19.619</b>	-
	31 December 2022	
	TL	FC
Debt securities issued by private sector(*)	400	-
Specific provisions/ Expected Credit Loss(-)	(400)	-
Mutual funds	-	-
	-	-

(\*) In its meeting held on 11 February 2016, Borsa İstanbul A.Ş. (Istanbul Stock Exchange) Board of Directors has decided to delist the debt instruments coded TRSAYNS51619, TRSAYNSK1619 and TRSAYNS21711 ISIN of Aynes Gıda Sanayi ve Ticaret A.Ş., the debt instruments of which are listed in BIST Debt Instruments Market Definite Trading Market, due to failure of the named Company in its coupon payment of 2 February 2016 relating to its debt instrument coded TRSAYNS51619 ISIN. The coupon payments and the principal payment of the debt instrument coded TRSAYNSK1619 ISIN included in the assets of the Group have not been made by Aynes Gıda Sanayi ve Ticaret A.Ş., the Group has recognized allowance for impairment losses on the debt instrument amounting to its total carrying amount. Bond principal and coupon receivables were collected on 26.04.2023.

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

#### 6. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

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

##### Derivative Financial Assets

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Swap Transactions	-	1.350	-	4.207
Futures Transactions	-	37.584	-	-
	-	<b>38.934</b>	-	<b>4.207</b>

##### Derivative Financial Liabilities

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Swap Transactions	-	219	-	67.840
Futures Transactions	-	7.887	-	-
	-	<b>8.106</b>	-	<b>67.840</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

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

As at 30 September 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	
				30 September 2023	31 December 2022	30 September 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	2.922.851	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>2.930.309</b>	<b>1.088.210</b>

#### 8. FACTORING RECEIVABLES

As at 30 September 2023 and 31 December 2022 details of factoring receivables are as follows:

	30 September 2023	31 December 2022
Factoring receivables	21.415.145	15.890.481
Factoring interest income accrual (-)	(319.062)	(258.757)
<b>Total factoring receivables</b>	<b>21.096.083</b>	<b>15.631.724</b>
Stage 1 (Expected Credit Loss)	(140.220)	(126.491)
Stage 2 (Expected Credit Loss)	(39.215)	(45.871)
<b>Total factoring receivables</b>	<b>20.916.648</b>	<b>15.459.362</b>
Non-performing factoring receivables	309.533	276.933
Specific provisions- Stage 3	(216.415)	(205.337)
<b>Factoring receivables, net</b>	<b>21.009.766</b>	<b>15.530.958</b>

As at 30 September 2023, the rating of factoring receivables are as follows:

Ratings 30 September 2023	Stage 1	Stage 2	Stage 3	Total
Total portfolio	20.852.254	243.829	309.533	21.405.616
Very good	9.541.018	-	-	9.541.018
Standard	11.311.236	-	-	11.311.236
Substandard	-	243.829	309.533	553.362
Expected credit losses	<b>140.220</b>	<b>39.215</b>	<b>216.415</b>	<b>395.850</b>
<b>Factoring receivables, net</b>	<b>20.712.034</b>	<b>204.614</b>	<b>93.118</b>	<b>21.009.766</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

#### 8. FACTORING RECEIVABLES (Continued)

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

<b>Ratings – 31 December 2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
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>

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

	<b>1 January- 30 September 2023</b>	<b>1 January- 30 September 2022</b>
Provision at the beginning of the period	(377.699)	(242.833)
Additions	(123.660)	(97.552)
Collections	114.275	35.564
Exchange difference income/expense	(18.948)	(5.651)
Write-off (*)	10.182	-
Provision at the end of the period	<b>(395.850)</b>	<b>(310.472)</b>

(\*) As at 30 September 2023, The Group's non-performing factoring receivables amounting to TL 11.398 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 30 September 2023, the average interest rates applicable for the factoring receivables are 36,63% for TL, for 11,62% USD, 8,03% for EUR and 9,53% for GBP (31 December 2022: 24,42% for TL, 11,60% for USD, 6,11% for EUR and 7,98% for GBP).

As of 30 September 2023 TL 165.205 thousand, EUR 908.558 thousand, USD 376.067 thousand and GBP 89.751 thousand factoring receivables have variable interest rates, (31 December 2022: TL 11.754.589 thousand, EUR 370.156 thousand, USD 748.625 thousand, GBP 222 thousand and AUD 6 thousand), TL 18.221.234 thousand, EUR 343.775 thousand, USD 904.905 thousand and GBP 271 thousand factoring receivable have stable 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 30 SEPTEMBER 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>30 September 2023</b>	<b>31 December 2022</b>
Domestic irrevocable	8.207.429	7.496.464
Foreign irrevocable	1.240.937	856.510
Domestic revocable	10.808.933	6.458.436
Foreign revocable	752.467	719.548
	<b>21.009.766</b>	<b>15.530.958</b>

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
Up to 90 days	77	1.278
Between 90 – 180 days	2.691	79.842
Between 180 – 360 days	8.108	1.089
Over 360 days	298.657	194.724
	<b>309.533</b>	<b>276.933</b>

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

As at 30 September 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>145.635</b>
Extended for 1 or 2 Times	-	145.635
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-

	<b>Standard Receivables</b>	<b>Receivables Under Close Monitoring</b>
<b>The Time Extended via the Amendment on payment Plan</b>	-	<b>145.635</b>
0-6 Months	-	-
6 Months – 12 Months	-	145.635
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 30 SEPTEMBER 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  
30 SEPTEMBER 2023**

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

**9. LEASE RECEIVABLES**

**A. Financial Lease Receivables**

As at 30 September 2023, details of finance lease receivables are as follows:

	<b>Short Term</b>	<b>Long Term</b>	<b>Total</b>
Financial Lease Receivables	12.159.391	13.404.973	25.564.364
Unearned interest income (-)	(2.255.173)	(1.505.584)	(3.760.757)
<b>Subtotal</b>	<b>9.904.218</b>	<b>11.899.389</b>	<b>21.803.607</b>
Expected Credit Loss– Stage 1	(12.062)	(104.043)	(116.105)
Expected Credit Loss – Stage 2	(174.693)	(300.049)	(474.742)
<b>Total Financial Lease Receivables</b>	<b>9.717.463</b>	<b>11.495.297</b>	<b>21.212.760</b>
Non- Performing Lease Receivables	609.139	176.502	785.641
Specific provision– Stage 3	(342.318)	(99.188)	(441.506)
<b>Net finance lease receivables</b>	<b>9.984.284</b>	<b>11.572.611</b>	<b>21.556.895</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	849.322	-	-	(80)	-	-
Financial Lease	20.274.425	1.529.182	785.641	(116.105)	(474.742)	(441.506)

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 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 30 September 2023, the rating of finance lease receivables are as follows:

Ratings	Stage 1	Stage 2	Stage 3	Total
<b>Internal ratings</b>				
A+ (Excellent)	49.436	-	-	49.436
A (Very good))	148.048	-	140.384	288.432
A- (Good)	750.708	819	1.541	753.068
B+ (Enough)	4.362.185	397.894	45.443	4.805.522
B (Reasonable)	3.588.864	95.197	261.598	3.945.659
B- (Close Monitoring)	5.342.713	833.298	243.139	6.419.150
C+ (Insufficient)	3.166.061	152.937	16.130	3.335.128
C (Suspicious)	1.421.004	28.522	48.148	1.497.674
<b>Scoring</b>				
Y (High)	798.364	6.680	3.199	808.243
O (medium)	579.398	6.640	20.108	606.146
D (Low)	67.644	7.195	5.951	80.790
Expected Loss Provisions	(116.106)	(474.742)	(441.505)	(1.032.353)
<b>Leasing receivables</b>	<b>20.158.319</b>	<b>1.054.440</b>	<b>344.136</b>	<b>21.556.895</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 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 30 September 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>886.718</b>
Extended for 1 or 2 Times	-	886.718
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>886.718</b>
0-6 Months	-	-
6 Months – 12 Months	-	886.718
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 30 SEPTEMBER 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 30 September 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)	3.511.950	10.602.869	6.309.595	2.994.389	1.304.499	594.350	25.317.652
Unearned interest	(731.964)	(1.862.584)	(772.767)	(246.034)	(74.392)	(73.016)	(3.760.757)
<b>Finance lease receivables (net)</b>	<b>2.779.986</b>	<b>8.740.285</b>	<b>5.536.828</b>	<b>2.748.355</b>	<b>1.230.107</b>	<b>521.334</b>	<b>21.556.895</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 30 September 2023, the average compound interest rates applicable for the finance lease receivables are 45,92% for TL, 8,37% for USD, 5,29% 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 30 SEPTEMBER 2023

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

#### 9. LEASE RECEIVABLES (Continued)

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

As at 30 September 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>
ABD Doları	97.992.694	2.682.717	13.915.489	380.960
Avro	446.783.221	12.970.340	39.669.201	1.151.617
TL		5.903.838		2.228.180
<b>Total</b>		<b>21.556.895</b>		<b>3.760.757</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>30 September 2023</u>	<u>31 December 2022</u>
Mortgages	550.029	484.449
Pledged equity	190.027	136.348
Sureties of credit guarantee fund	144.335	144.734
Pledged shares	33.736	25.997
Letters of guarantee	20.686	18.039
Pledged movable	1.979	1.540
Cash blockages	1.500	375
	<b>942.292</b>	<b>811.482</b>

In addition to collaterals above, the Group also has sureties amounting to TL 19.971.361 pledged vehicles amounting to TL 274.018 , pledged accounts receivable to TL 389.800 (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 30 SEPTEMBER 2023

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

#### 9. LEASE RECEIVABLES (Continued)

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

As at 30 September 2023 and 31 December 2022 details of overdue finance lease receivables are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Up to 30 days	106.409	176.290
Between 30 – 60 days	21.925	1.426
Between 60 – 90 days	109.120	495
	<u><b>237.454</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>30 September 2023</u>	<u>31 December 2022</u>
Mortgages	114.419	84.894
Pledged equity	51.409	19.018
Letters of guarantee	7.514	4.830
Pledged movable	1.979	1.540
	<u><b>175.321</b></u>	<u><b>110.282</b></u>

In addition to above guarantees, the Group also has sureties amounting to TL 1.610.698, pledged vehicles amounting to TL 12.172, (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 30 September 2023 and 31 December 2022, the aging of non-performing finance lease receivables is as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Between 90 – 240 days	2.765	33.019
Between 240 – 360 days	414	2.735
Over 360 days	491.635	338.135
Uninvoiced non-performing finance lease receivables	544.477	410.049
Unearned interest of non-performing finance lease receivables	(253.650)	(100.713)
	<u><b>785.641</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 30 SEPTEMBER 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 30 September 2023 and 31 December 2022 are as follows:

<b><u>Guarantee type:</u></b>	<b><u>30 September 2023</u></b>	<b><u>31 December 2022</u></b>
Mortgages	3.918	4.835
	<b><u>3.918</u></b>	<b><u>4.835</u></b>

In addition to the above collaterals, the Group also has sureties amounting to TL 441.502, pledged vehicles amounting to TL 510 and leased equipments amounting to TL 339.711 (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><u>1 January- 30 September 2023</u></b>	<b><u>1 January- 30 September 2022</u></b>
Provision at the beginning of the period	(798.605)	(562.289)
Provision set during the period	(334.588)	(154.257)
Collections	100.840	20.868
<b>Provision at the end of the period</b>	<b><u>(1.032.353)</u></b>	<b><u>(695.678)</u></b>

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

As at 30 September 2023 and 31 December 2022 analysis of time lease receivables occurred from operating lease receivables according to their maturities is as follows :

	<b><u>30 September 2023</u></b>	<b><u>31 December 2022</u></b>
2023 Year	1.129	3.221
2024 Year	3.806	1.534
2025 Year	2.300	548
2026 Year	1.925	-
	<b><u>9.160</u></b>	<b><u>5.303</u></b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

#### 10. RELATED PARTIES

As at 30 September 2023 and 31 December 2022, details of related party receivables and payables are as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
<u>Finance lease receivables from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	14.369	18.455
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	372
<b>Total</b>	<b>14.369</b>	<b>18.827</b>
<u>Factoring receivables from related parties</u>		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	81.200	40.075
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	15.214	9.216
Nevotek Bilişim Ses Ve İletişim Sist.San. Ve Tic. A.Ş.	-	2.090
<b>Total</b>	<b>96.414</b>	<b>51.381</b>
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Sigorta Primi)	131.347	77.004
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	722	-
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	336	212
Sofitech Yazılım Teknolojileri	199	670
İş Merkezleri Yönetim ve İşletim A.Ş.	193	536
Türkiye İş Bankası A.Ş.	45	67
Anadolu Hayat Emeklilik A.Ş.	41	15
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	38	-
KKB Kredi Kayıt Bürosu A.Ş.	-	4
İş Faktoring Anonim Şirketi	-	8
Erişim Müşteri Hizmetleri A.Ş.	-	2
<b>Total</b>	<b>132.921</b>	<b>78.518</b>
<u>Deposits placed to related parties</u>		
Türkiye İş Bankası A.Ş. Demand Deposits	151.846	59.966
Türkiye İş Bankası A.Ş. Time Deposits	324.349	143.880
Türkiye Sınai Kalkınma Bankası A.Ş.Demand Deposits	479	506
İşbank AG Demand Deposits	95	18
<b>Total</b>	<b>476.769</b>	<b>204.370</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

### 10. RELATED PARTIES (Continued)

	<u>30 September 2023</u>	<u>31 December 2022</u>
<u>Derivative financial assets held for trading from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	905.740	-
Türkiye İş Bankası A.Ş.	867.473	-
<b>Total</b>	<b><u>1.773.213</u></b>	<b><u>-</u></b>
<u>Derivative financial liabilities held for trading from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	902.266	-
Türkiye İş Bankası A.Ş.	864.523	-
<b>Total</b>	<b><u>1.766.789</u></b>	<b><u>-</u></b>

As at 30 September 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>30 September 2023</u>
TL	18,51%-40,86%	20.11.2023-07.04.2025	5.439.634
USD	6,00%-6,17%	02.10.2023-02.10.2023	653.694
EUR	4,50%-8,51%	02.10.2023-19.03.2026	3.591.885
GBP	6,17%-7,55%	21.11.2023-16.05.2024	4.993.747
			<b><u>14.678.960</u></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><u>11.169.332</u></b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 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>30 September 2023</u>
ABD Doları	7,80%	29.06.2026	425.662
EUR	2,97%-10,20%	06.05.2024-01.06.2026	1.349.500
			<b>1.775.162</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>30 September 2023</u>
EUR	2,42%-2,77%	27.10.2023-26.08.2024	292.651
			<b>292.651</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 30 SEPTEMBER 2023

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

### 10. RELATED PARTIES (Continued)

For the periods ended 30 September 2023 and 30 September 2022, finance income and expenses from related parties are as follows:

	<b>01.01.2023- 30.09.2023</b>	<b>01.07.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.07.2022- 30.09.2022</b>
<u>Finance lease interest income from related parties</u>				
Radore Veri Merkezi Hizm.A.Ş.	3.670	1.131	3.382	1.387
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	19	1	140	38
<b>Total</b>	<b>3.689</b>	<b>1.132</b>	<b>3.522</b>	<b>1.425</b>
<u>Operating Lease Income from related parties</u>				
Türkiye Sınai Kalkınma Bankası A.Ş.	2.895	1.065	1.772	723
TSKB Gayrimenkul Değerleme A.Ş.	89	25	92	31
<b>Total</b>	<b>2.984</b>	<b>1.090</b>	<b>1.864</b>	<b>754</b>
<u>Interest income from related parties</u>				
Türkiye İş Bankası A.Ş.	129	41	196	140
<b>Total</b>	<b>129</b>	<b>41</b>	<b>196</b>	<b>140</b>
<u>Dividend income from related parties</u>				
İş Yatırım Menkul Değerler A.Ş.	36.730	-	19.460	-
Yatırım Finansman Menkul Değerler A.Ş.	-	-	3	-
<b>Total</b>	<b>36.730</b>	<b>-</b>	<b>19.463</b>	<b>-</b>
<u>Finance expense</u>				
Türkiye İş Bankası A.Ş.	1.102.275	482.616	390.339	201.799
Türkiye Sınai Kalkınma Bankası A.Ş.	113.522	47.935	35.978	16.380
İş Yatırım Menkul Değerler A.Ş.	8.482	1.155	11.583	4.699
İşbank AG	5.352	2.027	4.082	1.454
<b>Total</b>	<b>1.229.631</b>	<b>533.733</b>	<b>441.982</b>	<b>224.332</b>
<u>Rent expense</u>				
Türkiye İş Bankası A.Ş.	5.007	1.659	3.041	1.010
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	72	24	42	14
<b>Total</b>	<b>5.079</b>	<b>1.683</b>	<b>3.083</b>	<b>1.024</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

#### 10. RELATED PARTIES (Continued)

	<u>01.01.2023-</u> <u>30.09.2023</u>	<u>01.07.2023-</u> <u>30.09.2023</u>	<u>01.01.2022-</u> <u>30.09.2022</u>	<u>01.07.2022-</u> <u>30.09.2022</u>
<u>Factoring commission income from related parties</u>				
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	227	129	2	2
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	283	227	80	40
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	33	2	31	5
<b>Total</b>	<b>543</b>	<b>358</b>	<b>113</b>	<b>47</b>
<u>Factoring interest income from related parties</u>				
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	7.524	3.363	53	53
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	1.283	488	867	613
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	407	32	255	62
<b>Total</b>	<b>9.214</b>	<b>3.883</b>	<b>1.175</b>	<b>728</b>
<u>Commission income</u>				
Anadolu Anonim Türk Sigorta Şirketi	24.022	9.276	14.557	5.481
<b>Total</b>	<b>24.022</b>	<b>9.276</b>	<b>14.557</b>	<b>5.481</b>
<u>Finance lease liability to related parties</u>				
Türkiye İş Bankası A.Ş.	3.295	1.101	290	63
<b>Total</b>	<b>3.295</b>	<b>1.101</b>	<b>290</b>	<b>63</b>
<u>Mutual funds income</u>				
Türkiye İş Bankası A.Ş.	969	598	375	163
<b>Total</b>	<b>969</b>	<b>598</b>	<b>375</b>	<b>163</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

#### 10. RELATED PARTIES (Continued)

As at 30 September 2023 and 31 December 2022, the amount of the Group’s issued debt securities in related parties’ securities portfolio are as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Anadolu Hayat Emeklilik A.Ş.	-	15.404
	-	<b>15.404</b>

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

For the periods ended 30 September 2023 and 30 September 2022, total salary and benefits paid to the key management during year comprised the following:

	<b>01.01.2023- 30.09.2023</b>	<b>01.07.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.07.2022- 30.09.2022</b>
Salaries and other short-term benefits (**)	35.222	13.118	16.237	5.997
	<b>35.222</b>	<b>13.118</b>	<b>16.237</b>	<b>5.997</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 30 SEPTEMBER 2023

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

### 11. TANGIBLE ASSETS

For the periods ended 30 September 203 and 30 September2022, 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	59.880	426	2.878	-	-	9.553	1.310	74.047
Transfer	-	-	-	-	-	-	-	-
Disposals	(2.213)	-	(1.939)	(183)	-	(4.067)	(1.310)	(9.712)
<b>Closing balance at 30 September 2023</b>	<b>99.283</b>	<b>6.405</b>	<b>5.811</b>	<b>-</b>	<b>1.456</b>	<b>14.509</b>	<b>8.750</b>	<b>136.214</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	(8.971)	(317)	(993)	(6)	-	(7.104)	(131)	(17.522)
Transfer	-	-	-	-	-	-	-	-
Disposals	708	-	1.938	153	-	4.069	-	6.868
<b>Closing balance at 30 September 2023</b>	<b>(20.061)</b>	<b>(4.965)</b>	<b>(772)</b>	<b>-</b>	<b>(1.456)</b>	<b>(7.871)</b>	<b>(861)</b>	<b>(35.986)</b>
<b>Carrying amounts at 30 September 2023</b>	<b>79.222</b>	<b>1.440</b>	<b>5.039</b>	<b>-</b>	<b>-</b>	<b>6.638</b>	<b>7.889</b>	<b>100.228</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	28.846	275	582	-	-	6.283	-	35.986
Transfer	-	-	-	-	-	-	-	-
Disposals	(1.672)	-	-	-	-	-	-	(1.672)
<b>Closing balance at 30 September2022</b>	<b>42.291</b>	<b>5.697</b>	<b>4.384</b>	<b>183</b>	<b>1.456</b>	<b>17.860</b>	<b>8.750</b>	<b>80.621</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	(4.287)	(275)	(361)	(27)	-	(3.792)	(131)	(8.873)
Transfer	17	9	-	(57)	-	-	-	(31)
Disposals	634	-	-	-	-	-	-	634
<b>Closing balance at 30 September2022</b>	<b>(10.157)</b>	<b>(4.546)</b>	<b>(1.565)</b>	<b>(137)</b>	<b>(1.456)</b>	<b>(12.753)</b>	<b>(686)</b>	<b>(31.300)</b>
<b>Carrying amounts at 30 September2022</b>	<b>32.134</b>	<b>1.151</b>	<b>2.819</b>	<b>46</b>	<b>-</b>	<b>5.107</b>	<b>8.064</b>	<b>49.321</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 30 SEPTEMBER 2023

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

#### 12. INTANGIBLE ASSETS

For the periods ended 30 September 2023 and 31 December 2022, movements in intangible assets except goodwill are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
<u>Cost</u>		
Opening balance at 1 January	25.718	16.747
Additions	9.859	8.971
Disposals	-	-
Closing balance at the end of the period	<u>35.577</u>	<u>25.718</u>
<u>Amortization</u>		
Opening balance at 1 January	(12.676)	(9.881)
Amortization for the period	(3.420)	(2.783)
Transfer	-	(12)
Disposals	-	-
Closing balance at the end of the period	<u>(16.096)</u>	<u>(12.676)</u>
<b>Carrying amounts(*)</b>	<u><b>19.481</b></u>	<u><b>13.042</b></u>

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

#### Goodwill

The Company has purchased nominal shares of İş Faktoring A.Ş. amounting to TL 12.517 in consideration of USD 10.952.375 on 11 August 2004. The ownership rate of the Company in this subsidiary is 78,23%. Goodwill has arisen amounting to TL 166 on purchased equity of TL 16.603. As at 30 September 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 September 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 30 SEPTEMBER 2023

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

#### 13. DEFERRED TAX ASSETS AND LIABILITIES

As at 30 September 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>30 September 2023</u></b>	<b><u>31 December 2022</u></b>
Expected Credit Losses for Doubtful Receivables	836.377	568.960
Unearned factoring income	319.062	258.757
Factoring commission income spread over maturity	50.779	12.178
Reserve for employee benefits	25.603	16.796
Provision for lawsuit	25.168	15.154
Employee bonus accrual	16.420	5.753
Unused vacation provision	10.270	5.103
IFRS-16 Adjustment	5.462	3.392
Expense accruals	3.014	308
Expected credit losses of financial assets	1.885	768
Actuarial Difference for severance pay	1.865	2.238
Measurement difference of monetary items in the foreign currency according to TAS	699	-
Received Credits BSMV & KKDF Reeskont Effect	-	6.723
Financial assets valuation difference	(14.069)	63.632
Prepaid expenses	(21.414)	(13.811)
Tax base differences in tangible and intangible assets	(25.635)	(15.198)
Finance lease adjustment	(44.974)	(67.560)
Finance lease income accruals	(298.060)	(201.675)
	<b><u>892.452</u></b>	<b><u>661.518</u></b>
	<b><u>30 September 2023</u></b>	<b><u>31 December 2022</u></b>
<b><u>Deferred tax assets (liabilities)</u></b>		
Expected Credit Loss for Doubtful Receivables	250.912	142.240
Unearned factoring income	95.719	64.689
Factoring commission income spread over maturity	15.234	3.044
Reserve for employee benefits	7.681	4.199
Provision for lawsuit	7.550	3.789
Employee bonus accrual	4.926	1.438
Unused vacation provision	3.081	1.276
IFRS-16 Adjustment	1.639	848
Expense accruals	903	77
Provision for expected loss	565	192
Actuarial Difference for severance pay	560	560
Measurement difference of monetary items in the foreign currency according to TAS	210	-
Received Credits BSMV & KKDF Reeskont Effect	-	1.681
Valuation differences on financial instruments	(4.220)	15.908
Prepaid expenses	(6.424)	(3.453)
Tax base differences in tangible and intangible assets	(7.691)	(3.799)
Finance lease adjustment	(13.492)	(16.890)
Finance lease income accruals	(89.418)	(50.419)
<b>Deferred tax asset</b>	<b><u>267.735</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 30 SEPTEMBER 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>30 September 2023</b>	<b>31 December 2022</b>
Opening balance at 1 January	165.380	89.070
Deferred tax income / (expense) (Net)	102.243	75.640
Classified in Equity	112	670
<b>Closing balance</b>	<b>267.735</b>	<b>165.380</b>

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

As at 30 September 2023 and 31 December 2022, details of assets held for sale and discontinued operations are as follows:

	<b>30 September 2023</b>		<b>31 December 2022</b>	
	TL	FC	TL	FC
Assets held for sale (*)	2.432	-	760	-
	<b>2.432</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 30 SEPTEMBER 2023

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

#### 15. OTHER ASSETS

As at 30 September 2023 and 31 December 2022, details of other assets are as follows:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Leasing Contracts in Progress	199.356	307.548	162.620	778.498
Advances Given for Lease Transactions	39.445	813.635	10.379	870.424
Amounts to be invoiced	35.120	59	19.138	34
Commissions expense on debt securities issued and funds borrowed	22.524	-	27.570	-
Other Finance Lease Receivables	32.206	22.151	30.095	15.834
Refundable VAT	10.975	-	16.170	-
Advanced given	353	-	108	-
Deposits given	66	-	34	-
Others	46.438	43.012	35.051	4.882
	<b>386.483</b>	<b>1.186.405</b>	<b>301.165</b>	<b>1.669.672</b>

#### 16. FUNDS BORROWED

As at 30 September 2023 and 31 December 2022, details of funds borrowed are as follows:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Short-term borrowings	17.925.481	13.800.128	13.954.672	9.725.562
Short-term portion of long-term borrowings	6.523	1.129.486	35.412	908.751
<b>Total short-term borrowings</b>	<b>17.932.004</b>	<b>14.929.614</b>	<b>13.990.084</b>	<b>10.634.313</b>
Long-term borrowings	250.000	3.369.372	35.412	3.070.414
<b>Total long-term borrowings</b>	<b>250.000</b>	<b>3.369.372</b>	<b>35.412</b>	<b>3.070.414</b>
<b>Total borrowings</b>	<b>18.182.004</b>	<b>18.298.986</b>	<b>14.025.496</b>	<b>13.704.727</b>

As at 30 September 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 30 SEPTEMBER 2023

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

#### 16. FUNDS BORROWED (Continued)

As at 30 September 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>30 September 2023</u>
TL	13,45%-49,90%	17.480.750.000	17.480.750
USD	6,00%-10,50%	46.946.037	1.285.227
Euro	2,42%-10,47%	247.032.446	7.171.475
GBP	6,17%-8,84%	149.377.475	5.001.398
Interest accruals			786.759
<b>TOTAL</b>			<b>31.725.609</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 30 September 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>30 September 2023</u>
TL	18,51%-19,11%	256.522.731	256.523
USD	6,64%-8,19%	23.814.104	651.952
Euro	2,97%-9,86%	132.512.596	3.846.906
<b>TOTAL</b>			<b>4.755.381</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 30 September 2023 and 31 December 2022, compounded interest rates have been presented.

As 30 September 2023 and 31 December 2022, details of borrowings based on types of interest rate are as follows:

	<u>30 September 2023</u>		<u>31 December 2022</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Fixed rate	14.708.826	11.871.166	12.803.954	9.240.731
Variable rate	3.473.178	6.427.820	1.221.542	4.463.996
	<b>18.182.004</b>	<b>18.298.986</b>	<b>14.025.496</b>	<b>13.704.727</b>

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

As at 30 September 2023 the Group has available credit limit of TL 34.583.622 which has fulfilled all necessary conditions but has not been used. (31 December 2022: TL 24.423.263).

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

#### 17. OTHER LIABILITIES

As at 30 September 2023 and 31 December 2022, details of miscellaneous payables are as follows:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Advances received (**)	222.249	341.395	158.309	348.964
Banking and Insurance Transaction Tax	20.349	-	11.449	-
Social Security Premium Liability	9.056	-	4.676	-
Income Tax Liability	3.601	-	2.266	-
Payables to suppliers for lease transactions	8.067	398.326	783	574.605
Deferred Income	698	-	974	-
Other Tax and Liabilities	177	-	105	-
Value Added Tax	173	-	227	-
Other(*)	92.802	102.161	50.418	52.841
	<b>357.172</b>	<b>841.882</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 30 SEPTEMBER 2023

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

#### 18. LEASE PAYABLES

	<u>30 September 2023</u>	<u>31 December 2022</u>
Lease Payables	7.291	4.569
	<b>7.291</b>	<b>4.569</b>

As of 30 September 2023 and 31 December 2022, the group's forward-looking debt arising from leasing transactions is as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
2023	2.756	2.257
2024	2.861	1.487
2025	1.430	825
2026	244	-
	<b>7.291</b>	<b>4.569</b>

#### 19. DEBT SECURITIES ISSUED

	<u>30 September 2023</u>		<u>31 December 2022</u>	
	TL	FC	TL	FC
Bills bonds	2.901.162	-	3.302.854	-
Interest accruals	52.499	-	107.779	-
	<b>2.953.661</b>	-	<b>3.410.633</b>	-

As of 30 September 2023, The characteristics of financing bills issued by the group are as follows:

<u>ISIN CODE</u>	<u>Maturity Starting Date</u>	<u>Nominal Value of Capital Market Instrument Sold</u>	<u>Maturity Date</u>	<u>Sale Type</u>	<u>Coupon Period</u>
TRFISFN12412	04.08.23	300.000.000	30.01.24	Qualified Investor	Payment at maturity
TRFISFN12420	07.08.23	50.000.000	08.01.24	Qualified Investor	Payment at maturity
TRFISFN12438	09.08.23	200.000.000	11.01.24	Qualified Investor	Payment at maturity
TRFISFN22411	11.08.23	250.000.000	06.02.24	Qualified Investor	Payment at maturity
TRFISFN22429	17.08.23	200.000.000	12.02.24	Qualified Investor	Payment at maturity
TRFISFNA2312	13.09.23	100.000.000	12.12.23	Qualified Investor	Payment at maturity
TRFISFN32410	15.09.23	100.000.000	12.03.24	Qualified Investor	Payment at maturity
TRFISFN12453	28.09.23	400.000.000	05.01.24	Qualified Investor	Payment at maturity

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 2023

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

#### 20. PROVISIONS

As at 30 September 2023 and 31 December 2022, reserve for employee benefits are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Reserve for employee severance indemnity	27.469	19.035
Provision for employee bonus	16.419	10.135
Vacation pay provision	10.270	5.103
	<u><b>54.158</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 30 September 2023 and 31 December 2022, the following actuarial assumptions are used in the calculation of the total liability:

	<u>30 September 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 30 September 2023 and 30 September 2022, movements in reserve for employee severance indemnity are as follows:

	<u>30 September 2023</u>	<u>30 September 2022</u>
Balance at the beginning of the year	19.035	8.340
Service cost	15.110	8.575
Amounts paid to employee severance indemnity	(6.676)	(993)
<b>Balance at the end of the year</b>	<u><b>27.469</b></u>	<u><b>15.922</b></u>

The movement of the vacation pay liability for the periods ended 30 September 2023 and 30 September 2022 are as follows:

	<u>30 September 2023</u>	<u>30 September 2022</u>
Balance at the beginning of the year	5.103	2.799
Increase during the period	5.167	2.345
<b>Balance at the end of the year</b>	<u><b>10.270</b></u>	<u><b>5.144</b></u>

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

**CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 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 30 September 2023 and 30 September 2022 are as follows:

	<b>30 September 2023</b>	<b>30 September 2022</b>
Balance at the beginning of the year	10.135	6.428
Increase during the period	16.419	8.294
Reversals	-	-
Payment made during the period	(10.135)	(7.121)
<b>Balance at the end of the year</b>	<b>16.419</b>	<b>7.601</b>

As at 30 September 2023 and 30 September 2022, other provisions are as follows:

	<b>30 September 2023</b>	<b>30 September 2022</b>
Provision for lawsuits	25.168	13.627
Provision for general administrative expenses	1.885	579
Expected Credit Loss for Financial Assets	3.474	2.315
	<b>30.527</b>	<b>16.521</b>

Movements in other provisions for the periods ended 30 September 2023 and 30 September 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>30 September 2022</b>				
At the beginning of the year	-	15.154	308	769
Period Expense	-	10.751	3.499	1.885
Payments	-	-	-	-
Cancellations	-	(737)	(333)	(769)
<b>At the end of the period</b>	-	<b>25.168</b>	<b>3.474</b>	<b>1.885</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>30 September 2022</b>				
At the beginning of the year	-	10.966	103	343
Period Expense	-	2.703	2.212	579
Payments	-	-	-	-
Cancellations	-	(42)	-	(343)
<b>At the end of the period</b>	-	<b>13.627</b>	<b>2.315</b>	<b>579</b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 30 SEPTEMBER 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 30 September 2023 and 31 December 2022 are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Income taxes withheld (*)	169	292
<b>Total</b>	<b><u>169</u></b>	<b><u>292</u></b>

As at 30 September 2023 and 31 December 2022, details of current year tax liability are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Current period corporate tax provision (Note:35)	785.909	370.845
Previous period corporate tax provision	(56.055)	-
Taxes paid for the current period	6.974	4.031
Corporate Tax to be offset	871	-
Payments During the Term	(317.053)	(258.228)
<b>Corporate tax payable</b>	<b><u>420.646</u></b>	<b><u>116.648</u></b>

For the periods ended 30 September 2023 and 30 September 2022, movements of corporate tax payable are as follows:

	<u>30 September 2023</u>	<u>30 September 2022</u>
Corporate Tax Payable at the Beginning of the Term	116.648	84.352
Current Period Expense	785.909	258.891
Corporate Tax to be offset	871	-
Tax Payable	6.974	2.490
Previous period corporate tax provision	(56.055)	-
Payments During the Term	(433.701)	(236.634)
<b>Corporate tax payable</b>	<b><u>420.646</u></b>	<b><u>109.099</u></b>

#### 22. NON-CONTROLLING INTERESTS

The Company owns 78,23 % of İş Faktoring A.Ş. As at 30 September 2023, the non-controlling interests amounting to TL 723.281 (31 December 2022: TL 311.213) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TL 211.909 (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 30 September 2023 and 31 December 2022 are as follows:

	<u>30 September 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	211.909	96.410
Fair value changes of marketable securities	194.449	74.378
Profit Share from Associates	6.063	-
Prior Year Adjustment	(353)	-
<b>Balance at the end of the year</b>	<b><u>723.281</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 30 SEPTEMBER 2023

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

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

As at 30 September 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 30 September 2023 and 31 December 2022, shareholders and their ownership percentages are as follows:

<b>Shareholders</b>	<b>(%)</b>	<b>30 September 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>30 September 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>30 September 2023</b>	<b>31 December 2022</b>
Other Capital Reserves(*)	1.763	1.763
Accumulated Other Comprehensive Income.Expenditure Not Reclassified in Profit.Loss	2.588.862	946.809
<i>Accumulated Other Comprehensive Income.Expenditure Reclassified in Profit.Loss</i>	2.588.862	946.809
Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss(**)	-	-
<b>Total</b>	<b>2.588.862</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 30 SEPTEMBER 2023

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

### 24. PROFIT RESERVES

As at 30 September 2023 and 31 December 2022, details of profit reserves are as follows:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Legal reserves	111.904	80.210
Extraordinary reserves	1.671.185	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 30 September 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 June 30, 2022 (31 December 2022: TL 7.824).

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2023

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

### 26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 30 September 2023, TL 7.784.940 of letters of guarantee are given to customs, authorities and banks (31 December 2022: TL 3.609.938).

As at 30 September 2023, the total risk of litigations filed and currently pending against the Group amounting to approximately TL 32.002 (31 December 2022: TL 21.308). The Group has provided a provision amounting to TL 25.168 for litigations (31 December 2022: TL 15.154) in the accompanying consolidated financial statements (Note 20). The Group management does not anticipate any further provision for the remaining litigations.

As at 30 September 2023, the Group has letter of credit commitments of USD 3.136.950, EUR 3.863.303 (Total TL 198.032.957 ) (31 December 2022: USD 4.618.862, EUR 18.294.230, (Total TL 451.059)).

As at 30 September 2023 has no factoring commitment. (31 December 2022: None)

As at 30 September 2023, the Group has lease commitments of USD 6.511.848, EUR 28.136.667 and full TL 620.002.952 (Total TL 1.615.096 ) (31 December 2022: USD 15.413.391, EUR 85.760.761 and full TL 522.286.335 (Total TL 2.520.123)

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

As at 30 September 2023 details of derivatives are as follows:

	<b>30 September 2023</b>	
	<b>Amount as</b>	
	<b>Original Currency</b>	<b>TL</b>
Currency Swap Purchases:		
GBP	147.542.251	4.939.951
		<b>4.939.951</b>
Currency Swap Sales:		
USD	64.547.900	1.767.108
EUR	107.484.162	3.120.319
		<b>4.887.427</b>

	<b>30 September 2023</b>	
	<b>Amount as</b>	
	<b>Original Currency</b>	<b>TL</b>
Currency Futures Purchases:		
GBP	5.330.540	178.475
		<b>178.475</b>
Currency Futures Sales:		
USD	2.905.499	79.543
EUR	3.345.495	97.121
		<b>176.664</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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 30 September 2023, there is an unrealized loss amounting to TL 70.037 and there is an unrealized gain amounting to TL 87.014 (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 30 September 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	4.939.952	-	4.939.952
Currency Swap Sales	4.887.428	-	4.887.428
Currency Futures Purchases	178.475	-	178.475
Currency Futures Sales	176.664	-	176.664

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	-	1.396.339
Currency Swap Sales	1.397.234	-	1.397.234

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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>30 September 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	25.260.145	23.161.565	(53.766)	48.367.944
Total liabilities	21.315.443	19.838.990	-	41.154.433
Net profit for the year	653.798	973.456	(211.909)	1.415.345

  

<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 30 SEPTEMBER 2023

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

### 27. SEGMENT REPORTING (Continued)

<u>30 September 2023</u>	Leasing	Factoring	Consolidation Adjustments	Total
Operating Income	2.096.914	3.438.025	-	5.534.939
Financial Expenses (-)	(1.467.852)	(2.077.769)	-	(3.545.621)
Gross Profit . Loss	629.062	1.360.256	-	1.989.318
Operating Expense (-)	(172.854)	(124.610)	-	(297.464)
Gross Operating Profit.Loss	456.208	1.235.646	-	1.691.854
Other Operating Income	1.125.669	251.663	-	1.377.332
Provisions (-)	(334.588)	(123.660)	-	(458.248)
Other operating Expenses (-)	(286.780)	(13.238)	-	(300.018)
Net Operating Profit . Loss	960.509	1.350.411	-	2.310.920
Profit or Loss from Continuing Operations before tax	960.509	1.350.411	-	2.310.920
Provision for Taxes from Continuing Operations (±)	(306.711)	(376.955)	-	(683.666)
Net Profit or Loss from Continuing Operations	653.798	973.456	-	1.627.254
Non-controlling Interests	-	-	(211.909)	(211.909)
<b>Net Profit or Loss for the Period</b>	<b>653.798</b>	<b>973.456</b>	<b>(211.909)</b>	<b>1.415.345</b>
Fixed Asset Additions	71.143	12.763	-	83.906
Depreciation and Amortisation	(12.961)	(7.981)	-	(20.942)
<u>30 September 2022</u>			Consolidatin Adjustmets	Total
Operating Income	1.134.928	1.123.658	-	2.258.586
Financial Expenses (-)	(775.574)	(717.256)	-	(1.492.830)
Gross Profit . Loss	359.354	406.402	-	765.756
Operating Expense (-)	(87.563)	(58.705)	-	(146.268)
Gross Operating Profit.Loss	271.791	347.697	-	619.488
Other Operating Income	622.074	120.325	-	742.399
Provisions (-)	(154.257)	(97.552)	-	(251.809)
Other operating Expenses (-)	(178.704)	(10.334)	-	(189.038)
Net Operating Profit . Loss	560.904	360.136	-	921.040
Profit or Loss from Continuing Operations Before Tax	560.904	360.136	-	921.040
Provision for Taxes from Continuing Operations (±)	(136.259)	(81.879)	-	(218.138)
Net Profit or Loss from Continuing Operations	424.645	278.257	(60.573)	702.902
Non-controlling Interests	-	-	-	(60.573)
<b>Net Profit or Loss for the Period</b>	<b>424.645</b>	<b>278.257</b>	<b>(60.573)</b>	<b>642.329</b>
Fixed Asset Additions	30.109	11.090	-	41.199
Depreciation and Amortisation	(6.493)	(4.328)	-	(10.821)

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

### 28. EVENTS AFTER THE REPORTING PERIOD

İş Faktoring Kiralama A.Ş. issued financing bonds with a nominal amount of TL 350.000.000 on 19.10.2023 as a private placement and the maturity date is 18.03.2024.

### 29. OPERATING INCOME

For the periods ended 30 September 2023 and 30 September2022, details of operating income are as follows:

	<b>01.01.2023- 30.09.2023</b>	<b>01.07.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.07.2022- 30.09.2022</b>
Finance Lease income	2.093.931	788.312	1.133.064	442.353
Operating lease income	2.984	1.090	1.864	754
Factoring income	3.438.024	1.447.079	1.123.658	494.816
	<b>5.534.939</b>	<b>2.236.481</b>	<b>2.258.586</b>	<b>937.923</b>

### 30. OPERATING EXPENSES

For the periods ended 30 September 2023 and 30 September2022, operating expenses are as follows:

	<b>01.01.2023- 30.09.2023</b>	<b>01.07.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.07.2022- 30.09.2022</b>
Personel expenses	(195.123)	(74.926)	(95.516)	(37.427)
Depreciation and amortization expenses	(20.942)	(9.144)	(10.821)	(4.215)
Office rent expenses	(10.270)	(3.761)	(5.914)	(2.212)
Information technology expenses	(12.303)	(4.556)	(6.066)	(2.576)
Provision for employee severance	(7.169)	(2.970)	(3.270)	(1.229)
Board of Directors attendance fee	(2.993)	(997)	(2.719)	(906)
Taxes, duties and charges	(11.996)	(4.759)	(8.575)	(5.173)
BRSA participation fee	(4.207)	(1.524)	(3.105)	(1.272)
Travel and car expenses	(2.827)	(839)	(1.942)	(959)
Consultancy expenses	(2.341)	(1.081)	(1.884)	(723)
Advertising expense	(555)	(187)	(331)	(107)
Insurance expense	(342)	(68)	(339)	(47)
Communication expense	(813)	(428)	(409)	(78)
Capital increase expense	(497)	(173)	(234)	(92)
Expenses of Keeping on the Rank	(19)	-	(110)	(37)
Write-off expense	-	-	(4.212)	(4.208)
Other general administrative expenses	(25.067)	(3.670)	(821)	1.436
	<b>(297.464)</b>	<b>(109.083)</b>	<b>(146.268)</b>	<b>(59.825)</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

### 31. OTHER OPERATING INCOME

For the periods ended 30 September 2023 and 30 September2022, details of other operating income are as follows:

	<b>01.01.2023- 30.09.2023</b>	<b>01.07.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.07.2022- 30.09.2022</b>
Income from derivative financial transactions	838.587	146.465	450.868	59.714
Collections from prior period non-performing receivables and cancellation income	143.887	(40.772)	153.502	55.161
Foreign exchange gains	215.115	36.554	56.432	20.951
Dividend income	36.730	-	19.463	-
Commission income	24.022	9.276	14.557	5.481
Interest income	6.373	2.735	1.897	310
Other	112.618	53.654	45.680	15.166
	<b>1.377.332</b>	<b>207.912</b>	<b>742.399</b>	<b>156.783</b>

### 32. FINANCE EXPENSES

For the periods ended 30 September 2023 and 30 September2022, details of finance expenses are as follows:

	<b>01.01.2023- 30.09.2023</b>	<b>01.07.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.07.2022- 30.09.2022</b>
Interest expense on funds borrowed	(2.739.700)	(1.149.033)	(1.037.712)	(431.134)
Interest expense on debt securities issued	(344.239)	(65.295)	(391.100)	(167.264)
Fees and commissions expense	(460.173)	(203.744)	(63.260)	(27.966)
Interest expense related to rents	(1.509)	(502)	(758)	(261)
	<b>(3.545.621)</b>	<b>(1.418.574)</b>	<b>(1.492.830)</b>	<b>(626.625)</b>

### 33. PROVISIONS

For the periods ended 30 September 2023 and 30 September2022, details of provision for non-performing receivables are as follows:

	<b>01.01.2023- 30.09.2023</b>	<b>01.07.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.07.2022- 30.09.2022</b>
Specific Provisions	(458.248)	21.814	(251.809)	(102.506)
	<b>(458.248)</b>	<b>21.814</b>	<b>(251.809)</b>	<b>(102.506)</b>

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

### 34. OTHER OPERATING EXPENSES

For the periods ended 30 September 2023 and 30 September 2022, details of other operating expenses are as follows:

	<b>01.01.2023- 30.09.2023</b>	<b>01.07.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.07.2022- 30.09.2022</b>
Losses From Derivative Financial Instruments	(264.276)	(9.567)	(179.837)	831
Foreign exchange loss	-	-	-	10
Other	(35.742)	(3.419)	(9.201)	(3.217)
	<b><u>(300.018)</u></b>	<b><u>(12.986)</u></b>	<b><u>(189.038)</u></b>	<b><u>(2.376)</u></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 36.140 from measurement difference of such transactions in the Group’s financial statements as at 30 September 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 30 SEPTEMBER 2023

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

### 35. TAXATION

For the periods ended 30 September 2023 and 30 September 2022, details of tax expense are as follows:

	<b>01.01.2023- 30.09.2023</b>	<b>01.07.2023- 30.09.2023</b>	<b>01.01.2022- 30.09.2022</b>	<b>01.07.2022- 30.09.2022</b>
Current corporate tax charge	(785.909)	(407.880)	(258.891)	(108.852)
Deffered tax income. (expense)	102.243	92.244	40.753	27.599
	<b>(683.666)</b>	<b>(315.636)</b>	<b>(218.138)</b>	<b>(81.253)</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- 30 September 2023</b>	<b>%</b>	<b>1 January- 30 September 2022</b>
Net profit for the period		1.627.254		702.902
Total tax expense		683.666		218.138
Profit before tax		2.310.920		921.040
Income tax using the Group's tax rate	30,00	693.276	25,00	230.261
Non-deductible expenses	1,89	43.623	0,96	8.815
Tax exempt income	(0,48)	(11.019)	(0,53)	(4.866)
Other	(1,83)	(42.214)	(1,74)	(16.072)
<b>Total income tax expense</b>	<b>29,58</b>	<b>683.666</b>	<b>23,69</b>	<b>218.138</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

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2023

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

#### 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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2023

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

### 36. EARNINGS PER SHARE

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

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

The weighted average number of shares of the Group and earnings per share for the periods ended 30 September 2023 and 30 September 2022 are as follows:

	<u>1 January- 30 September 2023</u>	<u>1 January- 30 September 2022</u>
Weighted average number of outstanding shares (*)	69.530.264.500	69.530.264.500
Net profit for the year (TL)	1.415.345	642.329
Basic earnings per share (full TL)	0,0204	0,0092

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

	<u>30 September 2023</u>	<u>31 December 2022</u>
Number of shares at beginning of the year	69.530.264.500	69.530.264.500
Capital increase	-	-
Number of shares at end of the year	<u>69.530.264.500</u>	<u>69.530.264.500</u>

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

None.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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 30 September 2023 and 31 December 2022, the leverage ratios are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Funds borrowed	36.480.990	27.730.223
Debt securities issued	2.953.661	3.410.633
Other liabilities	1.199.054	1.205.617
Total liabilities	<b>40.633.705</b>	<b>32.346.473</b>
Cash and Cash Equivalents (-)	(849.322)	(362.715)
Net liabilities	<b>39.784.383</b>	<b>31.983.758</b>
Total shareholders' equity	7.213.511	3.744.045
Shareholders' equity . liabilities	18%	12%

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

#### **Foreign Currency**

Long term	B-
Short term	B
Outlook	Stable

#### **TL**

Long term	B
Short term	B
Outlook	Stable

#### **National**

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

#### (b) Significant accounting policies

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2023

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

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

##### (c) Categories of financial instruments

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b><u>Financial Assets:</u></b>		
Cash and Cash Equivalents	849.322	362.715
Derivative Financial Assets	38.934	4.207
Finance lease receivables and non-performing receivables, net	21.556.895	17.146.965
Leasing Contracts in Progress	506.904	941.118
Advances Given for Lease Transactions	853.080	880.803
Other Finance Lease Receivables	54.357	45.929
Factoring receivables and non-performing factoring receivables, Net	21.009.766	15.530.958
Financial Assets at Fair Value Through Other Comprehensive Income	2.930.309	1.088.210
Financial assets at fair value through profit or loss	19.619	-
<b><u>Financial Liabilities:</u></b>		
Derivative financial liabilities at fair value	(8.106)	(67.840)
Finance Lease Obligations	(7.291)	(4.569)
Other liabilities	(1.199.054)	(1.205.617)
Funds borrowed	(36.480.990)	(27.730.223)
Debt securities issued	(2.953.661)	(3.410.633)

##### (d) Financial risk management objectives

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

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

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

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

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

##### (e) Market risk

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

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

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

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

##### (f) Currency risk management

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

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

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

As 30 September 2023 and 31 December 2022, details of foreign currency denominated assets and liabilities are as follows:

<b>30 September 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	634	14.258	3	866	28	2	5	460.410
Finance lease receivables	97.993	446.783	-	-	-	-	-	15.653.057
Factoring receivables(*)	46.791	43.139	-	2.689	-	-	-	2.623.327
Advances given for lease transactions	16.679	12.279	-	-	-	-	-	813.635
Leasing contracts in progress	3.739	7.068	-	-	-	-	-	307.548
Other receivables from leasing transactions	156	616	-	-	-	-	-	22.151
Other assets	1.555	17	-	-	-	-	-	43.071
<b>Total assets (**)</b>	<b>167.547</b>	<b>524.160</b>	<b>3</b>	<b>3.555</b>	<b>28</b>	<b>2</b>	<b>5</b>	<b>19.923.199</b>
Funds borrowed(*)	(71.756)	(386.744)	-	(3.388)	-	-	-	(18.298.986)
Lease Obligations	-	-	-	-	-	-	-	-
Other provisions	(1)	(829)	-	(2)	-	-	-	(24.152)
Other Liabilities	(7.913)	(21.483)	(1)	(46)	-	-	-	(841.882)
<b>Total liabilities (**)</b>	<b>(79.670)</b>	<b>(409.056)</b>	<b>(1)</b>	<b>(3.436)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19.165.020)</b>
<b>Balance sheet position</b>	<b>87.877</b>	<b>115.104</b>	<b>2</b>	<b>119</b>	<b>28</b>	<b>2</b>	<b>5</b>	<b>758.179</b>
<b>Off balance sheet position</b>	<b>(67.453)</b>	<b>(110.830)</b>	<b>-</b>	<b>152.873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54.335</b>
<b>Net foreign currency position</b>	<b>20.424</b>	<b>4.274</b>	<b>2</b>	<b>152.992</b>	<b>28</b>	<b>2</b>	<b>5</b>	<b>812.514</b>

(\*) As at 30 September 2023, has no foreign currency indexed borrowings.

(\*\*) As at 30 September 2023, derivative financial assets amounting to TL 8.106 are not included.

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 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)

<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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2023

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

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

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

	Profit . (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>30 September 2023</b>				
15% change of the USD against TL				
1- Net USD asset.liability	360.867	(360.867)	360.867	(360.867)
2- Hedged portion of TL against USD risk (-)	(276.996)	276.996	(276.996)	276.996
<b>3- Net effect of USD ( 1+ 2)</b>	<b>83.871</b>	<b>(83.871)</b>	<b>83.871</b>	<b>(83.871)</b>
15% change of the Euro against TL				
4- Net Euro asset.liability	501.229	(501.229)	501.229	(501.229)
5- Hedged portion of TL against Euro risk (-)	(482.618)	482.618	(482.618)	482.618
<b>6- Net effect of Euro (4+5)</b>	<b>18.611</b>	<b>(18.611)</b>	<b>18.611</b>	<b>(18.611)</b>
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset.liability	768.374	(768.374)	768.374	(768.374)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>768.374</b>	<b>(768.374)</b>	<b>768.374</b>	<b>(768.374)</b>
<b>TOTAL (3+6+9)</b>	<b>870.856</b>	<b>(870.856)</b>	<b>870.856</b>	<b>(870.856)</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 30 SEPTEMBER 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 30 September 2023 and 31 December 2022, the interest rate profile of the Group’s interest-bearing financial instruments is as follows:

	<u>30 September</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
<b><u>Fixed rate instruments</u></b>		
Financial assets:		
Cash and Cash Equivalents	348.305	143.881
Finance lease receivables	21.771.996	17.103.164
Factoring receivables	19.470.185	12.873.598
Financial liabilities:		
Funds borrowed	26.579.992	22.044.685
Debt securities issued	1.975.055	3.410.633
Variable rate instruments		
Financial assets:		
Finance lease receivables	36.716	43.801
Factoring receivables	1.539.581	2.657.360
Financial liabilities:		
Borrowings	9.900.998	5.685.538

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

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

##### (g) Interest rate risk management (Continued)

###### Interest rate sensitivity (Continued)

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

Interest income from finance leases with variable interest rates would be higher at an amount of TL 245 (31 December 2022: TL 606).

Interest income from factoring transactions with variable interest rates would be higher at an amount of TL 11.389 (31 December 2022: TL 26.210).

Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 69.732 (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 452.640 (31 December 2022: TL 137.260).

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2023

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

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

##### (i) Credit risk management

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

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

Sectoral allocation of finance lease receivables is as follows:

	<u>30 September 2023 (%)</u>	<u>31 December 2022 (%)</u>
Textile	18,04	19,02
Construction	18,59	15,82
Metal industry	10,86	11,95
Transportation	9,28	9,57
Mining	6,18	7,20
Real Estate	4,82	4,40
Forestry products and paper	3,74	4,35
Food and beverage	2,95	2,76
Energy	2,99	3,31
Rubber, Plastic	2,87	2,76
Machinery and Equipment	2,48	2,20
Agriculture and forestry	2,08	2,41
Healthcare	1,30	1,65
Wholesale-Per. Tic.	1,10	1,28
Finance	0,85	0,96
Tourism	0,55	0,25
Other	11,32	10,07
	<b><u>100,00</u></b>	<b><u>100,00</u></b>

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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 30 September 2023, exposure to credit risk based on categories of financial instruments is as follows:

	<u>Receivables</u>				<u>Cash and Cash Equivalents</u>	<u>Financial Assets at Fair value through profit/loss</u>	<u>Financial Assets at Fair Value Through Other Comprehensive Income (***)</u>	<u>Derivative Financial Assets</u>
	<u>Finance Lease Receivables</u>	<u>Factoring Receivables</u>						
	<u>Related party</u>	<u>Third party</u>	<u>Related party</u>	<u>Third party</u>				
<b>30 September 2023</b>								
Exposure to maximum credit risk as at reporting date (*)	14.369	21.542.526	96.414	20.913.352	19.619	14.920.199	2.930.309	21.096.083
- The portion of maximum risk covered by guarantee	-	946.210	-	3.162.610	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	14.369	19.986.269	96.414	20.599.905	19.619	14.920.199	2.930.309	21.096.083
- The portion covered by guarantee	-	762.193	-	3.162.586	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	113	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	1.802.969	-	3.801	-	-	-	-
- The portion covered by guarantee	-	180.099	-	24	-	-	-	-
D. Net carrying value of impaired assets	-	(246.712)	-	309.533	-	-	-	-
- Overdue (gross book value)	-	533.828	-	309.533	-	-	-	-
- Impairment (-)	-	(994.409)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	3.918	-	-	-	-	-	-
- Not past due (gross book value)	-	251.813	-	-	-	-	-	-
- Impairment (-)	-	(37.944)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

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

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

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

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

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

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

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

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

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

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2023

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

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

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

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

	30 September 2023		31 December 2022	
	Nominal Value	Authentic Value (*)	Nominal Value	Authentic Value (*)
Sureties	341.180.375	38.260.019	238.636.353	29.224.604
Collaterals of factoring transaction	42.425.391	3.124.745	32.189.144	2.425.876
Mortgage	13.113.147	591.812	9.339.895	527.653
Pledged shares	10.316.562	-	8.490.374	-
Guaranties of factoring transaction	2.794.684	33.736	1.994.271	25.997
Share certificates	1.638.673	389.800	1.700.755	403.054
Pledged commercial	888.566	190.027	730.436	136.348
Pledged vehicles	557.842	274.528	391.386	231.134
Sureties of credit guarantee fund	357.583	144.335	248.351	144.734
Guarantors	162.736	-	132.827	-
Securities Received For Collateral Purposes	88.816	-	60.950	-
Collaterals given by vendors	68.442	-	46.746	-
Cash blockages	33.684	20.686	25.075	18.039
Ship mortgage	1.475	-	12.933	-
Funds bonds as collateral	9.824	1.500	7.806	375
Collaterals of leasing transaction	7.240	-	5.439	-
Letters of guarantee	1.977	1.979	2.475	1.540
Pledged machines	502	-	502	-
Pledged account	130	-	130	-
Commercial receivable insurance	-	-	-	-
	<b>413.647.649</b>	<b>43.033.167</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.

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

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

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

#### 30 September 2023

Sözleşme Uyarınca Vadeler	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	849.322	849.348	849.348	-	-	-
Financial Assets at Fair value through profit and Loss	19.619	19.619	19.619	-	-	-
Lease Receivables (*)	21.556.895	25.019.590	3.211.305	8.226.810	13.247.590	333.885
Factoring Receivables	21.009.766	22.055.224	18.028.153	4.017.831	9.240	-
Other Lease Receivables	51.729	51.729	51.729	-	-	-
<b>Total Assets</b>	<b>2.628</b>	<b>2.628</b>	<b>2.628</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>43.489.959</b>	<b>47.998.138</b>	<b>22.162.782</b>	<b>12.244.641</b>	<b>13.256.830</b>	<b>333.885</b>
Non-derivative Financial Liabilities:						
Funds Borrowed	36.480.990	38.273.503	19.728.208	14.523.910	4.021.385	-
Debt Securities Issued	2.953.661	3.240.000	370.000	2.870.000	-	-
Lease Obligations	7.291	8.517	2.428	3.348	2.741	-
Other Liabilities	1.199.054	1.199.054	1.193.402	5.551	101	-
<b>Total Liabilities</b>	<b>40.640.996</b>	<b>42.721.074</b>	<b>21.294.038</b>	<b>17.402.809</b>	<b>4.024.227</b>	<b>-</b>

#### 31 December 2022

<u>Contractual Maturities</u>	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**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 30 SEPTEMBER 2023**

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

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

(j) Liquidity risk table (Continued)

The following table details the maturities of derivative financial assets and liabilities as at 30 September 2023 and 31 December 2022.

<b>30 September 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	54.335	5.118.427	1.538.748	3.579.679	-	-
Cash outflows from derivatives	-	5.064.092	1.533.062	3.531.030	-	-
<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	-	-

## İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2023

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

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

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

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

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

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

	Financial assets and liabilities	Financial assets Measured at amortized cost	Loans and receivables	Financial Assets at Fair Value Through Other Comprehensive Income	Financial liabilities Measured at amortized cost	Carrying amount	Fair value	Notes
<b>30 September 2023</b>								
<u>Financial Assets</u>								
Cash and Cash Equivalents	-	849.322	-	-	-	849.322	849.322	4
Financial Assets at Fair Value Through Profit or Loss	19.619	-	-	-	-	19.619	19.619	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	2.930.309	-	2.930.309	2.930.309	7
Derivative financial assets	38.934	-	-	-	-	38.934	38.934	6
Finance lease receivables and non-performing lease receivables	-	-	21.556.895	-	-	21.556.895	18.683.117	9
Factoring receivables and non-performing factoring receivables	-	-	21.009.766	-	-	21.009.766	21.009.766	8
<u>Financial liabilities</u>								
Derivative financial Liabilities	8.106	-	-	-	-	8.106	8.106	6
Other liabilities	-	-	-	-	1.199.054	1.199.054	1.199.054	17
Lease Payables	-	-	-	-	7.291	7.291	7.291	18
Funds borrowed	-	-	-	-	36.480.990	36.480.990	37.979.386	16
Debt securities issued	-	-	-	-	2.953.661	2.953.661	3.039.042	19

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 SEPTEMBER 2023

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

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

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

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

# İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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>30 September 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	-	19.619	-	19.619
Derivative financial assets	-	38.934	-	38.934
Financial Assets at Fair Value Through Other Comprehensive Income	2.922.851	-	-	2.922.851
<b>Total financial assets carried at fair value</b>	<b>2.922.851</b>	<b>58.553</b>		<b>2.981.404</b>
Derivative financial liabilities	-	8.106	-	8.106
<b>Total financial liabilities carried at fair value</b>	<b>-</b>	<b>8.106</b>	<b>-</b>	<b>8.106</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>