

STEP BY STEP TOWARDS FUTURE

İŞ LEASING



2023
ANNUAL
REPORT



CONTENTS



ABOUT THE REPORT

WITH ITS ROBUST FINANCE OPPORTUNITIES, İŞ LEASING LEADS THE WAY IN FINANCING PROJECTS THAT BOOST THE ECONOMY OF THE NATION, AS WELL AS IT CONTINUES ITS **UNINTERRUPTED SUPPORT** ESPECIALLY TO SECTORS THAT GENERATE EMPLOYMENT AND ADDED VALUE.

Our report is designed with a user-friendly interface. Thanks to the directions on the upper band, you can reach the relevant sections in the document more quickly.

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<https://www.isleasing.com.tr>



ABOUT US



Being one of the first leasing companies established in our country, İş Leasing steers the leasing sector with its deepseated experience and pioneering stance.

With the support lent by Türkiye İş Bankası A.Ş. (İşbank) and the Group, İş Leasing offers differentiating products and services for the financing needs of its customers.

Its new product development and solution creation capabilities, lean and effective business processes that make a difference in customer experience, and its swift decisionmaking mechanisms make İş Leasing the preferred choice of a large customer segment.

İş Leasing acts with a commitment to create sustainable value for its customers, shareholders, employees and all other stakeholders, and integrates this approach in all its processes.

Offering service via its 16 branches located in regions and cities getting the highest share of GDP, İş Leasing boasts one of the greatest number of branches in the sector and thus enjoys a high customer reach through its own branches and the extensive branch network of İşbank.

Headquarters, İstanbul

- Kozyatağı Branch, İstanbul
- Kartal Branch, İstanbul
- Şişli Branch, İstanbul
- Avcılar Branch, İstanbul
- Başkent Branch, Ankara
- Ostim Branch, Ankara
- Ege Branch, İzmir
- Ege Serbest Bölge Branch, İzmir
- Güney Anadolu Branch, Gaziantep
- Marmara Branch, Bursa
- Akdeniz Branch, Antalya
- Çukurova Branch, Adana
- Trabzon Branch
- Konya Branch
- Kayseri Branch
- Diyarbakır Branch

COMPANY PROFILE

SEEING SUSTAINABILITY AS AN ESSENTIAL COMPONENT OF THE WAY OF DOING BUSINESS AND THANKS TO ITS QUALITY AND SOLUTION-ORIENTED SERVICE APPROACH, İŞ LEASING CONTINUES TO BE **THE CHOICE OF A WIDE CUSTOMER BASE WHO WANT TO INITIATE INVESTMENT PROJECTS SWIFTLY, ACCURATELY AND EFFICIENTLY.**

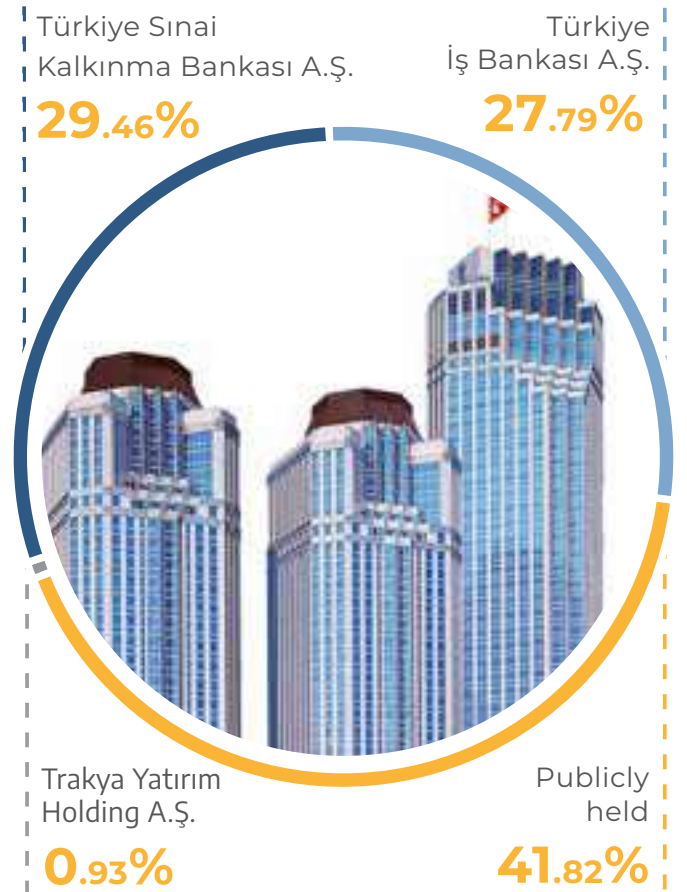
Incorporated in 1988 as a partnership of İşbank and the Group with IFC, a member of the World Bank Group, and Soci t  Generale, İş Leasing is one of the first leasing companies in T rkiye. In 1995, İşbank acquired all of the shares held by foreign shareholders. Thanks to the synergy created with İşbank Group and primarily İşbank's branch network extending all over the country, İş Leasing quickly became one of the leading companies in the leasing sector.

Part of the Company's shares was offered to the public in 2000, thus making İş Leasing one of the first leasing companies to go public.

The Company steered the leasing sector and contributed significantly to its growth through numerous "first"s including the first lease syndication, the first aircraft lease facility, and the first sale-and-leaseback transactions, and the first debt instrument issue based on its new product development and solution creation capabilities. While İş Leasing leads the financing of projects that contribute to the national economy with its solid funding means, the Company particularly sustains its support uninterruptedly to sectors creating employment and added value.

Regarding sustainability an integral part of its way of doing business, İş Leasing remains the choice of a broad customer segment wishing to capitalize on their investment projects quickly, accurately and efficiently because of its high quality and solution-oriented service concept.

41.8% of İş Leasing's shares are being traded on Borsa İstanbul under the ticker symbol "ISFIN", while the remaining 58.2% is held by İşbank and the Group, along with full management control over the Company.



| Shareholder | Share Amount (TL) | Capital Share (%) |
|-------------------------------------|--------------------|-------------------|
| T rkiye İş Bankası A.Ş. | 193,253,263 | 27.79 |
| T rkiye Sınai Kalkınma Bankası A.Ş. | 204,850,378 | 29.46 |
| Trakya Yatırım Holding A.Ş. | 6,482,771 | 0.93 |
| Publicly Held | 290,716,233 | 41.82 |
| Total | 695,302,645 | 100.00 |

STRATEGIC PRINCIPLES

İŞ LEASING’S STRATEGY IS TO PROVIDE “SUSTAINABLE, QUALITY, CUSTOMER-FOCUSED AND PROFITABLE GROWTH” TO ACHIEVE ITS VISION AND OBJECTIVES.

1 PRODUCTS AND SERVICES THAT CATER TO CUSTOMER NEEDS

DIFFERENTIATING SERVICE QUALITY THROUGH INNOVATIVE AND FLEXIBLE PRODUCTS
 SUSTAINABLE AND INCLUSIVE BUSINESS MODEL
 EXTENSIVE AND EFFICIENT SERVICE NETWORK
 EFFECTIVE CUSTOMER RELATIONSHIP MANAGEMENT
 STRONG CHANNEL MANAGEMENT STRATEGY



2 COMPETENT HUMAN RESOURCE

DEEP-SEATED EXPERIENCE AND KNOW-HOW
 HR POLICIES FOCUSED ON EMPLOYEE HAPPINESS IMPLEMENTATIONS
 NURTURED WITH EMPLOYEE FEEDBACK AND SUGGESTIONS
 PERFORMANCE-BASED OBJECTIVE ASSESSMENT



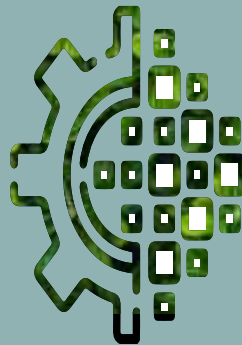
3 WELL-BALANCED RESOURCE AND RISK MANAGEMENT

RISK-BASED CAPITAL ALLOCATION
 SUCCESSFUL LOAN ASSESSMENT PROCESSES
 PAYING REGARD TO DIFFERENT DISCIPLINES
 HIGH ASSET QUALITY AND EFFICIENT CREDIT RISK MANAGEMENT
 EXTENSIVE AND DIVERSIFIED FUNDING STRUCTURE
 CURRENCY, MATURITY AND INTEREST RATE RISK MANAGEMENT ALIGNED WITH ASSETS



4 DIGITAL TRANSFORMATION AND TECHNOLOGICAL ADVANCEMENT

INFRASTRUCTURE DESIGN INTEGRATING NEW GENERATION TECHNOLOGIES
 INNOVATIVE DIGITAL TRANSFORMATION PROCESSES
 TECHNOLOGY-DRIVEN DIGITAL INTERACTION
 BUSINESS INTELLIGENCE CREATION SUPPORTING DECISION MAKING ON THE BACK OF ADVANCED DATA ANALYTICS
 DATA-DRIVEN AGILE DECISIONMAKING PROCESSES



5 SUSTAINABILITY APPROACH

FINANCING OF RENEWABLE ENERGY PROJECTS
 ENERGY, WATER, RAW MATERIAL AND RESOURCE EFFICIENCY
 FINANCING PROJECTS THAT WILL SUPPORT EMPLOYMENT IN THE COUNTRY
 SUPPORTING THE LOW CARBON TRANSITION
 ENVIRONMENTAL AND SOCIAL RISK MEASUREMENT OF INVESTMENT PROJECTS, WASTE MANAGEMENT
 CORPORATE INTEGRITY AND TRANSFORMATION



The background of the image is a dense, vibrant green foliage, likely a type of shrub or small tree, with many small, rounded leaves. The foliage is visible on the left and right sides of the page, framing a central white rectangular area where the text is located.

AS THE LEASING
COMPANY
THAT BROUGHT
FIRSTS IN TURKEY
**WE CARRY OUR
STAKEHOLDERS
TO THE FUTURE.**



COMPANY PERFORMANCE

İŞ LEASING CONTINUED TO PERFORM IN SECOND PLACE IN THE SECTOR, MAINTAINING ITS STRONG POSITION WITH ITS NEW TRANSACTION VOLUME OF 432 MILLION USD AND A MARKET SHARE OF 12.3%.

In 2023, the Russia-Ukraine and Israel-Palestine wars kept adversely affecting political and economic stability around the world. Disruptions in energy supply and price volatilities in European countries, as well as rise in global inflation and monetary policy tightenings adversely affected growth prospects, thus kept global recession worries on the agenda. Türkiye was hit by one of the worst earthquake disasters in history which devastated us in socio-economic terms. On the other hand, global economic recovery appears to have started on a global scale, particularly in the USA. Additionally, Türkiye's data reveals early indicators of a momentum loss in growth in 2024.

As a leading provider in the sector with its competencies, innovations, knowledge, distinguished and insightful human resources and solid financial structure, İş Leasing achieved a stable and healthy performance through its **sustainable and profitable growth strategy** by focusing on its targets in 2023 despite inflationary pressures. It CONTINUED to provide convenient funding for the investments of real sector companies, particularly SMEs, in times of financial volatilities.

With a focus on sustainable growth strategies and resulting performance achievements in 2023 in line with its targets thanks to **dynamic balance sheet management**;

- İş Leasing maintained its strong position with a new transaction volume of **US\$ 432 million** and a **market share of 12.3%**, sustaining its second place in the sector in terms of leasing receivables.

- The amount of net leasing receivables **increased by 35% reaching 23.3 billion TL.**
- Consolidated shareholders' equity **increased by 81% to 6.8 billion TL.**
- Consolidated net profit **increased by 114%, recording 1.8 billion TL.**

Despite being selective in its growth, İş Leasing has not compromised its strategy of **diversifying its transaction base and creating a quality portfolio.**

Thanks to modern methodologies and techniques in credit risk, **effective risk monitoring processes** and diverse portfolio structure, the ratio of the Company's non-performing leasing receivables remained significantly below industry average, and the non-performing receivable ratio is kept at 3.6% as of the end of 2023.

İş Leasing became one of the most preferred leasing companies in 2023 with its sustainable, technology-based, customer-oriented, and innovative service model.

İş Leasing was selected as **"Most Esteemed Leasing Company"** in the "Most Esteemed Companies of the Year" research by Capital magazine. İş Leasing received passing grades on being a reliable company, financial soundness, valuing its employees and corporate responsibility criterias.



12.3%

Market share

Our market share in terms of leasing receivables was 12.3%.



1.8 billion TL

Consolidated net profit

reached 1.8 billion TL with a 114% increase.



51.6 billion TL

Total assets

reached 51.6 billion TL with a 42% increase.



6.8 billion TL

Consolidated shareholders' equity

reached 6.8 billion TL with a 81% increase.



22.2 billion TL

FACTORING RECEIVABLES (net)

reached 22.2 billion TL with a 42% increase.



23.2 billion TL

Leasing receivables (net)

reached 23.2 billion TL with a 35% increase.

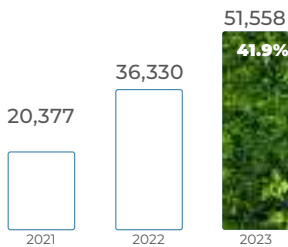
FINANCIAL INDICATORS

BY INCREASING ITS LEASING RECEIVABLES BY 35% TO 23.2 BILLION TL AND ITS CONSOLIDATED PERIOD NET PROFIT BY 114% TO 1.8 BILLION TL, İŞ LEASING HAD A **SUCCESSFUL YEAR.**

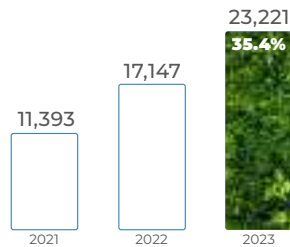
BASIC FINANCIAL INDICATORS

| Consolidated | 2021 | 2022 | 2023 | Change |
|---|--------|--------|--------|----------|
| Number of Branches | 15 | 16 | 16 | - |
| Number of Employees | 138 | 142 | 135 | -4.9% |
| Number of Customers | 4,585 | 4,451 | 4,305 | -3.3% |
| New Trading Volume (Million USD) | 545 | 560 | 432 | -22.9% |
| Total Assets (Million TL) | 20,377 | 36,330 | 51,558 | 41.9% |
| Leasing Receivables, Net (Million TL) | 11,393 | 17,147 | 23,221 | 35.4% |
| FACTORING RECEIVABLES, Net (Million TL) | 6,652 | 15,530 | 22,090 | 42.2% |
| Shareholders' Equity (Million TL) | 2,139 | 3,744 | 6,770 | 80.8% |
| Consolidated Net Profit (Million TL) | 310 | 827 | 1,767 | 113.7% |
| Return on Assets (ROA) | 13.2% | 28.1% | 33.6% | +550 bps |
| Return on Equity (ROE) | 1.8% | 2.9% | 4.0% | +110 bps |
| Cost/Revenue | 18.5% | 11.7% | 12.5% | +80 bps |

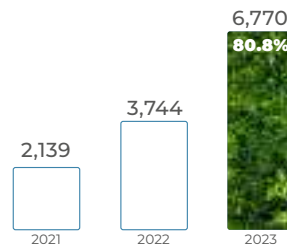
Total Assets (Million TL)



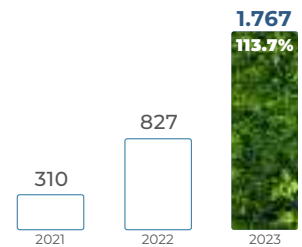
Leasing Receivables, Net (Million TL)



Shareholders' Equity (Million TL)

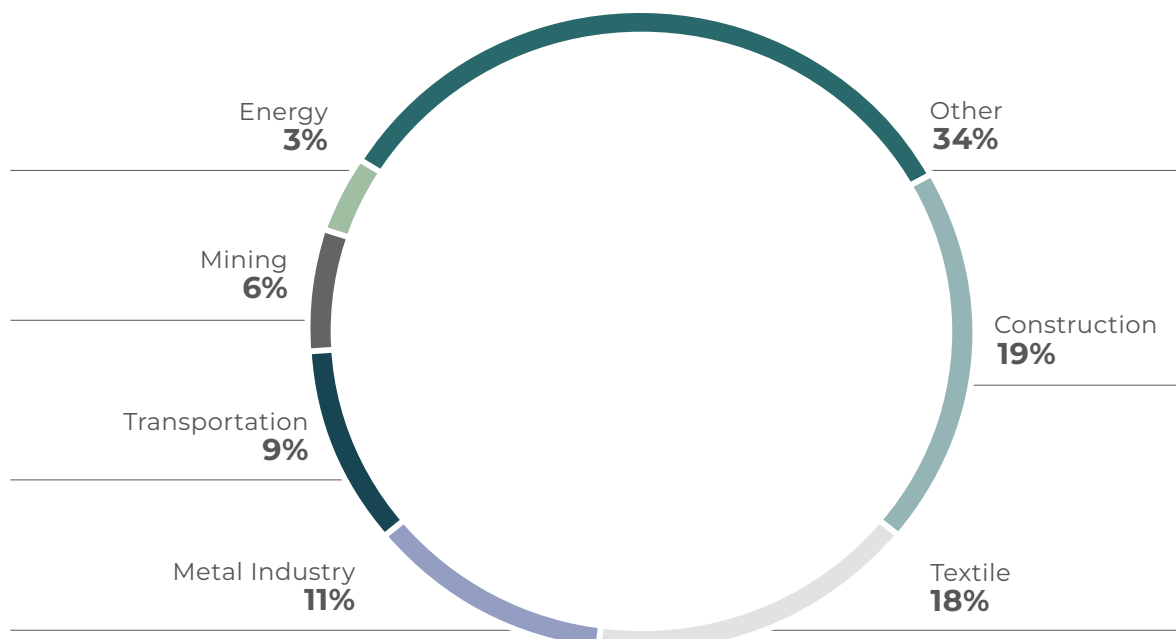


Consolidated Net Profit (Million TL)



SECTORAL DISTRIBUTION

| Consolidated | 2021 | 2022 | 2023 |
|----------------|------|------|------------|
| Construction | 18% | 16% | 19% |
| Textile | 20% | 19% | 18% |
| Metal Industry | 12% | 11% | 11% |
| Transportation | 10% | 9% | 9% |
| Mining | 7% | 6% | 6% |
| Energy | 5% | 3% | 3% |
| Other | 32% | 36% | 34% |



STOCK, ASSESSMENT AND RATING

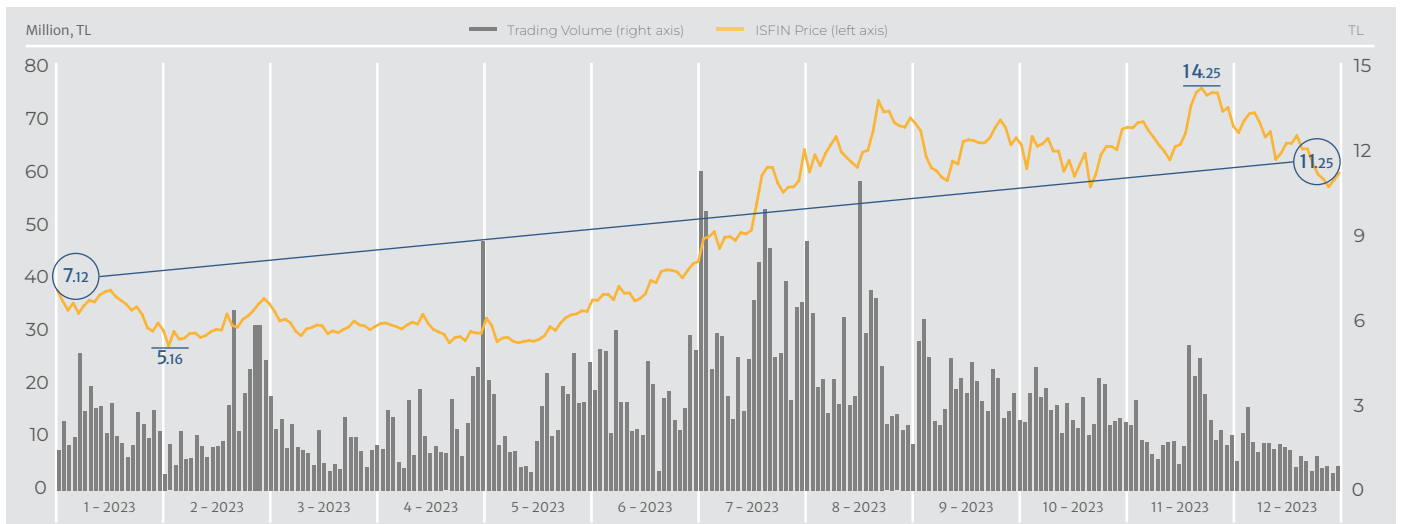
WITH ITS ABILITY TO REACH STRONG SHAREHOLDERS' EQUITY AND FUNDING RESOURCES, İŞ LEASING IT HAS MAINTAINED ITS ASSET QUALITY WITH EFFECTIVE RISK MANAGEMENT AND CONTINUED TO **SUPPORT SMEs AND THE REAL SECTOR.**

STOCK PERFORMANCE

BIST 100 index recorded positive performance and rose 35.6% to 7,470.18 points in 2023. Thus, BIST 100 recovered all the losses it recorded throughout 2023 and ended positive.

İş Leasing's Group B share is traded on Bist Stars Index. At the same time, İş Leasing is included in "BIST Financials" and "BIST Leasing Factoring" indices, as well as being included in BIST Corporate Governance index by virtue of effective corporate governance practices. İş Leasing, which is publicly traded since 2000 and has 41.8% of its shares outstanding on BIST, had an average daily transaction volume of 15.8 Million TL in 2023 and ended 2023 with a share price of 11.25 TL. İş Leasing was included in the BIST Sustainability Index in July 2023.

ISFIN



CORPORATE GOVERNANCE

Acknowledging the necessity of an effective corporate management system to achieve goals via sustainable performance, İŞ Leasing constantly improves its practices by benchmarking the best corporate governance examples and by interacting with stakeholders based on the principles of honesty, transparency, fairness, reliability and accountability.

CORPORATE GOVERNANCE SCORE

İŞ Leasing's 2023 Corporate Governance Score was assessed as 9.29 out of 10 (92.91%).

9.29



CREDIT RATING

According to a 26.09.2023 rating report by credit rating agency Fitch, the Company's national credit rating was assessed as A+ (tur) and its long-term foreign currency credit rating was assessed as B-.

The Company's rating was disclosed at Public Disclosure Platform (KAP) on 26.09.2023.

 <https://www.kap.org.tr/tr/Bildirim/1197409>

| Foreign Currency | |
|------------------|---------|
| Long Term | B- |
| Short Term | B |
| Outlook | Stable |
| Turkish Lira | |
| Long Term | B |
| Short Term | B |
| Outlook | Stable |
| National | |
| Long Term | A+(tur) |
| Outlook | Stable |
| Support Rating | B- |

MESSAGE FROM THE CHAIRMAN

WHILE İŞ LEASING CONTINUES ITS SUPPORT TO SMEs AND THE REAL SECTOR WITH ITS STRONG SHAREHOLDERS' EQUITY, IT HAS MAINTAINED ITS ASSET QUALITY WITH EFFECTIVE RISK MANAGEMENT.



N. BURAK SEYREK
CHAIRMAN OF THE BOARD

Dear Stakeholders,

We, as İş Leasing, have left behind another successful year. We are pleased to present you the positive economic results and value we created for our stakeholders in our annual report in accordance with Capital Markets Law and relevant regulations. We present our financial statements and dividend distribution policy in line with regulations, for your evaluation and approval. Before proceeding to evaluations, we find it useful to review:

- Socio-economic circumstances surrounding us while achieving our results,
- Prevalent domestic and worldwide agenda,
- Industry outlook,
- İş Leasing's market position.

The challenges in the global economy persist

In 2023, tight monetary policies of the central banks of developed countries, volatile energy prices and geopolitical turmoil had an impact on global economy. Despite lower inflation recordings, relatively weak outlook in global economic activity persisted. In the World Economic Outlook report published by the IMF in October 2023, slow and uneven global recovery after Covid-19 pandemic and Russia-Ukraine war was highlighted. It was stated still early to start interest rate cuts despite progress in reducing inflation from year to date.

Positive US economy can be observed, particularly in the labor markets, and the downward inflation trend continues. Anticipation is that inflation in the European Region will reach its peak in 2023 and will

decline. It appears interest rate hike cycle in Europe has ended and recent hikes pose a recession threat. China reopened after Covid-19, but growth remained lower than expected, particularly due to concerns in the real estate sector. The IMF estimated that global economic growth in 2023 and 2024 will be below the 3.8% average of 2000-2019 and at 3% and 2.9%, respectively. Political tensions between China and USA were in the top global agendas.

Declining energy prices played an essential role in decreasing global inflation in 2023. No upward pressure is expected on energy prices in 2024 due to relatively weak global demand. On the other hand, potential spread of Israeli-Palestinian tension to other regional countries will affect this forecast.

According to PMI data, a indicator of purchasing tendency in goods and services and successive growth forecasts, the beginning of economic recovery is observed on a global scale, particularly in the USA. On the other hand, examination of Turkey's data reveals early indicators of a loss of momentum in growth in 2024.

Consequently, the course of global inflation and economic activity, monetary policy decisions of leading central banks and geopolitical matters will highlight the developments that will shape the world economy in 2024.



Growth was stifled by monetary tightening measures implemented by major central banks to fight inflation.



In 2023, the rate of growth of the world economy is projected to be 3%.



It is thought that major central banks are nearing the conclusion of their cycles of interest rate increases.



The international economy in 2024 will be shaped primarily by the trajectory of global inflation and economic activity, the monetary policy decisions made by the world's top central banks, and geopolitical developments.

MESSAGE FROM THE CHAIRMAN

WITH ITS SOLID FORESIGHTS, **AGILE MANAGEMENT UNDERSTANDING**, AND DIVERSIFIED FUNDING SOURCES, İŞ LEASING HAS PRESENTED A STRONG STANCE UNDER DIFFICULT CONDITIONS.

Turkish economy in the wake of earthquake, elections and inflation

It is healthier to evaluate the developments in Turkish economy in 2023 under pre-election and post-election periods. In the first half of 2023, when global inflation pressures persisted and leading central banks kept hiking interest rates, a devastating earthquake hit a broad geographical area in our country. This disaster, which caused mass human casualties and brought serious economic destruction, deeply affected us as a country. We wish God's mercy for those who lost their lives, speedy recovery for survivors, and patience for those who lost their beloved and estates. Although we cannot stop such disasters, we hope we will be able to avoid devastating consequences.

Throughout 2023, relief expenditures were underway to alleviate negative effects of the earthquake disaster, and the implementation of household supporting policies before the election had an impact on the course of inflation. Along with a shift in economic administration after the elections, policies that prioritize inflation were introduced. CBRT, which started increasing policy rate since June, raised the policy rate by 250 basis points again at MPC meeting in December, up from initial 8.5% to 42.5%.

Turkish economy completed 2023 with a growth rate of 4.5%. During this period, household consumption expenditures dominated growth.

In the Medium Term Program, which presents the road map for Turkish economy and was announced in September, the growth forecasts were 4.4% for 2023, 4% for 2024, 4.5% for 2025 and 5% for 2026. Inflation

is expected to be 65%, 33%, 15.2% and 8.5%, in the respective years.

In addition to these developments, the success of new economic policies to combat inflation and anchor inflation expectations, the extent of investor confidence that will be established and the economic policies after local elections in March 2024 will be essential for Turkish economy.

As İş Leasing, we left behind a successful year

In 2023, despite uncertainties and adversities posed by both global and domestic socio-economic agendas, the leasing sector managed to maintain its dynamism as one of the dynamos of the economy in our country, and reached a new transaction volume of approximately **5 billion USD**. İş Leasing maintained its second place in the sector with its 12.3% market share, thanks to its 35 years of experience, strong capital structure and ability to access domestic and international funding sources and effective allocations.

In this economic environment, İş Leasing CONTINUED its support to a variety of companies of all sizes. It maintained its asset quality through effective risk management. It has demonstrated a strong presence with its foresight, agile management approach, strong risk perception and management, and diversified funding sources.

İş Leasing was selected as **"Most Esteemed Leasing Company"** in the "Most Esteemed Companies of the Year" research. This support we received from all segments, reflects our financial structure, sectoral position and the strength of our brand.

Our 2024 goals

We believe that the sector will remain resilient in 2024 despite the difficulties posed by elections, international wars and high inflation. While we monitor the economy closely, we will continue to take advantage of opportunities and stand by our customers.

As we expand our digitalization and sustainability efforts, we will also improve our quality and competitive advantages to much higher levels.

I must express once again that I am proud of my colleagues, with whom we achieved these successes together and who maintained consistent high performance with great determination in the relay race to carry İş Leasing into the future. I hope 2024 will be a year of positive developments, as we proudly prepare to celebrate 100th anniversary of the incorporation of Türkiye İş Bankası and our Group. On behalf of myself and the Board of Directors, I would like to thank all members and stakeholders of İş Leasing family, with whom we will continue to walk hand in hand towards the tomorrow of Turkey.

Sincerely,

NEVZAT BURAK SEYREK
Chairman of the Board



Turkish economy completed 2023 with a growth rate of 4.5%.



İş Leasing has been committed to providing support to businesses of all sizes, even in the face of ongoing global instability and multiple election cycles in our nation.



As we expand our digitalization and sustainability efforts, we will also improve our quality and competitive advantages to much higher levels.

MESSAGE FROM THE CEO

IN OUR 35TH ANNIVERSARY, WE MAINTAIN **OUR STRONG PERFORMANCE IN CHALLENGING ECONOMIC CIRCUMSTANCES.**



U. ŞAFAK ÖĞÜN
CEO AND BOARD MEMBER

Dear Stakeholders,

2023 has been a year in which we celebrated **100th anniversary of our Republic** with pride and joy and nationally acknowledge its values and importance once again.

On the other hand, the year started with a natural disaster in which consecutive earthquakes occurred on February 6 caused mass casualties of life and property and caused widespread devastation in our country indelible from our memories.

14 million people who were directly impacted by earthquakes represent 16 percent of the country's population. The total cost of earthquakes on the Turkish economy is expected to be approximately **2 trillion TL (103.6 billion USD)**.

İş Leasing and İş Bank Group and supported those affected by the earthquake with a spirit of solidarity and a sense of responsibility. On behalf of myself and our Company, I wish God's mercy for those who lost their lives in the earthquake, condolences to those who lost their beloved, and patience and speedy recovery for survivors. We should not be oblivious of the fact that our country is an earthquake zone and preemptive precautions against devastating consequences of the earthquake has to be tightened.

Solid stance in the leasing sector

Year 2023 has been a year in which geopolitical and economic volatility and wars CONTINUED around the world. It was a period of economic uncertainties, high inflation and uneven growth across countries and sectors. In addition to these external developments, our country's

leasing sector had a successful year despite challenges of an earthquake disaster in our country, pre-election and post-election developments and high inflation.

Transaction volume was recorded as **121 Billion TL** in 2023, almost double compared to 2022. Leasing receivables increased by 60% compared to 2022, reaching **189 Billion TL**, and the asset size of the sector **increased by 66% to 272 Billion TL**. The total net profit of the sector increased significantly by **146%**, reaching a volume of **14.5 Billion TL**.

Although the sector grew again in TL denominated terms in 2022, it followed a nearly stable course in US Dollar terms and even experienced a tiny contraction. This time in 2023, the sector's new transaction volume **increased by 27%**, representing a **1.7% expansion** in leasing receivables which ultimately reached **6.4 Billion USD**.

A successful year for İŞ Leasing

Aiming for sustainable, high-quality, customer-oriented and profitable growth, İŞ Leasing has managed to produce positive economic results in a difficult circumstances with its corporate culture and business style nurtured by its 35-years of history and extensive experience. İŞ Leasing, thanks to its:

- Strong financial structure, which is effective in accessing domestic and international funds,
- Agile balance sheet management approach,
- Supporting effective risk and portfolio management policies,

maintained its strong position in the industry as second in market share by achieving successful operational and financial results in 2023.



2023 has been a year in which we celebrated 100th anniversary of our Republic with pride and joy and nationally acknowledge its values and importance once again.



In 2023, the financial leasing sector achieved a prosperous year. The amount of transactions in 2023 amounted to 121 billion TL.



The industry's new transaction volume climbed by 27% in 2023, reaching 6.4 billion USD ultimately.

MESSAGE FROM THE CEO

İŞ LEASING CONTINUE TO BE THE LARGEST PUBLIC LEASING COMPANY IN 2023.

Our company increased its leasing receivables to 23.2 billion TL and captured a market share of 12.3%,

- Under the leadership of competent and experienced human resources,
- With an understanding focused on sustainability,
- With a balanced resource and risk management approach,
- With customer tailored services and specific solutions for institutions and
- With digital, easily accessible and innovative solutions

While our consolidated asset size increased by 42%, reaching **51.6 billion TL**, our shareholders' equity increased by **81%**, reaching **6.8 billion TL**. While our consolidated net profit for the period increased by **113.7%** to **1.8 billion TL**, our return on equity increased by 550 basis points to **33.6%**. The rate of our company's non-performing leasing receivables was **3.6%** and CONTINUED to remain below the industry rate of **3.9%**.

İş Leasing CONTINUED to be **the largest publicly traded leasing company**.

We became Turkey's most esteemed leasing company

In this meaningful year in which we celebrate the 35th anniversary of our company, İş Leasing was selected as **the Most Esteemed Leasing Company** in the "Most Esteemed Companies of the Year" research. This award is an **indication of acknowledgement and trust** in İş Leasing's corporate vision and business conduct in the eyes of all our stakeholders, particularly our customers. We thank everyone who deemed us worthy of this award.

In 2024...

In our 2024 agenda, we plan to expand our efforts in **technological transformation and Green Development**. Considering economic circumstances and investment environment in our country, we plan to concentrate our strong funding capabilities on productive projects and sustainable investments.

We will definitely continue to fulfill our company's long-term goals incrementally in line with our strategic plan, along with our efforts to provide top value to our domestic economy, our sector, our stakeholders and our customers.

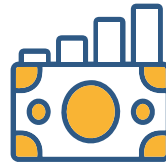
I would like to thank our Board of Directors, employees, all our business partners and investors for their support and contribution along this process.

Sincerely,

U. ŞAFAK ÖĞÜN
CEO and Board Member



İş Leasing remained the largest publicly traded leasing company in this significant year of celebrating our Republic's 100th anniversary.



Our Shareholders' Equity increased by 81% to 6.8 billion TL.



In 2023, our company maintained its solid position as the second-largest market share in the industry and produced outstanding operational and financial outcomes.



%. The rate of our company's non-performing leasing receivables was 3.6% and **CONTINUED** to remain below the industry rate of 3.9%.



Our business gained a 12.3% market share by growing its financial leasing receivables to 23.2 billion TL.



In our 2024 agenda, we plan to expand our efforts in technological transformation and Green Development.



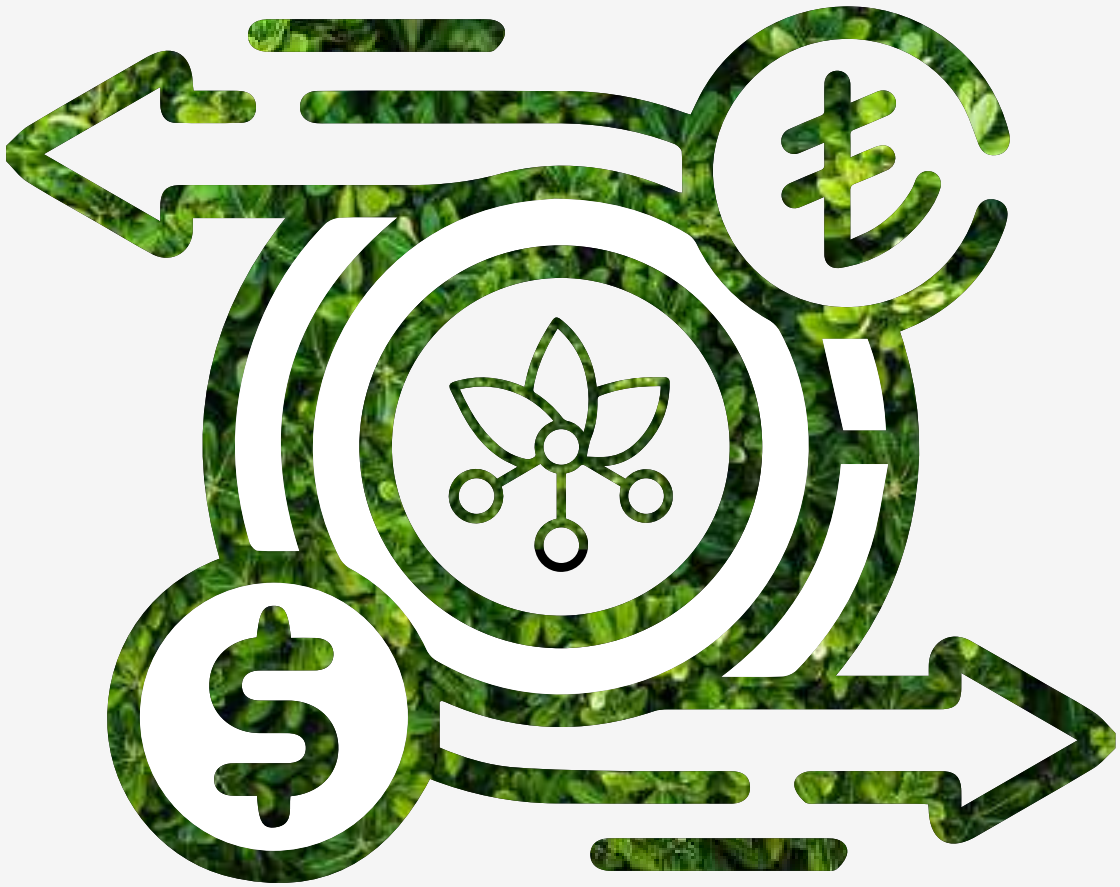
Our consolidated asset size increased by 42% and reached 51.6 billion TL.



We will continue to fulfill our company's long-term goals incrementally in line with our strategic plan.

The background of the image is a dense, vibrant green foliage, likely a type of shrub or tree with small, rounded leaves. The foliage is visible on the left side and bottom of the image, framing a white rectangular area where the text is located.

WE OFFER PRODUCTS
AND SERVICES
SPECIALLY DESIGNED
**FOR OUR CUSTOMERS'
CASH FLOWS.**



LEASING SECTOR

THE LEASING SECTOR, WHICH PROVIDES FUNDING FOR INVESTMENT GOODS, PLAYS A KEY ROLE IN **SUPPORTING ECONOMIC GROWTH** BY INCREASING ACCESS TO CREDIT IN THE NON-BANK FINANCIAL WORLD WITH ITS ABILITY TO OFFER LONG-TERM, FLEXIBLE AND CASH FLOW FRIENDLY PAYMENT PLANS.

In Turkey, average financing rate of private sector fixed capital investments through leasing is between **4.5% and 5.5%**. However, this rate has dropped to **2.8%** in recent years. Since leasing transaction volume is highly correlated with domestic growth, leasing transaction volume also has a potential to increase if expected growth levels will be achieved.

Additionally, the developments in 2023 increased the uncertainties on the global economy. The ongoing war between Russia-Ukraine and Israel-Palestine, as well as China-Taiwan tensions, negatively affect the global economy, particularly the energy and food sectors.

While 2023 initially started strong, the earthquake disaster that hit our country in February left the whole country devastated. The quick recovery in economic activity also had its impact on the sector. According to the data published by the Association of Financial Institutions (AFI), the sector's new business volume has remained flat for the last 2 years after the pandemic. On the other hand, the sector started 2023 with a good performance and in the first four months of the year by reaching a contract size above **19%** of the previous year.

VOLATILE ANNUAL COURSE DUE TO INTERNAL AND EXTERNAL FACTORS

Momentum was lost in transaction volume in the second quarter of the year due to developments in global economics, fluctuations in cost of capital, the earthquake disaster and the general elections. Due to uncertainty regarding looming elections and potential post-election policies, there was a deliberate slowdown in the sector's transaction volume between May-August.

The sector was stimulated again after August, due to tightening regulations on banks restraining loans extensions within new post-election economic policies. Sector's new transaction volume reached **5.1 billion USD, increasing 27%** compared to the end of 2022.

2023 PERFORMANCE

The sector's leasing receivables increased by 60% compared to previous year, reaching **188.9 billion TL** at the end of 2023. According to figures adjusted for currency translation, there is a growth of 1.7% (**6.4 billion USD**).

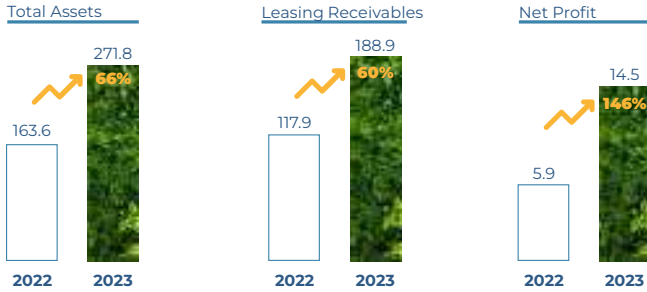
While new transaction volume exceeded **121 Billion TL**, it was almost double compared to 2022.

The asset size of the sector reached **271.9 Billion TL, increasing by 66%** compared to 2022. The total net profit of the sector reached **14.5 Billion TL**, significantly increasing by **146%**.

Despite global economic developments which increased foreign cost of capital to double-digit levels and the higher post-election TL borrowing costs, the sector achieved **58.1% return on equity** (37,3% in 2022) and **6.7% return on assets** (4.5% in 2022) as of the end of 2023.

As a result of significant collections of doubtful receivables, the sector's non-performing receivables rate excluding İş Leasing was **3.9%** (4.1% in 2022).

When we look at the share of investments in the sector by asset tFCes, the largest shares are road vehicles (**27.9%**) and work and construction machinery (25.6%)



which are followed by other fixtures and equipment (9.2%) and metal working machinery (8.9%).

The share of renewable energy production equipment regressed down to 3.9% in 2023, despite rising to 7% in 2022. Similarly, textile machinery's share regressed to 4.2% in 2023 after receiving 10.4% share in 2022.

2024 EXPECTATIONS

In the leasing sector, which serves over 35 thousand customers, larger companies are also considered in addition to SMEs and promoting leasing funding for investment decisions is targeted across companies. In case of improvement in the investment environment, a recovery is expected in exporting companies. Primarily, investments in renewable energy, automotive, textile, chemistry, plastic and healthcare sectors are thought to draw funding.

The general post-pandemic global agenda has been rising inflation rates and monetary tightening measures of central banks to combat rising inflation. Basic economic data sets published indicate that global economic recovery is partly underway.

An end to the monetary tightening cycle of central banks abroad and the beginning of potential interest rate cuts as soon as second half of 2024 is expected.

The course of global inflation and economic activity, monetary policy decisions of leading central banks and geopolitical developments stand out as the developments that will shape the world economy in 2024.



The sector's asset size increased by 66% to 271.9 billion Turkish Liras in comparison to 2022.



The industry's overall profit climbed by 146% to 14.5 billion TL.



The new transaction volume nearly doubled from 2022 to over 121 billion TL.



The sector's return on equity by the end of 2023 was 58.1%, despite rising TL borrowing rates.

Decreasing demand in our export markets EU and the UK due to recession, as well as public policies aimed at weakening domestic demand may cause a decrease in investments in 2024. It is anticipated that cash flow management will become a priority topic for companies and uncertainties in rising costs will significantly reduce the appetite for funding new investments.

In addition, the success of new economic policies in combating inflation is significant domestically. The extent to which investor confidence will be restored and the introduction of post-election economic policies after March 2024 elections are the key factors that will impact economic growth in our country. In light of all these developments and the current state, a stable sector without significant rise in transaction volume is expected in 2024.

İŞ LEASING IN THE SECTOR

İŞ LEASING WAS SELECTED AS THE MOST ESTEEMED LEASING COMPANY IN THE “MOST ESTEEMED COMPANIES OF THE YEAR” RESEARCH BY CAPITAL MAGAZINE. IT RECEIVED TOP MARKS FOR CRITERIAS OF BEING A RELIABLE COMPANY, FINANCIAL SOUNDNESS, VALUING ITS EMPLOYEES AND CORPORATE RESPONSIBILITY.

İş Leasing provides services to a wide range of customers, from micro enterprises to SMEs and corporations, with its 35 years of established experience and knowledge, sound financial structure and funding options it offers.

İş Leasing, which embraced constant customer experience improvement principle with its pioneering identity, innovative and flexible products, distinctive service quality, and smart business processes that offer fast and effective solutions, maintains its competitive position.

The Company, which has 16 branches across Turkey, offers its customers a trust-based long-term business partnership approach, while continuously advancing its service competence thanks to its upgraded technological infrastructure.

İş Leasing provides extensive funding support at various scales for investments across different sectors with its sound financial structure sustained by both its equity capital and funds secured from international financial institutions.

Continuously improving its distribution channels through efficient collaborations with suppliers, İş Leasing mainly conducts transactions in the fields of machinery and equipment, work and construction machinery and renewable energy equipment.

Rising in competition every year in providing funding for **renewable energy projects**, the Company is one of the most active players in this field with the funding services it developed for installation of solar energy power plants.

While the Company is committed to fulfill sustainability activities without disruption, it solidified its position in the sector by allocating its **strong funding capabilities** for energy efficiency and renewable energy projects in 2023.

The Company managed to enter **BIST Sustainability Index** in 2023. The Company CONTINUED its firm stance by publishing its **third sustainability report** in its sector (2022 Sustainability Report).

In order to alleviate negative effects of the earthquake disasters that devastated our country in 2023 for our customers and victims in the region, the Company mobilized all its capabilities and supported them in this difficult time.

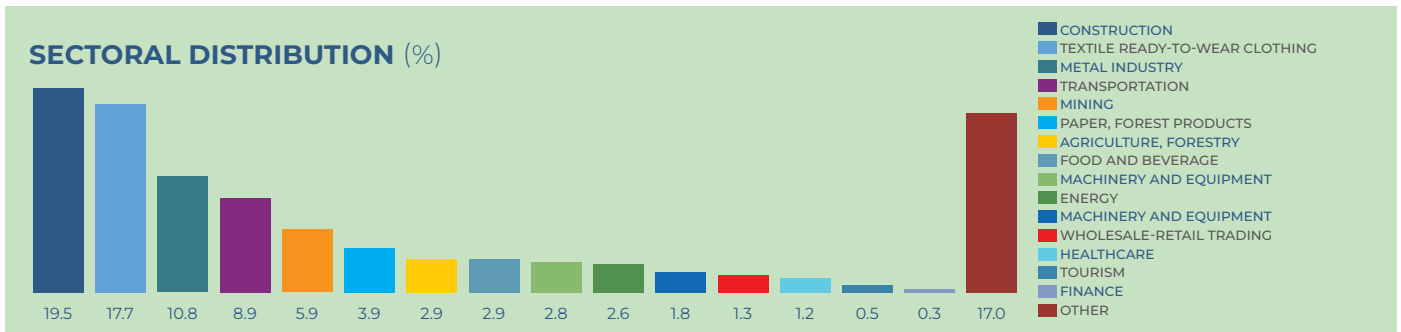
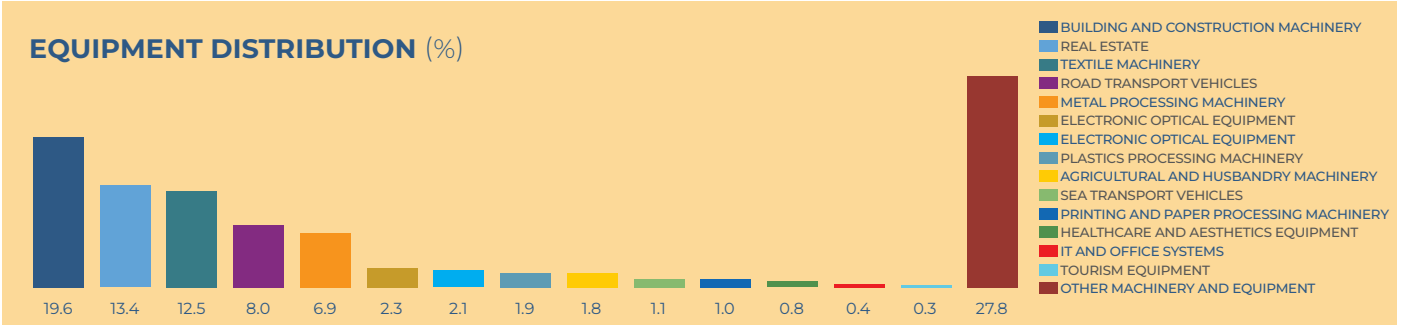
İş Leasing maintained its strong position in the sector in 2023 with a market share of **12.3%** based on Net Leasing receivables and a share of **11.4%** based on Number of Customers. While net leasing receivables of the sector aggregated to **188.9 billion TL**, İş Leasing maintained its position as **the second largest company** in the sector by increasing its net leasing receivables by 35% to 23.2 billion TL.

While new transaction volume exceeded **10 Billion TL**, the asset size reached **27.6 Billion TL**, increasing 38% compared to 2022. Total profit significantly increased by **79%**, reaching **860 Million TL**.

As of the end of 2023, İş Leasing achieved **39.0% return on equity** (30.2% in 2022) and **3.7% return on assets** (2.8% in 2022).

While the sector non-performing receivables rate (TOA) excluding İş Leasing was 3.9%, the İş Leasing **TOA rate was 3.6%**.

İş Leasing will continue to expand its customer base and become one of the primary service providers in the market with its competent human resources reflecting its **sustainability-oriented vision**, agile organization adaptable to quick changes and updated technological infrastructure.



established in 1988

35
years of experience

8.3% NEW TRANSACTION MARKET SHARE

iŞ LEASING RETAINED ITS DOMINANT POSITION IN THE INDUSTRY IN 2023, ACCOUNTING FOR 8.3% OF NEW TRANSACTIONS AND 11.4% OF TOTAL CLIENTS.

LARGE CUSTOMER BASE

MICRO BUSINESSES
SMES
CORPORATE COMPANIES

INNOVATIVE WAY OF DOING BUSINESS

INNOVATIVE AND FLEXIBLE PRODUCTS
FAST AND EFFECTIVE SOLUTIONS
SMART BUSINESS PROCESSES
CUSTOMER FOCUS

STANCE THAT EMPOWERS THE INDUSTRY

PIONEER IDENTITY
SERVICE QUALITY THAT MAKES A DIFFERENCE
STRONG FINANCIAL STRUCTURE
INTERNATIONAL FUNDING OPPORTUNITIES

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İŞ LEASING WAS
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**THE MOST ESTEEMED
LEASING COMPANY**
IN CAPITAL MAGAZINE'S
"MOST ESTEEMED
COMPANIES OF THE
YEAR" RESEARCH.



2023 ACTIVITIES

ONE OF THE TOP BUSINESSES IN THE FIELD, İŞ LEASING, USES A **POWERFUL CHANNEL MANAGEMENT APPROACH**. THREE DISTINCT CHANNELS ARE USED FOR SALES ACTIVITIES: DEALERS, TÜRKİYE İŞ BANKASI BRANCHES, AND DIRECT MARKETING.

SERVICES

İş Leasing offers products and services custom-tailored to its customers' cash flows on the back of its robust financial structure and solid funding capabilities.

Being one of the sector's leading companies, İş Leasing implements a powerful channel management strategy. Its sales activities are carried out through three different channels: İşbank branches, vendors and direct marketing.

İşbank's extensive branch network presents İş Leasing with countrywide reach and servicing opportunity, and the strong synergy created with the Bank is reflected in the business volume.

İş Leasing carries out its activities within the frame of a collaboration based on productivity principle with vendors. The Company aims to ensure healthy development of vendor-originated transactions in its portfolio and to increase channel efficiency. The Company carries out need-based marketing activities for the financing of the sales of vendors identified in the equipment groups that pose high second-hand value; İş Leasing CONTINUED with its efforts for the improvement of this channel uninterruptedly also in 2023.

İş Leasing erects its customer-focused service model on producing original solutions to the investment needs of its customers that make its most important stakeholder group.

Customer feedbacks are highly valued at İş Leasing and play a major role in the formulation of strategic decisions.

Questionnaires measuring the satisfaction of customers with the service they receive are administered periodically. Customer expectations and needs are placed at the heart of product and service designs.

Amid the tough market conditions presented by 2023, İş Leasing generated successful results with its service model that runs on fast, accurate and efficient processes, and reinforced its contribution to the sector and the economy by further strengthening its identity as the preferred leasing company.

BRAND AND COMMUNICATION STRATEGY

İş Leasing Türkiye conducts a brand communication strategy that always emphasizes **"trust"** and **"stability"** elements at work, consistent with İşbank's brand image.

The continuous customer support of İş Leasing, selected as **the most esteemed leasing company of the year** by Capital magazine survey in 2023, is the focal point of its communication strategy.

The experience of İş Leasing, which celebrates its 35th anniversary in 2023 and accordingly redesigned the logo for its communication channels, stands out as a distinctive element in its communication efforts.

PORTFOLIO

İş Leasing believes that a healthy portfolio and effective risk management are among the essential requirements for sustainable growth. The Company actively utilizes technology assisted advanced risk management systems and uses its multi-disciplinary lending policies and risk management approach to create a broad-based, environmentally sensitive and profitable portfolio with a high credit quality.

İş Leasing manages its risk map within a well-balanced structure and avoids concentration in any one sector. Backed by a portfolio composition characterized by diverse sectors and expansive geographical distribution, the Company keeps its NPL ratio below the sector's average.

Reinforcing and expanding its customer base with distinctive customer experience, İş Leasing kept solidifying its market share in terms of the number of customers in 2022.

İŞ FAKTORING

İş Faktoring, of which İş Leasing is the principal shareholder, was incorporated in 1993. Possessing a broad customer base composed of companies of different scales from diverse sectors, İş Faktoring delivers factoring service in domestic and international markets in financing, guarantee and collection areas via its Head Office in İstanbul and six branches operating in Ankara, Tuzla (İstanbul), Adana, Bursa, İzmir and İstoç (İstanbul).

İş Faktoring has been a member of Factors Chain International (FCI), the most important international factoring initiative in the world, since its incorporation. This membership allows the company to support its customers' international factoring transactions with an extensive correspondent network.

In 2023, İş Faktoring posted **22,2 billion TL** in total FACTORING RECEIVABLES, **86,1 billion TL** in turnover, **24 billion TL** in total assets, and booked a net profit of **1,16 billion TL**. In its rating report dated 23 May 2023, DRC Ratings Hizmetleri A.Ş. raised İş Faktoring's (national) long-term rating of **(TR) AA** and confirmed short-term (national) rating of **(TR) A-1**. and **"Stable"** outlook.

2023 ACTIVITIES

İŞ LEASING HAS DISTINGUISHED ITSELF AS ONE OF THE BUSINESSES THAT MADE THE TRANSITION TO REMOTE WORKING IN THE **QUICKEST AND MOST EFFICIENT MANNER** BECAUSE OF ITS ROBUST INFORMATION TECHNOLOGY INFRASTRUCTURE.

BİLGİ INFORMATION TECHNOLOGIES AND DIGITAL TRANSFORMATION

Fulfillment of digital transformation under a holistic approach is an essential element of İş Leasing's business strategy. İş Leasing, which continuously extends its financial support to the real sector, is up-to-date on latest innovations in Information Technologies in order to ensure efficient growth by improving the speed and quality of its services.

While digital transformation is regarded as an indispensable means for achieving Company's goals, time and cost reductions through high-quality service delivery available via digital technology, significant efficiency achievements in decision-support processes, and positive changes and transformations in all Company processes are all targeted.

İş Leasing's Information Technologies (IT) Department is organized to provide most of the required IT services in-house and covers all basic information technology processes except software development. In order to develop all customer services in line with technological changes and business needs, improvement of its technological infrastructure is paramount within İş Leasing, including speeding up data processing, accessing and analyzing data, improving and transforming business processes and practices, and boosting capacity to build strategic decision-making processes on flexible and precise calculations. In this context, the following projects will be carried out.

- Corporate Website Update
- Call Center App
- Infrastructure Improvements
- Robotic Technologies

- Data Policy (KVKK) Apps
- Leasing Software Project

Ensuing termination decision of the Orion Project at the end of 2022, several discussions were held with various vendors in 2023 to develop web-based and mobile compatible new software that will meet the needs of the Company and customers. The selection of project contractors and commencement of the project is anticipated in 2024.

HUMAN RESOURCES AND TRAINING

Human resource competencies play a crucial role in the corporate success of İş Leasing. Employing happy, productive and visionary employees is among the primary goals of our Company. Our human resource mission is to become the most desired employer for employees in the leasing industry and to ensure continuous employee satisfaction.

In line with changes in employee expectations and remote working trends prevalent after Covid-19 pandemic, a functional and secure remote working system was introduced for İş Leasing's employees to promote a balance of flexibility and commitment. İş Leasing has transitioned from a conventional to a hybrid working model. The hybrid working model is defined as a working pattern of three office and two remote working days.

İş Leasing's human resources mission is to become the most desired employer to work for employees in the leasing industry and to ensure continuous employee satisfaction. The Company's human resources strategy is based on efficient management of its human resources, its most important capital, in line with

its vision, mission and goals, and formation of an elite, dynamic, creative, effective, distinguished and highly competitive team in the sector. In this regard, İş Leasing develops practices to recruit qualified personnel through improvement and change efforts, to continuously support the development of both the professional knowledge and skills of the team as well as organizational and personal capabilities, and to ensure their motivation and maximize their performance. Hence, it uses objective, task-tailored measurement and evaluation methods based on competencies in order to place the right person for the right job. In order to create career opportunities for our employees during recruitment processes in 2023, external recruitment was reduced and our internal resources were capitalized more effectively for the open positions.

In order to conduct human resources processes more effectively at İş Leasing, electronic transformations of these processes CONTINUED in 2023.

Training activities at İş Leasing are planned to provide technical and skills development for all employees, considering business plans and departmental training requirements analyses and performance results.

Training and Development

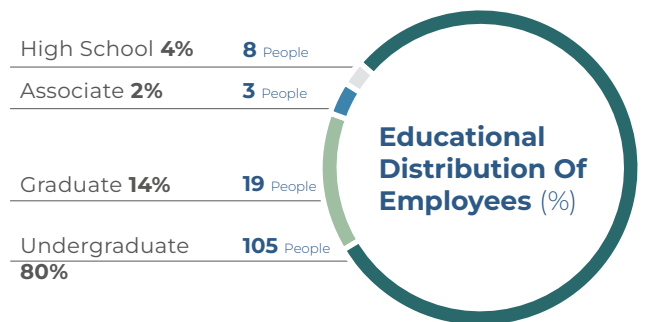
Our Company believes that one of the basic components of sustainable success is regular training activities, thus organizes trainings in line with corporate and employee needs.

Training activities are planned to provide technical and skills development for all employees, considering business plans and departmental training requirements analyses and performance results. A customized digital

learning platform was offered to our employees in 2023 for employee development, featuring 145 training contents.

A “Leadership Development Program” was planned for Managers and Deputy Managers in our Company, and face-to-face trainings started in November 2023.

In 2023, 1018 total hours of trainings were offered to our Company’s employees under 25 different headlines. In 2024, technical and skills development trainings tailored to employee needs will continue.



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TO A WIDE RANGE OF
CUSTOMERS, FROM
MICRO BUSINESSES
TO SMES AND
CORPORATIONS,
**WE PROVIDE
QUALITY SERVICES.**



SUSTAINABILITY AT İŞ LEASING

ALIGNED WITH ITS COMMITMENT TO SUSTAINABILITY, İŞ LEASING PRIORITIZES CLIMATE CHANGE AND USES SUSTAINABLE FINANCE METHODS TO DRIVE ITS GREEN TRANSFORMATION VISION.

İş Leasing regards sustainability as an integral part of business methodology in order to leave a more habitable world for future generations and accelerate **the transition to a low-carbon economy**. It operates with the awareness of sustainable value creation for its customers, shareholders, employees and all stakeholders and integrates this approach into all its processes. The company acknowledges sustainability holistically including its economical, environmental and social dimensions in line with its corporate culture and identity, considering all relevant legal regulations applicable.

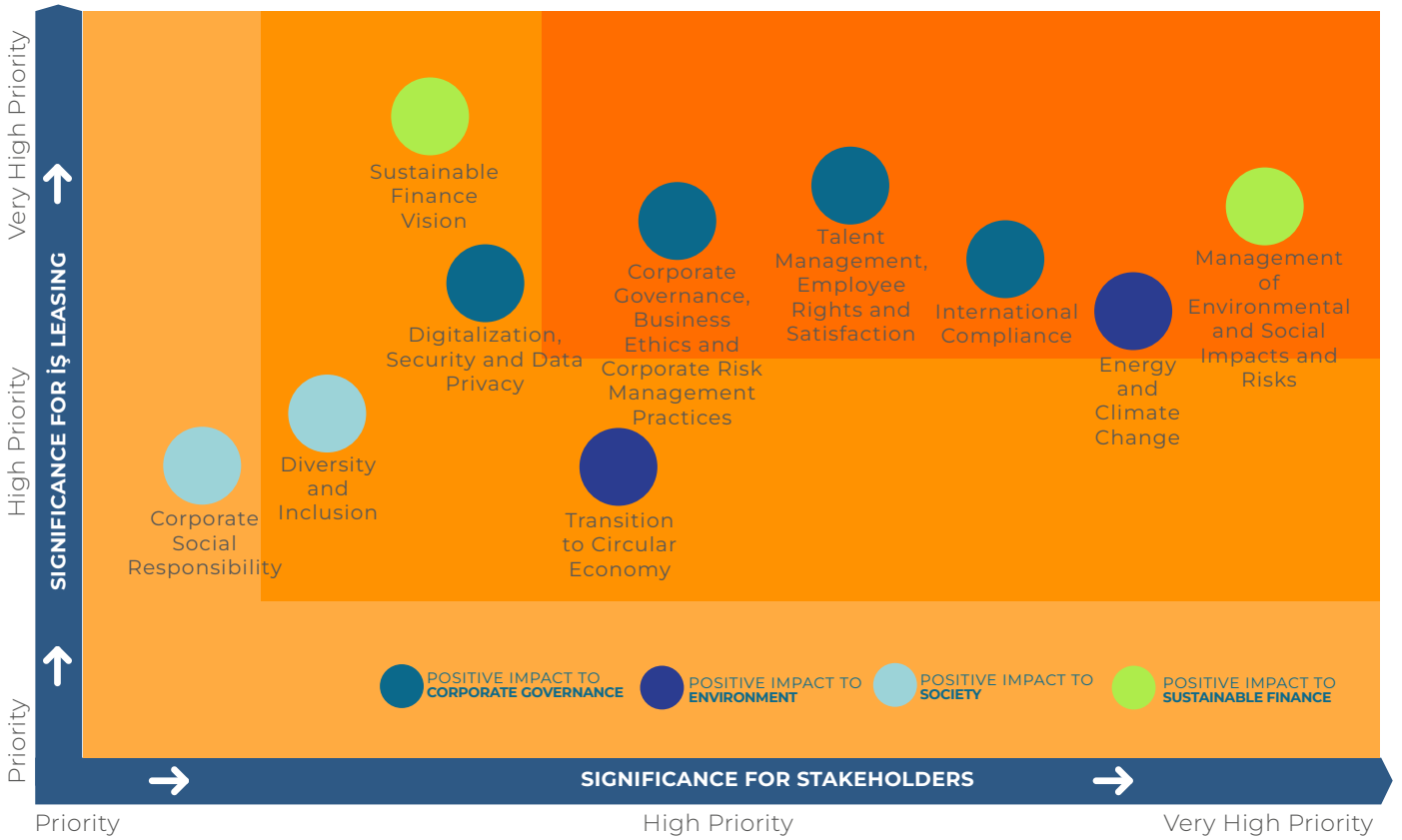
In line with sustainability awareness, İş Leasing is accelerating its **Green Transition Vision** through sustainable finance practices, giving climate change a priority. It aims to take measures for effective resource and energy usage to ensure transition to low-carbon economy, particularly by offering services for investments on energy efficiency and renewable energy. İş Leasing is committed to continuously conducting sustainability efforts it has already initiated in order to contribute to a sustainable and habitable future.

İş Leasing cares to take part and pioneer in various initiatives to build a more sustainable world by becoming a member of several domestic and international associations, unions and sectoral organizations and by taking part in workshops within common ideals for a sustainable future. Since 2021, our Company continues its membership in **Business and Sustainable Development Council (BCSD Türkiye)**, which is a regional extension and a business partner

of the **World Business Council for Sustainable Development (WBCSD)** in Türkiye. Our Company actively participates in all workshops, particularly the **Sustainable Finance Workshop Group**. In 2022, our company qualified as one of the eligible signatories of **the Women's Empowerment Principles** which operates to support the presence of women in all aspects and levels of life. Additionally in 2022, it has pledged to align its sustainability strategies with 10 universally accepted principles by joining the **UN Global Compact** and thus pledged its support for respective sustainable development goals, while aiming to be a part of the solution in combating all environmental and social problems, particularly the climate crisis.

İş Leasing actively participates in the workshops of the 30% Club, a campaign in which Chairs and CEOs aim to increase gender diversity at all levels of their organizations. In 2023, we became a member of the **Corporate Governance Association of Türkiye (CGAT)**, which has a mission of recognition, development and best implementation of corporate governance in our country. Thus continuous improvement is aimed in our corporate governance practices considering the best benchmarks.

Based on the notion that the society and the country cannot benefit without social welfare, İş Leasing also channels its pioneering role in sustainable financial services into corporate social responsibility efforts. The social responsibility activities conducted in 2023 are listed below, and continuation of below activities along with additional diversification in 2024 is also being planned.

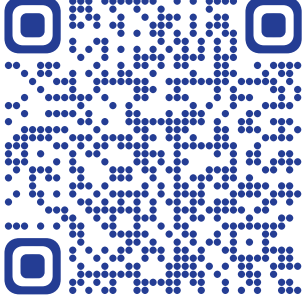


| Very High Priority Topics |
|---|
| Management of Environmental and Social Impacts and Risks |
| Energy and Climate Change |
| Talent Management, Employee Rights and Satisfaction |
| Corporate Governance, Business Ethics and Corporate Risk Management Practices |
| International Compliance |

| High Priority Topics |
|---|
| Transition to Circular Economy |
| Sustainable Finance Vision |
| Digitalization, Security and Data Privacy |
| Diversity and Inclusion |

| Priority Topics |
|---------------------------------|
| Corporate Social Responsibility |

SUSTAINABILITY AT İŞ LEASING



You can access İş Leasing 2022 Sustainability Report from the link below or by scanning the QR code.

https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf

- A donation was made to AFAD to support the victims of the earthquakes that hit Kahramanmaraş and devastated 11 provinces.
- A donation was made to Mor Çatı Women's Shelter Foundation especially for March 8, International Women's Day.
- To celebrate birthdays of our Company employees, donations were made to Turkish Education Foundation (TEV) Scholarship Fund on behalf of our employees.
- Books were donated to Köprübaşı Anatolian High School in Manisa.
- We became a sponsor at the 10th Women Directors Conference organized by the 30% Club of which we are a member.
- We became a sponsor at XVth Corporate Governance Summit by CGAT, which we are a member.
- Within social responsibility project on electronic waste we implemented in cooperation with TEGV Educational Volunteers Foundation of Türkiye and TÜBİSAD Informatics Industry Association, electronic waste, which is in the hazardous waste category that causes the worst harm to nature and human health, was recycled to support education.
- In line with the vision of Atatürk on our Republic's 100th anniversary, we launched our "Reading Generations" library project in 2023 and opened our first "Reading Generations" library in Artukbey Secondary School in Mardin Province.
- Within voluntary donation campaign of "Run After

Goodness" for AÇEV in the 45th Istanbul Marathon, which is the world's only intercontinental marathon and sponsored by İş Bank, on Sunday, November 5, 2023, we as the İş Leasing team started charity competition and collected donations for education of children in the earthquake zone after the earthquake disaster in our country.

Our company was included in **BIST Sustainability Index in 2023** after being evaluated over 3 main headlines, 10 main categories, more than 630 data points and 186 comparable criteria, including environmental, social and governance. In 2024 the following efforts will be implemented:

- Reviewing the "Environmental and Social Management System" and aligning it with international performance standards, particularly the World Bank Environmental and Social Framework, IFC and EBRD,
- Conducting annual review of transactions with environmental risk assessment grades of B- and above,
- Continuation of efforts to raise the ESG score to higher levels in 2024 in order to ensure continuity in the BIST Sustainability Index,
- Measuring the sensitivity of our company's portfolio to climate risk,
- Providing training to increase sustainability awareness of our employees.

The background of the page is a dense, vibrant green foliage, likely a type of shrub or tree with small, rounded leaves. The foliage is most prominent on the left side and bottom, framing a white rectangular area where the text is located.

WITH INNOVATIVE FINANCE SOLUTIONS, **WE LEAD OUR CLIENTS TO THE FUTURE.**

İş Leasing adopts the concept of accountability, equality, transparency and responsibility as its corporate culture in all its activities.

Section - II
Management



BOARD OF DIRECTORS



N. BURAK SEYREK
CHAIRMAN

1970 yılında Ankara'da doğan N. Burak Seyrek, 1990 yılında Ankara Üniversitesi Siyasal Bilgiler Fakültesi Uluslararası İlişkiler Bölümünden mezun oldu. 1990 yılında İş Bankası Eğitim Müdürlüğü'nde Stajyer Uzman Yardımcısı olarak göreve başlayan Sayın Seyrek, 1994 yılında Kurumsal Krediler Tahsis Bölümü'nde Kredi Uzman Yardımcısı iken görevlendirildiği İşbank AG Filiale Frankfurt'da 1998 yılında Şube Müdürlüğüne, 2001 yılında Başkent/Ankara Branch'nde Müdür Yardımcılığına, 2004 yılında Ostim Branch'nde Şube Müdürlüğüne, 2007 yılında Ankara Merkez II Bölge Satış Müdürlüğü'nde Ticari Satış Direktörlüğüne, 2010 yılında Ticari Bankacılık Ürün Bölümü Müdürlüğüne, 2011 yılında Ticari Bankacılık Satış Bölümü Müdürlüğüne, 2013 yılında KOBİ ve İşletme Bankacılığı Satış Bölümü Müdürlüğüne ve Eylül 2013'te İşbank AG Hauptverwaltung'a Genel Müdür olarak atanmıştır. 25 Mart 2016 tarihinde İş Bankası'nda Genel Müdür Yardımcılığına atanmıştır. Sn. Seyrek, 25 Mart 2022 tarihinden bu yana İş Leasing'te Yönetim Kurulu Başkanlığı görevini sürdürmektedir.



NECATİ ÇAĞLAR
VICE CHAIRMAN

Born in 1974, Mr. Çağlar graduated from Ankara University, Faculty of Political Science, Department of Public Finance. He started his career on the Board of Inspectors of İşbank on 1 January 1997. When he was IV. Grade Inspector, he was appointed as Assistant Manager in İstanbul Regional Directorate IV on 26 August 2005, Assistant Manager in Commercial Loans Department İstanbul Maltepe Regional Directorate on 27 August 2007, Kuruköprü Branch Manager on 21 May 2008, SME Loans Allocation Department Kocaeli Regional Director on 25 August 2009, SME Loans Allocation Department Bayrampaşa Regional Director on 27 December 2012, and Head of SME Loans Allocation Department on 26 February 2016. Mr. Çağlar has been serving as the Head of Commercial Loans Allocation Department since July 2020.



ÖMER KARAKUŞ
MEMBER

Ömer Karakuş holds a degree in Public Administration from Gazi University, Faculty of Administrative Sciences. He joined İşbank as an Assistant Inspector on the Board of Inspectors in 1989 and was appointed to Assistant Manager role in the Accounting Department in 1998, where he also served as Unit Manager. He became Head of Accounting Department in 2005, Yenişehir Branch Manager in Ankara in 2007, Head of HR Department in 2008, and Head of the Board of Inspectors on 15 January 2016. Ömer Karakuş was promoted to Deputy Chief Executive position on 27 April 2017. He held a member's seat on the boards of directors of Nemtaş Nemrut Liman İşletmeleri A.Ş. (2005-2006), Anadolu Anonim Türk Sigorta A.Ş. (2006-2010), Anadolu Hayat Emeklilik A.Ş. (2010-2012), Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. (2012-2013) and İşbank AG (2013-2016). He worked as the General Manager of İş Faktoring from 2019 until 2022. Mr. Karakuş has been a member of the Board of Directors at İş REIC since 16 May 2017. He has been named a member of the Board of Directors at İş Leasing on 25 March 2022.



MEHMET ŞENCAN
MEMBER

Mehmet Şencan holds a degree in Management Engineering from İstanbul Technical University. He started his career at İşbank as a clerk at Galata Branch in 1988 and joined the Board of Inspectors as an Assistant Inspector the same year. After functioning as branch manager in various cities from 1997 until 2007, he worked as branch manager of Bursa Corporate, Başkent Corporate and Kozyatağı Corporate branches. Mr. Şencan was appointed a Deputy Chief Executive at İşbank in April 2017. He served as the CEO of Anadolu Anonim Türk Sigorta Şirketi between September 2019 and January 2023. Mr. Şencan has been named a member of the Board of Directors at İş Leasing on 31 January 2023.

U



U. ŞAFAK ÖĞÜN
GENERAL MANAGER / MEMBER

Born in 1974, Mr. U. Şafak Öğün graduated from Bilkent University, Faculty of Business Administration, Department of Business Administration in 1995 and received his master's degree in International Banking and Finance at the University of Birmingham in 2002. In 2017, he attended the Advanced Management Program at Harvard Business School. At İşbank he served as Inspector between 1995-2005, Assistant Manager of Corporate Marketing Division between 2005-2007, Vice Chairman of the Board of Inspectors between 2007-2008, Corporate Banking Sales Division Manager between 2008-2009, Corporate Banking Marketing and Sales Division Manager between 2009-2016 and Güneşli Corporate Branch Manager between 2016-2021. He has been serving as the General Manager of İş Leasing since 2021.

You can reach the Senior Management here.



A. BOTAN BERKER
INDEPENDENT MEMBER

Ayşe Botan Berker holds a bachelor's degree in business administration from the Middle East Technical University, a master's degree in economics from the University of Delaware (USA), and a doctorate degree in finance from Marmara University. She started her professional career at the Central Bank of the Republic of Türkiye (CBRT) as external borrowings specialist, where she worked on loans provided to Türkiye by the World Bank, the IMF and the OECD Consortium to Aid Türkiye. Following her assignment as Deputy Director of Balance of Payments, she functioned as the Director of International Institutions, which is responsible for carrying out the CBRT's borrowings from international markets. Dr. Berker served as the London Representative of the Bank between 1994 and 1996, and before leaving the CBRT in January 1999, she was Deputy Director General of the Directorate General for External Affairs. In 1999, she set up the international rating agency Fitch Ratings' Türkiye Office, for which she functioned as the General Manager and Board of Directors member until March 2012. Having founded Merit Risk Yönetimi ve Finansal Danışmanlık company in April 2012, Dr. Berker served as an independent member of the board of directors responsible for risk management at Turcas Petrol A.Ş. between 2012-2018. She teaches banking and finance as a part-time lecturer at Marmara University. Since 25 March 2018, Mrs. Berker is a Member of the Board of Directors in İş Leasing.

BOARD OF DIRECTORS



PROF. DR. SELİM YAZICI
INDEPENDENT MEMBER

Born in 1970 in İstanbul, Selim Yazıcı received his bachelor's degree in mechanical engineering from Yıldız Technical University in 1992, and his master's and doctorate degrees in business administration from İstanbul University in 1994 and 1999, respectively. He started his career in 1992 as a production engineer. In tandem with his graduate studies, he began an academic career in the Department of Business Administration at İstanbul University, Faculty of Political Sciences. Mr. Yazıcı became an associate professor in 2006 and professor in 2014. He taught classes in business management, management, organizational behavior, international business, project management, entrepreneurship, digitization, e-learning and business continuity management within the scope of undergraduate and graduate programs. He held a member's seat on the Board of Directors of the Faculty between 2009 and 2014, and on the Academic Board between 2010-2013. He served as the Head of the Department of Management and Organization between 2016-2019 and as Deputy Head of the Department of Business Administration between 2012-2020. He is a co-founder of FinTech İstanbul platform, established in 2016 with the objective of making Türkiye a regional hub in financial technology and of developing FinTech entrepreneurship. Since 25 March 2018, Mr. Yazıcı is a Member of Board of Directors in İş Leasing.



M. COŞKUN CANGÖZ
INDEPENDENT MEMBER

Born in Gaziantep in 1967, Mr. M. Coşkun Cangöz graduated from Ankara University, Faculty of Political Sciences, Department of Finance in 1989. He received his master's degree in economics from Ankara University, his master's degree in business administration from Exeter University, and his doctorate degree in sociology from Middle East Technical University. He started his career at Denizcilik Bankası as a Financial Analyst in 1990. Mr. Cangöz joined the Undersecretariat of Treasury in 1991 as an Assistant Specialist, and took on various duties. Mr. Cangöz worked as the General Manager of Public Finance between 2005-2012, and as the Chief Economic Advisor of the T.R. London Embassy between 2012-2015. Having served as the director of the Public Debt Management Consultancy Unit at the World Bank between 2015-2020, Mr. Cangöz has been advising international organizations since October 2020 and is the Director of the Center for Fiscal and Monetary Policy Studies at the Economic Policy Research Foundation of Türkiye. Mr. Cangöz has published studies on public finance and monetary policy, in particular asset and liability management, debt and risk management, and cash management. Since 21 October 2021, Mr. Cangöz is a Member of Board of Directors in İş Leasing.



HÜSEYİN SERDAR YÜCEL
MEMBER

Born in İstanbul in 1973, Hüseyin Serdar Yücel received his degree in Economics from Marmara University, Faculty of Economics and Administrative Sciences in 1996 and started his career in the External Affairs Department of İşbank the same year. After working as a specialist and assistant manager at İşbank from 1999 until 2016, he has been Unit Manager in the Subsidiaries Division of İşbank from August 2016. Having held a member's seat on the boards of directors of İş Merkezleri Yönetim ve İşletim A.Ş., İş Net A.Ş. and Erişim Müşteri Hizmetleri A.Ş., Hüseyin Serdar Yücel is currently a Board member at JSC İşbank, JSC İşbank Georgia, A&T Bank and İş Faktoring A.Ş. Mr. Yücel has been named a member of the Board of Directors of İş Leasing on 25 March 2022.

SENIOR MANAGEMENT



U. ŞAFAK ÖĞÜN
GENERAL MANAGER

Click for Mr. U. Şafak Öğün's resume.

**Credits, Legal Consultancy,
Asset Management Unit**

**Sales,
Marketing**

**Financial Management,
Purchasing, Operation,
Human Resources,
Information Technologies,
Investor Relations**

**Hazine ve Finansal
Kurumlar, Hukuk İşleri,
Risk İzleme**



SİBEL DOĞAN
Assistant General Manager

Mrs. Doğan has graduated from Marmara University, Department of Public Administration. Mrs. Doğan began her career as Assistant Specialist at İşbank in 1999. She has served as Assistant Manager between 2008 and 2013, as Unit Manager between 2013 and 2018 in Corporate Credits. Since 21 May 2018 Mrs. Doğan is serving as an Assistant General Manager at İş Leasing.



HASAN KETENCI
Assistant General Manager

Having graduated from Dokuz Eylül University, Business Administration Department, Mr. Ketenci started his professional life as an inspector at İşbank in 1998. Following his positions as Assistant Manager in the SME Loans Allocation Department and Regional Director, Mr. Ketenci was appointed as Assistant General Manager of İş Leasing in 2020.



NESLİHAN ORUÇ
Assistant General Manager

Ms. Neslihan Oruç graduated from the Department of Economics and holds a master's degree in finance and accounting. She started her career at Almar Tarımsal A.Ş. in 1993, and later worked for Çanakkale Seramik, Ford Otosan, and Vakıf Leasing. Ms. Oruç joined İş Leasing in 2001, where she served as a manager in Financial Management from 2002. She holds a Capital Markets Advanced Level License and Corporate Governance Rating License, as well as a Certified Public Accountant License. Ms. Oruç has been appointed as Assistant General Manager effective 01 October 2019.

Ms. Neslihan Oruç has resigned from her position, effective as of 31.01.2024.



CEVAT BUĞRA ÇİLİNGİR
Assistant General Manager

Mr. Çilingir graduated from Bilkent University, Faculty of Business Administration in 1997. Mr. Çilingir started his professional life as Assistant Specialist at İşbank in 1998. He was appointed as Assistant Manager in the Commercial Loans Allocation Department in June 2007 and promoted to Unit Manager in the same department in October 2010. He served as Maslak Branch Manager between September 2018 and June 2020, was appointed as SME Loans Allocation Regional Manager in July 2020, and was appointed as Assistant General Manager at İş Leasing in August 2022.

MANAGEMENT TEAM



ESMA TOKER
Commercial Sales Manager



MURAT SİSLİ
Corporate Sales Manager



ALTAN İYİGÜN
Marketing Manager



ARZU KAYA TOPALOĞLU
Purchasing Manager



SERKAN SIRAK
Commercial Loans Manager



ZEREN GÜLSOY
Corporate Loans Manager



ONUR TUFAN
Risk Monitoring Manager



NURAN GÜNEŞ
Legal Counselor



SEYİTHAN AYVAZOĞLU YÜKSEL
Legal Affairs Manager



ASLI ABACI
Human Resources Manager



SARMEN HAZAROS ÇAKIR
Information Technologies Manager



ERDEM AKSULAR
Head of Internal Audit

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

(Convenience translation of a report originally issued in Turkish)

To the Shareholders of İş Finansal Kiralama A.Ş.

1) Opinion

We have audited the annual report of İş Finansal Kiralama A.Ş. ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2023-31/12/2023.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

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

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated 31 January 2024 on the full set consolidated financial statements of the Group for the period of 1/1/2023-31/12/2023.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- a. Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b. Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c. The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Group,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatma Ebru Yücel.

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



Fatma Ebru Yücel, SMMM
Partner

March 7, 2024
İstanbul, Türkiye



WITH OUR WIDE
EXPERTISE
**WE LEAD OUR
SECTOR TO
THE FUTURE**

BRIEF ANNUAL REPORT OF THE BOARD OF DIRECTORS

THE ANALYSIS AND ASSESSMENT OF THE BOARD OF DIRECTORS WITH REGARD TO FINANCIAL SITUATION AND OPERATING RESULTS, AND DEGREE OF REALIZATION OF THE SCHEDULED ACTIVITIES AND OPERATIONS, AND SITUATION OF THE COMPANY AGAINST THE ESTABLISHED STRATEGIC GOALS

İş Leasing continues to support SMEs and the real sector and maintains its asset quality through effective risk management, even in such an extraordinary economic environment where challenges and uncertainties increase on a global scale. Focusing on sustainability and digitalization, İş Leasing is gradually increasing its share in the financing of renewable energy investments and stands out especially with its financing solutions in the field of solar energy. Having published the first sustainability report in its sector (2020 Sustainability Report), İş Leasing published its second sustainability report for 2021 in September 2022, demonstrating how willing, stable and visionary it is in this field. In 2022, it took steps to be included in the BIST Sustainability index and completed its system entries by fulfilling all its acquisitions by applying for Refinitiv.

In 2023, with its transaction volume of 432 million USD, and its market share of 12,3%, İş Leasing maintained its second place in the sector. Having decreased its leasing portfolio by 35% to 23.2 million TL over the past year, the Company further increased its shareholder's equity by 81% to 6.8 billion TL. With a net profit of 1.8 million TL in 2023, the Company recorded a return on equity of 33,6%. As a result of developed techniques applied and care and due diligence shown in credit risk management, the Company's non-performing debts ratio of leasing receivables continued to remain far below the sector average, and was recorded as 3,6% remained below the sector average of 3,9%.

In 2023, its total bond issuance limit of TL 7 billion approved by the Capital Markets Board of Turkey (CMB) and having issued bonds and private sector bills worth TL 4.2 billion in total during the year, İş Leasing diversified its funding sources by securing new financing in the aggregate amount of USD 169 million from prestigious credit agencies in Turkey and abroad.

DETERMINATION AND ASSESSMENT AS TO WHETHER THE CAPITAL OF THE COMPANY IS ACTUALLY DEPLETED OR WHETHER THE COMPANY IS DEEPLY IN DEBT OR NOT

As of the end of 2023, capital of the Company is 695.3 million TL, and we have no finding showing, and are not of the opinion, that the capital of the Company is actually depleted or the Company is deeply in debt.

WHETHER THE TARGETS DETERMINED IN THE PAST PERIODS HAVE BEEN REACHED OR NOT, AND WHETHER THE GENERAL ASSEMBLY DECISIONS HAVE BEEN PERFORMED OR NOT, AND IF NOT REACHED OR PERFORMED, THE REASONS THEREOF, AND ASSESSMENTS

In 2023, the Company has recorded operating results in tandem with its strategic goals thanks to its dynamic balance sheet management and by focusing on sustainable growth strategies. All decisions taken in the General Assembly meetings in the past period have been performed..

INFORMATION ON DIRECT OR INDIRECT SUBSIDIARIES OF THE COMPANY AND ITS SHAREHOLDING RATES:

Information on direct or indirect subsidiaries of the Company and its shareholding rates are presented in details in the footnote no. 9 of financial statements.

INFORMATION ON DONATIONS AND GRANTS MADE DURING THE YEAR

In 2023, total donations and grants made by the Company amounted to TL 5.3 million. TL 5 million of this amount was a cash donation made to the Disaster and Emergency Management Presidency (AFAD) due to the earthquake disaster.

LAWSUITS WHICH ARE BROUGHT FORWARD AGAINST THE COMPANY, AND MAY AFFECT ITS FINANCIAL SITUATION AND ACTIVITIES, AND PROBABLE RESULTS THEREOF

During the period, the Company has been involved in many lawsuits as the defendant side as a part of its ordinary activities. Accordingly, there exists no legal action or legal proceedings which are not disclosed in footnotes of consolidated financial statements or for which the required provisions and reserves are not set aside and which may make material adverse effects on the financial situation or operating results of the Company.

TRANSACTIONS OF THE CONTROLLING SHAREHOLDERS, DIRECTORS, TOP ECHELON EXECUTIVES AND THEIR SPOUSES AND BLOOD RELATIVES AND RELATIVES BY MARRIAGE UP TO SECOND DEGREE WITH THE COMPANY OR ITS AFFILIATES, WHICH MAY CAUSE CONFLICTS OF INTERESTS WITH THE COMPANY OR ITS AFFILIATES

None.

BRIEF ANNUAL REPORT OF THE BOARD OF DIRECTORS

OPINIONS AND COMMENTS OF THE BOARD OF DIRECTORS REGARDING INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES

Internal control system of the Company covers control and monitoring activities developed by the executive management in order to ensure that the daily operations of the Company are carried out effectively and efficiently within the frame of the established policies, guidelines and limits, and aims to establish a structure ensuring that the control culture is adopted and maintained throughout the Company. On the other hand, internal audit system of the Company covers the inspection, auditing and reporting processes carried out independently from the executive management in order to ensure that all operations and activities, also including internal control and risk management, are performed in accordance with the policies, strategies and goals, and that the Company assets are protected and maintained. Our Board of Directors has assigned the Audit Committee for supervision, assessment and direction of initiatives and works within the scope of internal control and internal audit activities. Internal Audit, Internal Control and Risk Management Units, reporting to the Board of Directors through the Audit Committee, ensures that risk culture is created, developed and improved throughout the Company through its risk-based audit approach. The Audit Committee of the Company periodically assesses the efficiency of internal control system and the results of internal control activities through internal audit reports prepared and issued by the Internal Audit, Internal Control and Risk Management Units, and shares with the Board of Directors its proposals and suggestions on the actions required to be taken with respect to the findings of the said reports.

Monitoring of company's compliance with regulations is conducted by the Internal Control, Risk Management, Compliance and Regulations Department. The department manager also serves as the legal "Compliance Officer" and fulfills all

duties and responsibilities within the framework of the Law on Prevention of Laundering Proceeds of Crime and relevant regulations in line with the Company Policy and Compliance Program, and provides communication and correspondence of the Company with the Financial Crimes Investigation Board "FCIB". Audit activities for the Compliance Program on Prevention of Laundering Proceeds of Crime and Financing of Terrorism were carried out by our Company's Internal Audit Department in 2022. In 2022, tasks on information and statistics regarding Internal Audit and annual FCIB training activities were carried out and sent to the Financial Crimes Investigation Board within required periods mandated by the Regulation on the Program for Compliance with Obligations Regarding the Prevention of Laundering Proceeds of Crime and Financing of Terrorism. The Internal Control, Risk Management, Compliance and Regulation Department manager fulfills all duties and responsibilities within the framework of the Law on Prevention of Laundering Proceeds of Crime and relevant regulations in line with the Company Policy and Compliance Program, and provides the communication and correspondence of the Company with the Financial Crimes Investigation Board "FCIB". At the same time, the manager conducted activities to prevent the risk of financial crimes and sanctions within FCIB Compliance Program. "Impact-Probability Analysis" and "Missed Cases Database Analysis" activities were carried out to measure the risk of graft and corruption, and information on "Fighting Bribery and Corruption" was included in the trainings provided on Combating Financial Crimes.

EXPLANATIONS ON ADMINISTRATIVE AND JURIDICAL SANCTIONS IMPOSED ON THE COMPANY AND MEMBERS OF ITS MANAGERIAL BODY DUE TO PRACTICES AND ACTS IN CONFLICT WITH THE LAWS

None.

INFORMATION ON PRIVATE AUDITS AND PUBLIC AUDITS CONDUCTED DURING THE ACCOUNTING PERIOD

During 2023 accounting period, the Company has been subject to a limited independent audit as of 30.06.2023, and to an independent audit as of 31.12.2023 by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Muşavirlik A.Ş. Furthermore, as a requirement of full certification of corporate tax, the Company's financial statements have been subject to tax audit in quarterly periods by Kuzey Bağımsız Denetim ve Serbest Muhasebeci Mali Muşavirlik A.Ş.

LEGAL TRANSACTIONS AND ACTIONS PERFORMED WITH THE PARENT COMPANY, OR AN AFFILIATE OF PARENT COMPANY, IN FAVOR OF THE PARENT COMPANY OR ANY AFFILIATE THEREOF UNDER DIRECTION OF PARENT COMPANY; AND ALL OTHER MEASURES TAKEN OR AVOIDED TO BE TAKEN IN FAVOR OF THE PARENT COMPANY OR ANY AFFILIATE THEREOF IN THE PAST ACTIVITY YEAR; AND ACCORDING TO THE CONDITIONS AND CIRCUMSTANCES KNOWN BY THEM AS OF THE TIME THE LEGAL TRANSACTION IS PERFORMED OR THE MEASURE IS TAKEN OR IS AVOIDED TO BE TAKEN, WHETHER AN APPROPRIATE COUNTER-OBLIGATION IS PROVIDED IN EACH LEGAL TRANSACTION OR NOT, AND WHETHER THE MEASURE TAKEN OR AVOIDED TO BE TAKEN HAS CAUSED DAMAGES TO THE COMPANY OR NOT, AND IF THE COMPANY HAS INCURRED DAMAGES, WHETHER SUCH DAMAGES ARE OFFSET AND BALANCED OR NOT:

There exists no legal transactions and actions performed with the parent company of the Company, or an affiliate of parent company, in favor of the parent company or any affiliate thereof under direction of parent company; and no measures taken or avoided to be taken in favor of the parent company or any affiliate thereof in the past activity year.

“CONCLUSION” SECTION OF THE AFFILIATION REPORT

During 2023 activity year, within the frame of the relevant provisions of the Turkish Commercial Code, our Company is affiliated to the group of companies of T. İş Bankası A.Ş. Pursuant to article 199 of the Turkish Commercial Code, our Company's Board of Directors has incorporated the following statement in its affiliation report issued about its relations with its parent company and with affiliates of its parent company:

“With respect to all transactions performed by the Company and its parent company and the affiliates thereof during the activity year of 01.01.2023 - 31.12.2023, to the best of its knowledge, all legal transactions and actions performed in favor of the parent company or any affiliate thereof under direction of parent company, and all measures taken or avoided to be taken in favor of the parent company or any affiliate thereof in 2023 activity year have been considered and evaluated. We hereby declare that our Company has not incurred damages due to a transaction conducted in 2023 within the knowledge of the Company.”

CHANGES WITHIN THE REPORTING PERIOD

INCREASE IN THE SHARE CAPITAL

None.

ANNUAL GENERAL ASSEMBLY HELD WITHIN THE PERIOD

The Company's 2022 Annual General Assembly has been held at the address of İş Kuleleri, 34330, İş Bankası Oditoryum Binası, 4. Levent - İstanbul on 28 March 2023. Ordinary General Assembly Meeting of 2022 was held with the presence of the shareholders representing 600,000,000 Group A and 43,788,822,813 Group B shares from 69,530,264,500 shares corresponding to the Company's total equity of TL 695,302,645. In the meeting, the motions filed by the shareholders with respect to the agenda topics have been approved in unanimity.

PROFIT DISTRIBUTION

Based on the Board of Directors decision no. 3045 dated 28 February 2023, it has been decided that, according to the Profit Distribution Table submitted to, and approved by, the General Assembly of Shareholders, that TL 826.765.716, which is the net distributable profit for the period which is calculated as TL 480.290.240 that is the net profit for the period arising according to the CMB

legislation and TL 24.014.512 first legal reserves set aside as first legal reserves and calculated according to the TL 802.751.204 profit that descends in the Company's legal records, be retained and set aside as extraordinary reserves. It has also been decided that deferred tax income in the amount of TL 75.638.770 included in the net profit for the period according to the Company's legal records, which were retained, and be transferred to extraordinary reserves.

Additionally, a decision was made to set aside a separate equity reserve fund worth of 16,151,946 TL under extraordinary reserves after revaluation practices which would be retained and not be distributed, in line with "Tax Procedure Law (T.P.L.) Communiqué 547 which Amended T.P.L. General Communiqué 537" published in the 32073th Official Gazette on 14 January 2023. This amount was to be funded separately from extraordinary reserve accounts of "T.P.L. Article 32" amounting to 4.706.286 TL and "T.P.L. Article 298-ç" amounting to 11,445,660 TL respectively as of 31.12.2022.

CHANGES IN ARTICLES OF ASSOCIATION

None.

RISK POLICIES

CREDIT RISK

Overall Principles Regarding the Credit Risk Management Process

1. The procedures and standards regarding transactions causing credit risk are set down in writing and announced to all employees concerned. As a general principle, the procedures and standards are reviewed at least annually and updated when needed.
2. Transactions causing credit risk with counterparty exposure must be conducted so as not create a concentration and be characterized as “well-diversified” by considering the level of risk. For this purpose, credit risk is monitored by criteria such as counterparty, collateral, sector, maturity and currency.
3. The credit worthiness of the counterparty is assessed by concrete data. For this purpose, a rating and/or grading system has been established and is used as a decision-supporting tool. A satisfactory performance of the counterparty with regard to liabilities is not based on the liquidity of collateral as a principle.
4. In transactions causing credit risk, the standards for acquiring collateral from the counterparty is determined in writing. The types of collateral to be obtained must be in conformity with regulations, conducted activities, market conditions and the essence of this policy.
5. Signs of complications observed in all variables that might hinder the counterparty in the fulfillment of its liabilities and which are both systemic and unique to the debtor, are evaluated as early warning signals.

To fulfill this purpose, credit risk is monitored closely by the Board of Directors. Problematic assets should be transformed into normal assets in a short period of time by judgment of efficiency. The economic value of the asset in question must be more than the resource to be allocated for this purpose.

MARKET RISK

Overall Principles Regarding the Market Risk Management Process

1. Transactions performed in money and capital markets must be conducted so as not to cause a concentration of parameters such as instrument, maturity, currency, type of interest accrual and be characterized as “well-diversified” by considering the level of risk. As part of diversification, parameters such as maturity, monetary unit, etc. are monitored to avoid concentration.
2. Monitoring of the credit worthiness of issuers of financial instruments causing market risk is given

particular importance. In this context, the issuer should hold an “investment grade” level rating from a credit risk rating organization or must be at the “healthy” category in internal ratings.

LIQUIDITY RISK

Overall Principles Regarding the Liquidity Risk Management Process

1. The primary priority is the compliance of the firm's liquidity risk to the limits set down in legislation and conformance of this risk with the basic strategies of the firm.
2. In order to maintain efficiency and sustainability in liquidity management, a range of available funds, markets, instruments and maturities must be utilized for maximum diversification.
3. In managing liquidity risk, a portfolio structure is formed to derive profit from and comply with market risk management functions, and a risk-return balance is consistently monitored without compromising liquidity requirements.
4. The firm prepares and applies an Emergency State Action and Funding Plan for extraordinary periods.

OPERATIONAL RISK

Overall Principles Regarding the Operational Risk Management Process

1. Şirket bünyesinde olağanüstü durumlar karşısında 1. Within the firm, there is a business continuity plan approved by the Board of Directors that displays the continuity of activities in the event of extraordinary conditions, minimizing monetary and reputational loss, clearly defining the duties and responsibilities of employees in such situations, the priority of activities and the manner in which these activities will be carried out. The functionality of the plan is reviewed regularly and results are reported to the Board of Directors. Required actions are taken with respect to non-functional issues.
2. The firm must reserve and back up important documents and information apart from the regular field of activity in a safe location.
3. Operational risks must be assessed in terms of the probability of occurrence as well as the level of the effect in the event of occurrence, and necessary measures must be taken.
4. The firm systematically monitors and reports core operational risk indicators and loss data and implements the necessary measures.

PROFIT DISTRIBUTION POLICY

Principles as to profit distribution of our Company are set down in Article 26 of the Articles of Association.

Distribution of profit in our Company is decided by the General Assembly of Shareholders in line with proposals of the Board of Directors by considering the provisions of the Turkish Commercial Code, the Capital Markets Law and other laws and regulations applicable on our Company.

As profit distribution policy, it is contemplated that at least 30% of the distributable profit will be distributed in the form of cash dividends and/or dematerialized shares, providing that there exists no setback in the global and national economic conditions, and the Company's financial standing and capital adequacy ratios are at the specified levels.

Cash dividend payments are effected by no later than the end of second month following the date of meeting of the General Assembly of Shareholders where

the profit distribution decision is taken. Profit share distribution in the form of bonus shares is effected upon receipt of legal permissions and licenses.

Our capital does not contain any share privileged in terms of profit shares.

No founder's jouissance shares are issued, and no profit share is paid to our Directors and employees.

The Company may distribute profit share advances to its shareholders within the frame of provisions of relevant article of the Capital Markets Law. The provisions of the relevant legislation are complied with in calculation and distribution of profit share advances.

INFORMATION POLICY

GENERAL FRAMEWORK OF THE DISCLOSURE POLICY

Our company provides all relevant financial information as well as other explanations and disclosures in line with the provisions of Law no. 6361 on Financial Leasing, Factoring And Financing Companies regulations pursuant to this law, the Capital Market Board legislation, the Turkish Commercial Code and the regulations governing the Exchange İstanbul where our stocks are traded. Bearing in mind generally accepted accounting principles as well as corporate governance principles, we pursue a comprehensive policy to provide information to the public at large.

The underlying goal of the disclosure policy is to ensure that shareholders, investors, employees, clients, creditors and other interested parties are provided access to the necessary information and explanations – with the exception of those related to trade secrets – in a timely, accurate, complete and comprehensive fashion, under equal conditions and as easily and inexpensively as possible.

Our company has actively adopted corporate governance principles, and in the context of informing the public, it exerts utmost effort to implement the requirements of the applicable legislation and international best practices. The İş Finansal Kiralama A.Ş. Disclosure Policy, which has been prepared with this aim in mind, has been put into effect upon approval by the Board of Directors. Modifications to the Disclosure Policy are disclosed to the public after approval by the Board of Directors. A current version of our Disclosure Policy is provided at our website.

AUTHORIZATION AND RESPONSIBILITY

The Board of Directors is responsible for the supervision, monitoring and development of company's information policy. A Corporate Governance Committee consisting of three board members has been formed to monitor our company's compliance with corporate governance principles and provide suggestions to the Board while the Investor Relations Unit has been mandated to coordinate the information function.

THE INVESTOR RELATIONS UNIT

Our company has formed an Investor Relations Unit with the aim of establishing relations with our shareholders in a regulated fashion and efficiently responding to investor requests. The operations of the unit are been regularly reported to the Board of Directors and the Corporate Governance Committee.

MEANS AND METHODS IN DISCLOSING INFORMATION TO THE PUBLIC

The methods and means used in informing the public within the framework of the Financial Leasing Legislation, the Capital Market Legislation, the Turkish Commercial Code and other concerned legislations are described below:

- Financial statements are prepared quarterly on a consolidated basis in accordance with International Accounting Standards and Turkey Accounting Standards as required by the Capital Market Board (CMB) including related footnotes and explanations as well as the independent audit report. These are sent to the Public Disclosure Platform (PDP) within legal time limits and are published on our company's website. Financial statements are also translated into English and published on the website.
- Financial statements prepared according to International Accounting Standards are also sent quarterly to the Association of Financial Institutions (FKB).
- Unconsolidated financial statements prepared according to International Accounting Standards and related information are also sent quarterly to Banking Regulation and Supervision Agency (BRSA), which are published as aggregated (Total Industry) on the BRSA website.

INFORMATION POLICY

- Information on special circumstances required in the Capital Market Board (CMB) legislation is sent to the Public Disclosure Platform (PDP) within the required time limits. As a company policy, the disclosures of special circumstances are signed by the Assistant General Manager responsible from finance and the Accounting Manager; however should these be not in the office, they are being signed by responsibles to be determined by the General Manager and submitted to the PDP. Disclosures of special circumstances are submitted to electronically reported under PDP system. Within 1 business day after the information is disclosed to the public, disclosures of special circumstances are published on our website and are accessible for further 5 years.
- Appropriate announcements are sent to the Commercial Registry Gazette and to daily newspapers in the event of changes to the articles of association, of meetings of the General Assembly, or capital increases.
- Our regular general assembly meetings are held within legal time frames every year and all activities performed to ensure the participation of shareholders to the general assembly are documented. The information regarding general assembly meetings is provided under our website www.isleasing.com.tr, to facilitate direct access of all shareholders. Starting from the date of invitation for general assembly, the annual report, financial statements and notes, profit distribution proposal, information memorandum prepared on relevant items of agenda of the general assembly, other relevant documents regarding agenda items, current articles of association, proposal on amendments of articles of association with explanation are provided for the scrutiny of our shareholders at our headquarters.
- Quarterly Operations Reports are prepared in accordance with Capital Market Board (CMB) legislation and corporate governance principles and upon approval of Board of Directors, submitted to PDP and published at our website. Company Annual Report, prepared every year prior to the General Assembly in both Turkish and English in a manner to include any relevant information and explanations is made available to shareholders and published on our website at www.isleasing.com.tr.
- It is not planned to hold regular discussions and meetings with the press. When it appears necessary or in order to respond to requests from members of the press, certain announcements are made in the written and visual media. Announcements to written and visual media and data distribution institutions may be made by the Chairman of the Board of Directors, the General Manager or his deputy and other persons designated by those authorities.
- In the Communiqué on Material Events Subject to Disclosure, the future-oriented assessments are defined as “assessments which contain future plans and predictions considered as insider information, or which give an idea to investors about the issuer’s future activities, and financial situation and performance”. Where the future-oriented assessments are intended to be made public through press and media or other means of communication, the same information is further announced through PDP (Public Disclosure Platform) concurrently. In the case of a material change in the future-oriented assessments already made public, the public is separately informed thereabout. Future-oriented prospects are made public with a prior written approval of the General Manager or the Deputy General Manager authorized by the Board of Directors of our Company.
- All meeting requests from shareholders are positively responded to and meetings are organized within the shortest possible time frame. From time to time teleconferences are organized by the Investor Relations Unit to provide information to shareholders and stakeholders. Such information is posted in Turkish and English on our website www.isleasing.com.tr to timely provide them to all market participants under equal conditions.
- In order to convey the company’s sectoral performance, financial results, vision, strategies and targets to shareholders in a most efficient manner,

the Investor Relations Unit accepts meeting requests from shareholders, investment houses, analysts and investors, actively arranges meetings and road-shows with interested parties and visits investors both in Turkey and abroad. Furthermore, to achieve effective publicity of our Company, The Investor Relations Unit prepares presentations and reports which are posted in Turkish and English on our website www.isleasing.com.tr to timely provide them to all market participants under equal conditions.

- Upon request of our shareholders, creditors, rating agencies and organizations doing research on our company, financial statements and related information are sent by the Investor Relations Unit via e-mail. Within the framework of corporate governance principles, in the section "Special to the Investor" which is posted both in Turkish and in English on our website www.isleasing.com.tr, detailed information and data are given on our company. Every question from shareholders and other parties is answered by way of e-mails, letters, or telephone and similar means through the coordination of the Investor Relations Unit.

OTHER DISCLOSURES

Disclosures other than those mentioned above are made available to the public in line with the authorizations specified in the list of authorized signatories.

CORPORATE WEBSITE OF İŞ FİNANSAL KİRALAMA A.Ş. (www.isleasing.com.tr)

Our Company's website is used actively and frequently to inform the public. Prepared in both Turkish and English, the website contains the information and data determined by the regulatory authorities and required by the principles of corporate governance. The site contains announcements on upcoming General Assembly meetings, agenda items and related information, documents and reports and procedures for participating in the General Assembly meeting. In addition, the company's disclosure policy and ethical standards are also featured on the website. The web site is monitored and kept up to date by the Investor Relations Unit.

MONITORING NEWS AND RUMORS ABOUT THE COMPANY

Şirketimiz hakkında basın-yayın organlarında veya In order to follow-up the news and rumors about our company appearing on press-publication organs or web sites, the services of a company specialized in media monitoring services are being utilized. All news appearing about our company is sent by the service provider to our company on a daily basis.

In the event that news or rumors appear on written and visual media which are of significance to affect stakeholders investment decisions or the value of capital market instruments, are not originated by representative authorized persons of the Company, have a different content than the information previously made public through disclosure documents; an immediate disclosure is made to the public as to the validity and completeness of such information. In the event the information necessitates declaration of special circumstances, then the disclosure is made in the form of disclosure of special circumstances.

DEFERRING DISCLOSURE OF INTERNAL INFORMATION

Bearing the responsibility, our company may defer the disclosure of internal information in order to prevent damage to its legal rights and interests. No disclosure is made to the public regarding the internal information during the deferment period. Our company is responsible to take all kinds of measures to prevent the deferral from forming a risk of deceiving the public and the information is kept confidential during the deferment period. Measures to ensure the confidentiality of information are subject to Board of Directors approval. By the time the reasons for deferral are eliminated, an announcement is made to public and immediately to PDP; containing the internal information, the decision to defer and the reasons for deferral.

INFORMATION POLICY

CRITERIA IN DETERMINING PERSONS WITH ADMINISTRATIVE RESPONSIBILITY

When determining the persons who have administrative responsibility, the duties of such individuals within the company and the content of information accessed by such persons are taken as criteria. Accordingly, managers and other employees having information on only a part of the operations of the company and who have limited access to information about all activities are not evaluated in the context of the persons having access to inside information.

In this context, Board Members and Auditors, the General Manager and Assistant General Manager as well as the unit managers and some company employees with access to complete information about the company such as asset-liability structure, profit and loss, cash flows, strategic objectives, etc. and authority to administrative decisions that may affect the company at a macro-level are identified as persons with administrative responsibility.

THE ANNOUNCEMENTS OF THE STATEMENTS REGARDING THE COMPANY'S INDIRECT OR DIRECT LEGAL AND COMMERCIAL RELATIONS DUE TO CAPITAL, MANAGEMENT AND AUDIT WITH REAL AND LEGAL PERSONS

The Company's statements regarding its indirect or direct legal and commercial relations due to capital, management and audit with real and legal persons, are done within the framework of the CMB's regulations.

CONFIDENTIALITY OF INFORMATION TO BE DISCLOSED TO THE PUBLIC

All information of the Company, encountered during the period of service which are in the nature of trade secret, and are not desired to be known by persons other than those authorized by the Company, shall be considered as "Company Information". All employees are obligated to protect company information during and after the termination of their service.

Company Ethical Rules, outlining the rules of professional ethics and the sanctions to be applied by the company in case of discordance, in accordance

with existing laws and regulations, are published and announced to all staff. Necessary measures are taken to prevent the usage of insider information.

The list of persons with access to internal information is kept up-to-date within the company. Persons having access are required to keep such information confidential until it is announced to the public by a declaration of special circumstances. In order to ensure confidentiality until the declaration of special circumstances, company employees with access to internal information are informed about their responsibilities arising from relevant legislation. Independent auditors, consultants or other persons and institutions rendering services and having temporary access to internal information are contractually covered with a confidentiality clause.

ETHICAL PRINCIPLES

I. GENERAL PROVISIONS

Article 1. Purpose and Scope

Basic purpose of the Professional Ethical Principles of the Association of Financial Institutions (the "Association"), applicable on all kinds of relations and affairs of companies, being members of the Association, with each other or with their customers, shareholders or employees, or with other entities and institutions, is to maintain the continuity of professional reputation, and to protect stability, trust and confidence in the relevant sectors with regard to fields of business of financial leasing, factoring and finance companies.

İş Finansal Kiralama A.Ş. Ethical Principles ("Ethical Principles") determines and sets down the rules and principles required to be complied with in all kinds of relations and affairs of İş Finansal Kiralama A.Ş. (the "Company") with the Association members, and with its customers, shareholders and employees ("Employees"), and with other entities and institutions, and forms a basis for sanctions to be imposed by the Company in the case of breach of these principles.

Ethical Principles will be published in the Company's corporate internet site (www.isleasing.com.tr) and the Company's internal publications. It is the responsibility of Managers of the Company to communicate these Ethical Principles to all Employees, and to ensure that the Employees place the required importance on these rules, and to endeavor and show leadership for compliance with these rules. The Board of Directors, Senior Management, Managers and Employees are all liable to comply with these principles.

Article 2. Grounds

These Ethical Principles are relied upon the "Financial Leasing, Factoring and Finance Companies Professional Ethical Principles" published and made effective by the Association of Financial Institutions (the "Association") on 18 March 2015, and the provisions of "Corporate Governance Communiqué" published by the Capital Markets Board.

Article 3. General Principles

For the sake of trust and stability in financial markets, and for effective operation of crediting systems by also taking into consideration the requirements of

economic development, and for prevention of practices and actions which may cause substantial damages in economy, and with a view to safeguarding the social interests and for protection of environment, the Company and the Employees perform their duties and functions and take actions in tandem with the following general principles.

a) Honesty

In performing its activities, and in all its relations with its customers, Employees, shareholders, group companies, and with Association members, vendors, and other entities and institutions, the Company adheres to and acts in line with the principle of honesty.

b) Neutrality

The Company does not discriminate between its Employees and customers, and refrains from acting in a biased and prejudiced way.

In providing its services to its Customers, the Company does not make any discrimination on the basis of such differences as national or ethnic origin, religion, financial and social status, or gender.

c) Reliability

In all of its services and actions, the Company gives clear, understandable and true information to its customers and offers its customer services completely and timely, within a mutual trust atmosphere.

d) Transparency

The Company keeps its customers informed clearly, understandably and explicitly about such issues as rights and obligations, benefits and risks of products and services provided to the customers.

e) Safeguarding the Social Interests, and Respect For Environment

In all its activities and operations, in addition to profitability, the Company makes a point of giving support to social and cultural activities in the light of the principles of safeguarding the social interests and of respect for environment.

f) Prevention of Laundering of Crime Revenues

Within the framework of international norms and national applicable laws, the Company adopts it as an important principle to fight against laundering of crime revenues and against corruptions and similar other crimes, and does its best in order to enter into

ETHICAL PRINCIPLES

cooperation with both Association members and other entities and institutions and concerned authorities. The Company internally takes the necessary measures and organizes training programs for its Employees in connection therewith.

g) Insider Trading

The Company takes all kinds of actions in order to prevent use of insider information.

II. RELATIONS OF COMPANY WITH PUBLIC ENTITIES AND ADMINISTRATIONS

Article 4. Relations with Public Entities and Administrations

In its relations with public entities and administrations, the Company acts in line with honesty, accountability and transparency principles, and ensures that all information, documents and records requested for audit and control purposes pursuant to the laws are provided accurately, completely and timely.

Other than issues which are solely concerned with the Company itself, the Company will inform the Association before taking comments and opinions of public entities and administrations on issues which may ultimately be binding on the Financial Leasing Sector.

III. RELATIONS WITH MEMBERS OF THE ASSOCIATION

Article 5. Exchange of Information

To the extent allowed by the applicable laws and regulations, the Company exchanges information with members of the Association accurately and systematically on all and any subjects whatsoever.

Article 6. Personnel Movements

The Company refrains from all kinds of acts which may lead to unfair competition about employment of personnel.

In spite of freedom of contract and movement in terms of employment of personnel pursuant to the Labor Act and other relevant applicable laws and regulations, the Company takes care to ensure that its personnel recruitments do not interrupt services of other companies. The Company acts honestly and objectively in providing information that may be requested by other companies about its ex-employees.

Article 7. Competition

The Company considers and treats competition as a legitimate contest among all companies operating in financial leasing, factoring and finance sector enabling the market actors to take their economic decisions freely. Therefore, in its activities carried out within free market economy, the Company avoids all kinds of acts, behaviors and statements which may lead to unfair competition, within the frame of principles of not only safeguarding its own interests, but also:

- a. ensuring continuity of trust in financial leasing, factoring and finance companies in general; and
- b. endeavoring for further development of the sector; and
- c. safeguarding joint interests of market players.

This principle is both valid for the Company as a separate legal personality, and covers the acts, behaviors and statements of Managers and Employees of the Company as well.

Article 8. Advertisements and Promotions

In its advertisements and promotions aimed at promotion and marketing of both its own financial products and the products and services of members of the Association, the Company complies with the laws and general ethical rules, and acts honestly and realistically, and refrains from all kinds of acts or behaviors which may damage the prestige and reputation of its sector, and may misrepresent its sector.

In its advertisements and promotions, the Company does not use any words or phrases defaming or humiliating other Association members or products and services of other Association members.

IV. RELATIONS OF COMPANY WITH ITS CUSTOMERS

Article 9. Information of Customers

With respect to all kinds of products and services offered to its customers, the Company gives true, accurate and complete information to its customers in a timely manner at all stages of service relations and in all aspects, by strictly complying with the limitations set forth in the applicable laws.

Article 10. Customer Secrets

The Company is under obligation to keep in strict confidence all kinds of information and documents of

customers and not to divulge them to third parties, other than persons and entities who are clearly and legally authorized to request information and documents.

Article 11. Service Quality

The Company considers service quality as a condition precedent of meeting the customer needs and expectations through top quality services to be provided. The Company makes sure that two basic elements of this concept, i.e. technological infrastructure and qualified human resources, are used for continuous development in service quality.

The Company provides services of the same quality and same level to all customers. However, identification of target markets, and differentiation of organizational structure and product range or mix according to the target masses, or adoption of different approaches towards customers in different risk groups cannot be construed as a discrimination among customers or as categorization of customers.

Article 12. Customer Complaints

The Company establishes a system capable of responding to all kinds of questions of its customers with respect to its services, and keeps its customers informed about the services.

The Company delves into causes of customer complaints, and takes actions required for non-repetition of just complaints. The Company informs its Employees for correction of mistakes leading to complaints and for prevention of repetition thereof.

Article 13. Security

The Company takes all kinds of technical and legal actions for the sake of transactional security in all and any service environments due to changing service channels and technological developments. The Company informs its customers about actions taken by itself and actions required to be taken by the customers.

V. RELATIONS WITH EMPLOYEES

The Company adopts a strategy respectful for rights and interests of its Employees and applying contemporary human resources policies. The Company

accepts and treats collaboration and solidarity as important elements of work environment; encourages mutual respect; assures continuity of peace at work; creates appropriate environments where the Employees may express themselves and uses such environments for development of the Company and its Employees; and supports social events and activities of the Employees based on voluntary participation.

Article 14. General Qualifications of Employees

The Company makes sure that its Employees have the knowledge and the sense of responsibility necessitated by their job positions and duties.

Article 15. Recruitment and Career Development

The Company provides equal opportunities both in recruitment and in career development without any discrimination among its Employees. Departing from the principle of best management of human resources, the Company provides training courses, seminars and similar other facilities needed by its Employees to reach the knowledge level according to the necessities of the time and the profession.

In professional promotion of its Employees, the Company takes into account not only their knowledge, skills and personal successes, but also their loyalty to Ethical Principles and their care shown in implementation of principles.

Article 16. Representation Principles and Work Environment

The Company issues internal regulations requiring its Employees to be clean and well-groomed in line with reputation of profession and knowing that they represent the Company.

The Company takes actions in order to increase motivation of its Employees in all service units and for the sake of provision of service under better conditions, and creates a healthy and safe work environment.

The Company takes required actions in order to prevent all kinds of harassment, especially mobbing, and holds an investigation in the case of allegations thereof. If a mobbing act is detected as a result of investigation, it takes the required actions and applies the sanctions required as per the pertinent laws.

ETHICAL PRINCIPLES

Article 17. Working Hours

The Company ensures that adequate personnel of a number fit for the workload are recruited and employed. It organizes its Employees in such manner to use them with maximum efficiency within working hours, and shows maximum efforts to ensure that overtime work is not needed, and the Employees regularly use their annual leaves.

Article 18. Rights of Employees

The Company assures that all rights of the Employees arising out of the applicable laws and regulations are recognized and granted fully, accurately and timely.

Article 19. Relations of Employees with Customers

The Company issues internal regulations precluding its Employees from:

- a. entering into non-ethical relations with customers such as debt/credit and surety relations; and
- b. getting gifts from existing or potential customers; and
- c. deriving personal benefits from their own business relations or from opportunities of customers by using their personal positions.

VI. PROFESSIONAL RULES AND ETHICAL PRINCIPLES TO BE ABIDED BY COMPANY EMPLOYEES

Article 20. Professional Rules and Ethical Principles to be Abided by Employees

The Employees are obliged:

- a. to comply with the current applicable laws and regulations in the course of performance of their job duties; and
- b. to keep their customers informed about benefits and risks of products and services offered to them; and
- c. to provide unbiased and fair services to customers receiving the same services; and
- d. not to disclose any secrets of the Company and its customers, which come to their knowledge in the course of performance of their job duties, to third parties other than the authorities legally and clearly authorized to request them; and

- e. not to cause any loss of reputation of the Company in their works and behaviors; and
- f. not to engage in activities which may lead to their identification as a "Commercial Enterprise" or as an "Artisan or Tradesman"; and
- g. not to act contrary to justice, integrity, honesty, reliability and social responsibility principles; and
- h. to enter into cooperation and to establish respectful and attentive communication with other employees in tandem with joint purposes and motives in performing their job duties and obligations; and
- i. not to use the assets and resources of the Company inefficiently and for non-intended purposes; and
- j. not to derive personal benefits from their own business relations or from opportunities of customers by using their personal positions; and
- k. to immediately refuse offers made to them for provision of benefits, and to report such offers to official authorities and their superiors; and
- l. to direct potential customers first of all to the Company; and
- m. not to enter into non-ethical relations with customers such as debt/credit and surety relations; and
- n. not to accept gifts from existing or potential customers other than common usage and practices; and
- o. to assume responsibility and accountability with respect to their duties in the course of performance of services; and
- p. not to ruin the reputation of the Company and other financial institutions and not to engage in defamatory or humiliating acts towards business partners, shareholders, employees and customers by using their own identity or by concealing their identity or by using misleading identities in media and social media environments, profile accounts or other communications; and
- q. not to take acts binding on the Company, and not to give deceptive and untrue statements by overriding their authority in performance of their job duties.

Article 21. Development of Ethical Principles of Companies

The Company may at any time and in its sole option make proposals to the Board of Directors of the

Association for development and if required, for amendment and revision of the Ethical Principles.

VII. RELATIONS OF COMPANY WITH THE ASSOCIATION

Article 22. Relations with the Association

In its relations with the Association, the Company acts in line with honesty and transparency principles, and ensures that all requested information, documents and records are transmitted accurately, completely and timely.

The Company will not make public:

- a. information about other members of the Association; and
- b. correspondences exchanged by the Association with public entities and administrations; and
- c. agreements signed by the Association with its service providers, advisors and consultants; and
- d. any kind of confidential information and documents sent and provided by the Association.

VIII. RELATIONS OF COMPANY WITH ITS SHAREHOLDERS

Article 23. Relations with Shareholders

The Company protects the rights and interests of shareholders as outlined and determined by the applicable laws, and shows maximum efforts to create value against resources provided by shareholders. The Company makes sure that the required information is disclosed to shareholders and to public accurately, completely and timely. The resources, assets and working time of the Company are managed efficiently on the basis of sustainable growth and profitability.

IX. OTHER PROVISIONS

Article 24. Compliance with Laws and Legal Actions

The Company complies with all laws and regulations within the fields of business of the Company, and all policies and working principles published by the Board of Directors of the Company. The Company establishes the systems required for keeping of all operational and legal records completely and in accordance with the laws, and keeps all records, and issues all reports. The Company ensures that agreements signed with other persons and entities

are open, clear and understandable and compliant with laws and the Ethical Principles. Other than those authorized in accordance with the principles and limits set forth in the signature circular or the relevant special authorization certificate, the Company takes actions to prevent any Employee from entering into engagements binding on the Company.

Article 25. Public Disclosure

The Company publishes all public disclosures, statements or bulletins through its legal representatives in compliance with the laws. The Company ensures that disclosures that are newsworthy or for promotion purposes are made by the Company representatives designated in accordance with the information policy of the Company. Information requests of third parties, which are by nature in confidential category for the Company, are responded within the knowledge of the Top Management.

Article 26. Confidentiality

The Company and its Employees know that all financial and trade secrets of the Company, and all information which, if disclosed, may weaken the competitive power of the Company, and personnel rights and information, and agreements signed with business partners are "confidential" by nature, and they protect and keep them in strict confidence. Information and documents obtained as a requirement of business may in no case and for no purpose whatsoever be shared with unauthorized persons or entities inside or outside the Company, and be used for speculative purposes or personal interests.

Article 27. Detection of Breaches, and Sanction

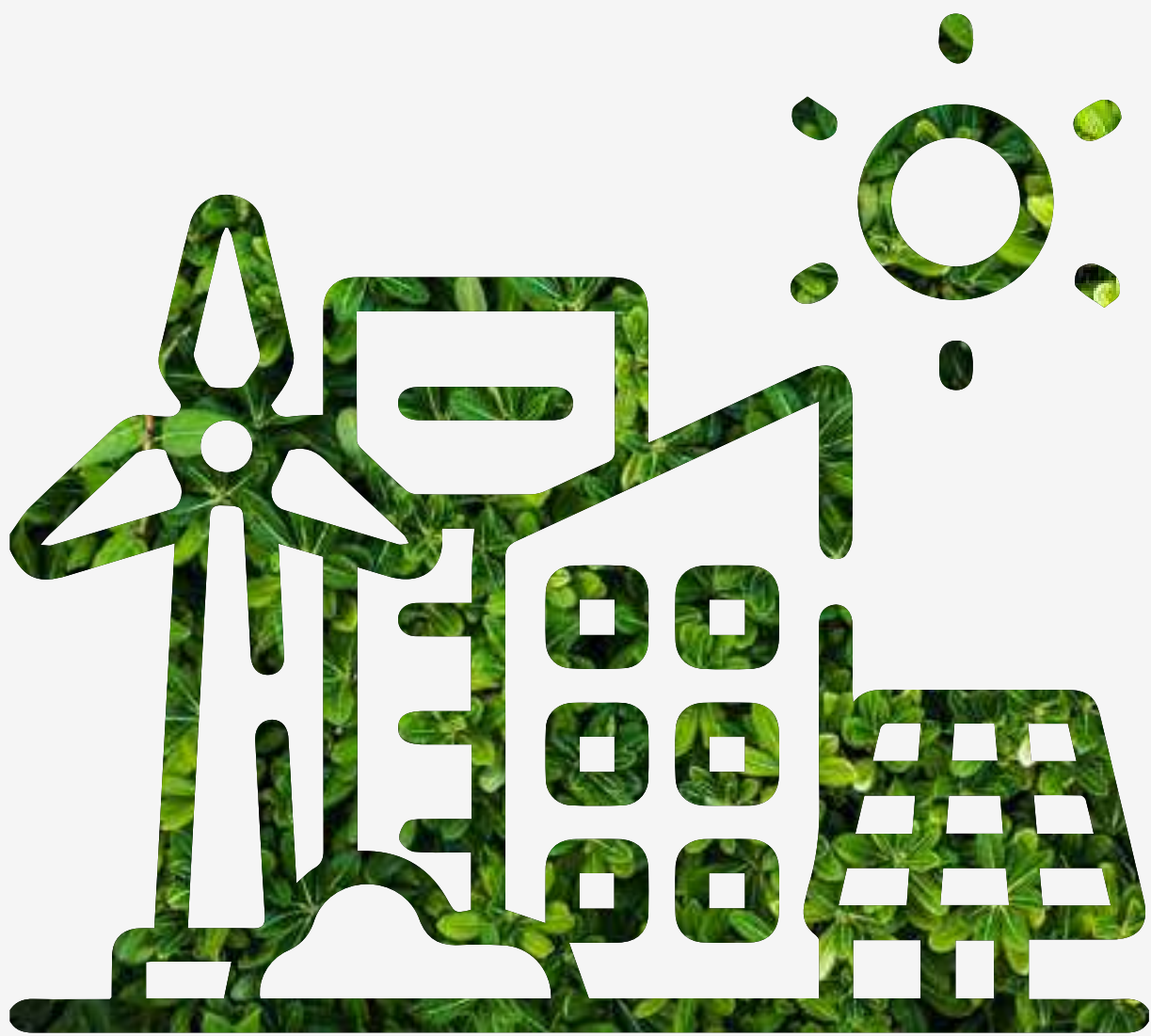
Transactions or acts alleged to be contrary to the Association's Ethical Principles and Professional Rules and Decisions are first of all evaluated in the relevant sector committees, and then presented to the decision of the Board of Directors of the Association. If the Board of Directors of the Association decides that a company has breached these Ethical Principles, then it may inflict an administrative fine pursuant to article 42.3 of the Law no. 6361, and it is separately reported to the Banking Regulation and Supervision Authority.

Article 28. Effective Date

These Ethical Principles have entered into force as of 30.06.2015.

The background of the image is a dense, vibrant green foliage, likely a type of shrub or tree with small, rounded leaves. The foliage is visible on the left side and bottom of the page, framing a white rectangular area where the text is located.

BY PROVIDING
FINANCING FOR
OF ALL SIZES,
**WE STRIVE TO
CONTRIBUTE
STABILITY
TO THE ECONOMY.**



CORPORATE GOVERNANCE PRINCIPLES DECLARATION

İstanbul, 19.02.2024

To Board of Directors of İş Finansal Kiralama A.Ş.

Pursuant to the "Corporate Governance Communiqué" no. II-17.1 of the Capital Markets Board of Turkey (CMB), which went into force upon its publication in the Official Gazette issue 28871 dated 03 January 2014, it has been deemed appropriate for companies traded on Borsa İstanbul (BİST) to incorporate their declaration of compliance with Corporate Governance Principles and their compliance reports in their annual reports and to post the same on their websites. Under the Capital Market legislation, our Company's corporate governance principles reports for each year have been published on our corporate website (www.isleasing.com.tr) and in our respective annual reports since 2005.

Our Company sees great benefit in enforcing and implementing the corporate governance principles across our Company both with respect to the development of national and international capital markets, and with respect to our Company's interests. Implementation of corporate governance principles at our Company is a continuous and dynamic process, and hence, corporate governance notion is maintained with an expanding scope.

Under this context, being listed under the corporate governance index of Borsa İstanbul, as a result of the rating process performed by Saha Kurumsal Yönetim ve Kredi Ratings A.Ş. in 2023, considering the emphasis on corporate governance rules, the willingness to perform this process consistently and dynamically and the improvement realized in the process since the previous rating score, corporate governance rating score of our company has been rated as 9.29 (92.91) and the rating report has been announced to public. This rating report has also been shared with the public under our company website (www.isleasing.com.tr), concerning to increase this corporate governance rating score, the protection of rights of shareholders, informing the public and maintaining transparency, Sustainability Strategy and the adjustment to the said rules in decisions and transactions concerning stakeholders and Board of Directors are aimed and in this context, effort for corporate governance compliance is maintained under the supervision of our committee.

It is targeted to achieve maximum compliance with these principles in the protection of our shareholders' rights, public disclosures, ensuring transparency, and decisions and transactions concerning stakeholders and the Board of Directors.

To this end, activities for ensuring compliance with corporate governance principles are carried on under the supervision of our Committee. Within this framework, Corporate Governance Principles Compliance Report and Corporate Governance Information Form for 2023 fiscal year, which incorporates the aspects of those principles that can and cannot be implemented, has been prepared in line with our Company's priorities in this respect, and attached hereto.

We have reviewed the Corporate Governance Principles Compliance Report and Corporate Governance Information Form, which has been prepared in accordance with the Corporate Governance Principles and the Company's Corporate governance practices and which will be included in the Company's annual report. As a result of our assessment, the said Report has been deemed in conformity with our declaration above, and presented for your information.

Sincerely,

İş Finansal Kiralama A.Ş.
Corporate Governance Committee


Serdar YÜCEL
Member


M.Coşkun CANGOZ
Member


Prof. Dr. Selim Yazıcı
Chairman

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PART I – STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

İş Finansal Kiralama Anonim Şirketi (the Company or İş Leasing) is governed by the Corporate Governance Principles set forth in the Capital Markets legislation, and this statement describes the Company's responsibilities and the degree of compliance within the frame of the Capital Markets Board of Turkey (CMB) Corporate Governance Communiqué.

İş Leasing addresses its rights and responsibilities primarily towards its shareholders and its employees, customers and other relevant parties within the frame of efficient governance and oversight based on the principles of accountability, equality, transparency and responsibility that make up the universal elements of the corporate governance concept. The Company pursues its operations in compliance with all the compulsory articles of Corporate Governance Principles, putting all necessary policies and measures into practice.

As per the Capital Market Board's decision 2/49 dated 10 January 2019, Corporate Governance Compliance Report numbered II-17.1 will be done on KAP platform using Corporate Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates. Related reports may be found at www.kap.org.tr/tr/sirket-bilgileri/ozet/988-is-finansal-kiralama-a-s

Information explaining reporting through templates is presented below.

Further details regarding the level of compliance with the Corporate Governance Principles are presented in the relevant sections of this report.

PART II - SHAREHOLDERS

1. Investor Relations Unit

There is an Investor Relations Department at the Company, which is responsible for maintaining relationships with shareholders.

| Name and Surname | Position | Telephone Number | E-Mail Address |
|------------------|---------------------------|-------------------|--|
| Neslihan Oruç | Assistant General Manager | +90 212 350 74 70 | neslihanoruc@isleasing.com.tr |
| Firuze Kutlu | Supervisor | +90 212 350 74 72 | firuzekutlu@isleasing.com.tr |

The Investor Relations Department reports directly to Mr. U. Şafak Öğün, General Manager. Ms. Neslihan Oruç holds Capital Market Activities Advanced Level License and Corporate Governance Rating Expertise License.

The activities of the Investor Relations Department are regularly reported to the Board of Directors and the Corporate Governance Committee. The Investor Relations Department basically carries out the following duties:

- Ensure that the records in relation to shareholders are kept in a healthy, secure and up-to-date manner,
- Respond to shareholders' written inquiries about the Company, save for those that are not publicly disclosed, are confidential and/or trade secrets,
- Ensure that General Assembly Meetings are convened in accordance with the applicable legislation, the Company's Articles of Association and other internal regulations; prepare the documents that may be useful to shareholders; ensure that the records of voting results are kept and reports covering the results are sent to shareholders,
- Oversee and monitor any and all matters related to public disclosure under the legislation and the Company's Information Policy,
- Prepare informative reports for investors; organize presentations and meetings as and when necessary.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The Investor Relations Department responded to 25 verbal and 27 written inquiry received from the shareholders during the reporting period, and records on shareholders were kept up-to-date.

2. Exercise of Shareholders' Right to Information

All inquiries of shareholders, save for trade secrets or undisclosed information, are being satisfied by the Investor Relations Department within the frame of applicable legislation. The inquiries are first addressed by someone no lower than a Department Manager in the hierarchy, and are responded to in the fastest and the most efficient manner.

All explanations in relation to capital increases, profit distribution, General Assembly meetings, and other matters frequently required under the public disclosure regulations and any information concerning the occurrences with a potential impact on the exercise of shareholders' rights are made public on the Company website, and individual inquiries are fulfilled by the Investor Relations Department.

Pursuant to legislation, minority shareholders are entitled to request appointment of a special auditor from the General Assembly of Shareholders for inspecting some specific events. The Company's shareholders did not request appointment of a special auditor from the General Assembly during 2023. Nevertheless, the request for appointment of a special auditor has not been set forth as an individual right in the Company's Articles of Association.

3. General Assembly Meetings

The arrangements related to the Company's General Assembly meetings are covered in the "Articles of Association" and "General Assembly Guidelines", which are also posted on the Company website.

During the reporting period, one General Assembly meeting was held, which was the 2022 Ordinary General Assembly Meeting. The said meeting was held both physically and electronically on 28 March 2023. The procedures prior to the General Assembly were handled in accordance with the Corporate Governance Principles, and the decisions concerning the General Assembly have been shared with the public within due time. 2022 Ordinary General Assembly Meeting was convened with a quorum of 63,84% and was not attended by any stakeholders other than shareholders, or by media members.

Since the Company's Articles of Association do not contain a provision setting out the participation of media members and stakeholders other than shareholders in the General Assembly meetings, media members and stakeholders other than shareholders are not admitted to General Assembly meetings.

The announcements for the meeting including the meeting place, date, time, agenda and sample proxy form were made in due time by being placed in the Trade Registry Gazette and Milliyet daily, as well as on the Public Disclosure Platform (in Turkish: KAP) and the Company website; the same were also sent by certified mail to shareholders who are recorded in the share ledger within the same period of time. Before the meeting, the annual report, financial statements and reports, profit distribution proposal, informative document on the General Assembly meeting agenda items, other documents forming the basis of agenda items, and the latest version of the Articles of Association have been made available at the Company headquarters and on the Company website for examination by shareholders.

Shareholders were given the opportunity to ask questions and make suggestions at every stage of the meeting. Shareholders exercised their right to ask questions during the meeting, which were responded to forthwith, and this has been covered in the meeting minutes. No agenda item suggestions were received during the General

Assembly meeting. General Assembly meeting minutes have been delivered to shareholders upon conclusion of the meeting and were also posted on the Public Disclosure Platform and the Company website.

During the General Assembly meeting held in 2023, information was provided on the donations and aids made during the reporting period under a dedicated agenda item.

4. Voting Rights and Minority Rights

Pursuant to the Articles of Association, each share entitles its holder to one vote. Although the shares making up the Company's capital do not entail any voting privilege, holders of Class A shares have the privilege to nominate the members of the Board of Directors and to have their consent sought for modifications to be made to the Articles of Association.

There are no cross-shareholding relationships with any company.

There are no members on the Board of Directors, who have been elected with minority votes. The Articles of Association grant no minority rights to those who hold less than one twentieth of the capital.

5. Dividend Right and Profit Distribution Policy

No shares entail any privileges in dividend distribution. The full text of the Company's publicly disclosed Profit Distribution Policy is available in the annual report and on the Company website.

Profit for 2022 has been distributed in accordance with the resolution passed in the Ordinary General Assembly Meeting held in 2023.

6. Share Transfer

Shares are transferred subject to the Company's Articles of Association and the provisions of applicable legislation.

PART III – PUBLIC DISCLOSURE AND TRANSPARENCY

7. Information Policy

The Company Information Policy is publicly disclosed and presented for the information of shareholders at the General Assembly Meeting, as and when it is updated. The Information Policy, in English and Turkish languages, is posted on the Company website and in the annual report.

The Investor Relations Department is responsible for executing the Information Policy.

There are no material changes in the Company's planned administration and operations for the future.

8. Company Internet Site (www.isleasing.com.tr) and its Content

Prepared in Turkish and English languages, the corporate website covers all the matters set out by Corporate Governance Principles and regulatory authorities, and care is taken to keep the website up-to-date at all times.

9. Annual Report

The Company's annual reports are developed so as to cover the information and data required by applicable legislation.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PART IV - STAKEHOLDERS

10. Keeping Stakeholders Informed

The Company's stakeholders are kept regularly informed through material event disclosures, General Assembly meeting minutes, annual reports, financial reports, Public Disclosure Platform and the Company website.

Employees are informed on the Company's goals and activities through performance appraisal meetings held, and all employees have access to memorandums posted on the corporate portal, which is set up to function as the internal information sharing system.

Any act subject to complaint can be communicated by the relevant stakeholder directly to the addressee, the Internal Audit Unit, the Investor Relations Department and the Company's senior management through internal platforms or the Company website; any such complaints raised are forwarded to the Corporate Governance Committee and the Audit Committee.

11. Stakeholder Participation in Management

The Company's Articles of Association do not contain any provisions setting out stakeholder participation in the Company's management. Within the frame of the provisions of the Articles of Association, shareholders are involved in decision-making regarding the Company's administration by casting votes in the General Assembly meetings.

There is a suggestion system in place whereby employees can convey their suggestions regarding the Company's operations. There is an online communication environment at iŞ Leasing that facilitates communication of any and all demands and complaints by the employees directly to the senior management.

12. Human Resources Policy

The Company's Human Resources Policy is outlined below:

- The Company espoused the principle of giving equal opportunities to individuals with equal qualifications in recruiting, and the recruitment criteria have been documented in writing.
- No discrimination on the basis of race, religion, language and sex is allowed among employees; respecting human rights is promoted and care is taken to safeguard employees against internal physical and emotional abuse.
- Care is taken to provide a safe working environment and working conditions at high standards, and to further improve them as needed.
- Objective data are taken into consideration in making decisions about training, appointment and promotion.
- Employees are informed of decisions that are of concern to them, along with developments.
- Training plans are made to support employee development, and necessary arrangements are made for participation in training programs.

The Company executives did not receive any complaints from the employees with respect to discrimination during the reporting period.

The Company's Corporate Portal, which is set up to enhance internal information sharing and to increase the effectiveness of communication with the employees, gives all employees quick access to legislation, the activities of departments, job descriptions and distribution of tasks, performance management practices, current announcements and reference sources.

An orientation program is implemented at the Company that is designed to speed up the adaptation of new hires to the working environment and to help increase their productivity at work.

Job descriptions, individual targets, performance and rewarding criteria are determined by the Company management and announced to employees.

13. Code of Ethics and Social Responsibility

The Company has embraced the Ethical Principles announced by the Association of Financial Institutions, which are posted on the Company website.

The Company takes care to make sure that the projects that it extends financing to are compliant with the relevant legislation on environmental and public health; in addition, the Company extends support to social responsibility projects that it deems appropriate.

PART IV – BOARD OF DIRECTORS

14. Structure and Formation of the Board of Directors

Members of the Board of Directors of İş Leasing are presented below.

| First & Last Name | Position | Executive/Non-Executive | Term of Office |
|-------------------|------------------------|-------------------------|----------------|
| N. Burak Seyrek | Chairman | Non-Executive | 2 years |
| Necati Çağlar | Deputy Chairman | Non-Executive | 2 years |
| Ömer Karakuş | Member | Non-Executive | 2 years |
| Mehmet Şencan | Member | Non-Executive | 2 years |
| U. Şafak Öğün | General Manager/Member | Executive | 2 years |
| A. Botan Berker | Independent Member | Non-Executive | 2 years |
| Selim Yazıcı | Independent Member | Non-Executive | 2 years |
| M. Coşkun Cangöz | Member | Non-Executive | 2 years |
| H. Serdar Yücel | Member | Non-Executive | 2 years |

The Board of Directors is made up of non-executive members, save for the General Manager.

Three independent members, who satisfy the independence criteria set out in the Corporate Governance Principles serve on the Board of Directors; no circumstances arose that would prejudice the independence of the members during the reporting period. Declarations of independence by the relevant members are quoted below:

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

INDEPENDENCE STATEMENT

I, the undersigned, hereby declare, state and warrant:

- That I have not served as a director to İş Finansal Kiralama A.Ş. for more than six years in total during the recent ten years;
- That no direct or indirect employment, capital or other material commercial relations have been established in the recent five years between the Company, or any one of the related parties of the Company, or other legal entities connected in management and capital terms to the shareholders directly or indirectly holding 5% or more shares in the capital of the Company on one hand, and me and my spouse and my blood relatives and relatives by marriage up to third degree on the other hand;
- That during the recent five years I have not worked in or served as a director to service providers managing the operations and organization of the Company as a whole or in part within the frame of contracts, and particularly, the firms engaged in audit, rating and consultancy services for the Company;
- That during the recent five years I have not worked as partner, employee or director in any one of the firms supplying material services and products to the Company;
- That if I hold shares due to my office in the Board of Directors, I hold less than 1% of shares, and my shares are not preferential or privileged;
- That I have the required professional training, knowledge and experience as required for performance of my duties assumed by me as an independent member of the Board of Directors; and
- That I am deemed a resident of Turkey according to the Income Tax Law; and
- That I have strong ethical standards, professional reputation and experience which enable me to make positive contributions to operations and activities of the Company, and to protect my neutrality in conflicts of interests among the partners of the Company, and to give decisions freely in consideration of the rights of stakeholders;

therefore, I am going to perform my duties and functions as a director of the Company as an independent member of the Board of Directors.



Name & Surname : Dr. A. Botan Berker
Date : 28.03.2023
Signature :

INDEPENDENCE STATEMENT

I, the undersigned, hereby declare, state and warrant:

- That I have not served as a director to İş Finansal Kiralama A.Ş. for more than six years in total during the recent ten years;
- That no direct or indirect employment, capital or other material commercial relations have been established in the recent five years between the Company, or any one of the related parties of the Company, or other legal entities connected in management and capital terms to the shareholders directly or indirectly holding 5% or more shares in the capital of the Company on one hand, and me and my spouse and my blood relatives and relatives by marriage up to third degree on the other hand;
- That during the recent five years I have not worked in or served as a director to service providers managing the operations and organization of the Company as a whole or in part within the frame of contracts, and particularly, the firms engaged in audit, rating and consultancy services for the Company;
- That during the recent five years I have not worked as partner, employee or director in any one of the firms supplying material services and products to the Company;
- That if I hold shares due to my office in the Board of Directors, I hold less than 1% of shares, and my shares are not preferential or privileged;
- That I have the required professional training, knowledge and experience as required for performance of my duties assumed by me as an independent member of the Board of Directors; and
- That I am deemed a resident of Turkey according to the Income Tax Law; and
- That I have strong ethical standards, professional reputation and experience which enable me to make positive contributions to operations and activities of the Company, and to protect my neutrality in conflicts of interests among the partners of the Company, and to give decisions freely in consideration of the rights of stakeholders;

therefore, I am going to perform my duties and functions as a director of the Company as an independent member of the Board of Directors.



Name & Surname : Prof. Dr. Selim Yazıcı
Date : 28.03.2023
Signature :

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

INDEPENDENCE STATEMENT

I, the undersigned, hereby declare, state and warrant:

- That I have not served as a director to İş Finansal Kiralama A.Ş. for more than six years in total during the recent ten years;
- That no direct or indirect employment, capital or other material commercial relations have been established in the recent five years between the Company, or any one of the related parties of the Company, or other legal entities connected in management and capital terms to the shareholders directly or indirectly holding 5% or more shares in the capital of the Company on one hand, and me and my spouse and my blood relatives and relatives by marriage up to third degree on the other hand;
- That during the recent five years I have not worked in or served as a director to service providers managing the operations and organization of the Company as a whole or in part within the frame of contracts, and particularly, the firms engaged in audit, rating and consultancy services for the Company;
- That during the recent five years I have not worked as partner, employee or director in any one of the firms supplying material services and products to the Company;
- That if I hold shares due to my office in the Board of Directors, I hold less than 1% of shares, and my shares are not preferential or privileged;
- That I have the required professional training, knowledge and experience as required for performance of my duties assumed by me as an independent member of the Board of Directors; and
- That I am deemed a resident of Turkey according to the Income Tax Law; and
- That I have strong ethical standards, professional reputation and experience which enable me to make positive contributions to operations and activities of the Company, and to protect my neutrality in conflicts of interests among the partners of the Company, and to give decisions freely in consideration of the rights of stakeholders;

therefore, I am going to perform my duties and functions as a director of the Company as an independent member of the Board of Directors.



Name & Surname : M. Coşkun Cangöz
Date : 28.03.2023
Signature :

The Company did not impose any specific rules governing outside positions to be held by the members of the Board of Directors. The arrangements set forth in the Corporate Governance Principles are followed in this respect. Outside positions held by the members of the Board of Directors are presented below:

| First & Last Name | Entity | Position |
|-------------------|---|--|
| N. Burak Seyrek | Türkiye İş Bankası A.Ş. / Group company | Deputy Chief Executive |
| | İş Faktoring A.Ş. / Group company | Chairman of the Board of Directors |
| Necati Çağlar | Türkiye İş Bankası A.Ş. / Group company | Commercial Loans Allocation Department Manager |
| | İş Faktoring A.Ş./ Group company | Member of the Board of Directors |
| Ömer Karakuş | | |
| Mehmet Şencan | | |
| U. Şafak Öğün | | |
| A. Botan Berker | Merit Risk Yönetimi ve Danışmanlık Ltd. / Out-group | Executive Partner |
| | Odeabank/ Out-group | Member of the Board of Directors |
| Selim Yazıcı | İş Girişim Sermayesi A.Ş. /Group company | Independent Member of the Board of Directors |
| M. Coşkun Cangöz | Türkiye Ekonomi Politikaları Araştırma Vakfı/ Out-group | Director |
| | Türkiye İş Bankası A.Ş. / Group company | Manager, Subsidiaries Division |
| H. Serdar Yücel | Arap Türk Bankası A.Ş. / Out-group | Member of the Board of Directors |
| | JSC İşbank / Out-group | Member of the Board of Directors |
| | JSC Isbank Georgia / Out-group | Member of the Board of Directors |
| | İş Faktoring A.Ş. / Group company | Member of the Board of Directors |

Members of the Board of Directors have been elected as per the motion given by the holders of Class A privileged shares at the Ordinary General Assembly Meeting. There is one woman member.

15. Operating Principles of the Board of Directors

The Board of Directors meets at a frequency that will guarantee effective fulfillment of its duties. Agendas for the Board of Directors meetings are prepared by the Chairman of the Board, who seeks proposals from the other members and the General Manager, as well. Information and documents related to the matters covered in the Board of Directors meeting agenda are presented for consideration by the members in advance of the meeting. During 2022, four Board meetings took place; full attendance was secured in the meetings held in March, June, September and December. All decisions in the meetings were passed unanimously. The Board of Directors passed 89 decisions, either during the meetings or based on the examination of relevant files.

The questions posed and assessments made by the members, and grounds for dissenting votes, if applicable, are entered into the meeting minutes. No members cast dissenting votes in any of the meetings held in 2023.

Duties and responsibilities of the members of the Board of Directors are expressly stated in the Articles of Association. Pursuant to the Company's Articles of Association, Board members do not have weighted votes or vetoing rights. As per the Articles of Association, the Board of Directors meets with the majority of its full membership and decisions are passed by the majority of those who are present in the meeting.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

There is not a specific written internal guideline defining how Board of Directors meetings will be made.

During 2023, all related party transactions and transaction basics were laid down for the approval of the Board of Directors. All related decisions were passed unanimously, and there were no related party transactions or transactions of a material nature which had to be submitted to the General Assembly for approval by reason of withdrawal of consent by independent members in 2023. There are no decisions referred to the General Assembly by reason of related party or material transactions.

"Officers' Liability Insurance" policy has been purchased for indemnification of losses that the Company and/or third parties may sustain due to the faults of the Company's Board members or executives committed in the performance of their jobs.

16. Number, Structure and Independence of the Board of Directors Committees

Within the frame of the provisions set out in the applicable legislation, Audit Committee, Early Detection of Risk Committee and Corporate Governance Committee have been set up under the Board of Directors at the Company. The committees present information on their activities and the results of their meetings to the Board of Directors when necessary. The operating principles of the committees are posted on the Company website.

AUDIT COMMITTEE

Formed of three members, the Audit Committee is headed by Ms. A. Botan Berker, a non-executive independent Board member. The other member of the Committee is Mr. Selim Yazıcı and Mr. M. Coşkun Cangöz, a non-executive independent Board member.

The duties and operating principles of the Audit Committee have been approved by the Board of Directors and put into force. The Committee carries out its activities within the frame of these principles.

Duties and Operating Principles of the Audit Committee

Article 1. Purpose and Scope

This Regulation covers the establishment of an Audit Committee, and regulation of the duties and responsibilities of this Committee as well as its operational procedures in order to ensure that the Board of Directors fulfills its supervisory and audit duties and responsibilities in a healthy manner.

Article 2. Justification

This Regulation has been prepared based on the Corporate Governance Communiqué of the Capital Markets Board.

Article 3. Establishment of the Audit Committee

An audit committee is established by at least two members to be selected from among the Board members. The members of the Committee elect a Chairman among themselves.

All of the Committee members are elected from among the independent members of the Board.

If possible, at least one of the members of the Audit Committee should be elected from the Board members having a minimum 5 years of experience in audit/accounting and finance topics.

An audit committee is established by at least two members to be selected from among the Board members. The members of the Committee elect a Chairman among themselves.

All of the Committee members are elected from among the independent members of the Board.

If possible, at least one of the members of the Audit Committee should be elected from the Board members having a minimum 5 years of experience in audit/accounting and finance topics.

Committee membership automatically ends upon the termination of the Board membership of the relevant member.

Article 4. Duties and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee have been outlined below.

- The Audit Committee supervises the operation and efficiency of the Company's accounting system, disclosure of its financial information, its independent audit and its internal control and internal audit system.
- The selection of the independent audit firm, commencement of the independent audit process after preparing the independent audit contracts, and the subsequent works of the independent audit firm at all times is conducted under the supervision of the Audit Committee.
- The Audit Committee determines the name of the independent audit firm and the services to be procured from it, and submits this list to the approval of the Board of Directors.
- The Audit Committee determines the methods and criteria to apply to the processing and settling of the complaints sent to the Company regarding the Company's accounting, internal control and audit system, and the independent audit as well as the treatment of the Company's disclosures made by the Company's employees on the subjects of the independent audit within the framework of the confidential principle.
- The Audit Company submits in writing to the Board of Directors its assessments on the accuracy and authenticity of the annual and interim financial statements to be disclosed to public and the conformance of these statements with the accounting principles adopted by the Company also by taking the opinions of the Company's managers and independent auditors.
- The Audit Committee also performs other works and assignments to be assigned to it by the Board of Directors.

Article 5. The Audit Committee's Operation Principles and Procedures

- The Audit Committee meets at least once every three months and at least four times annually.
- The Committee meets with the attendance of all its members, and the decision quorum for the Committee is the majority of the present.
- The Committee keeps a minute book and all decisions taken by the Committee are recorded in this book under a separate log number.
- The results of the Committee's meetings are issued as an official report which includes the assessments and decisions together with their justifications, and submitted to the Board of Directors within at least one month following the relevant meeting.
- The decisions of the Committee take effect upon the approval by the Board of Directors.
- The Audit Committee immediately sends its determinations, assessments and suggestions regarding the area of its responsibility to the Board of Directors in writing.
- The activities and the meeting results of the Committee are announced at the annual activity report. The annual activity report also provides how many times the Audit Committee has submitted written notifications to the Board of Directors during the given fiscal year.
- The Audit Committee may invite other people to its meetings as needed to get their opinions on a subject.
- Internal Audit Unit determines the agenda of the meetings, makes the calls for the meetings, ensures the

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

communication between the members of the Committee, keeps the minute book, and fulfills other secretarial works of the Committee

- The resources and support needed by the Committee during the execution of its duty are provided by the Board of Directors.
- Subject to the approval of the Board of Directors, the Committee may benefit from the opinions of the independent experts as may be needed on a subject related with its activities requiring specialization. The charge of such consultancy services needed by the Committee is paid by the Company.
- The members of the Audit Committee conduct their duties within the framework of the principles of independence and neutrality.

Article 6. Validity

The clauses of this Regulation take effect on the date approved by the Board of Directors and are executed by the Board of Directors.

Relevant Decisions of the Board of Directors

| Decision | Effective Date | Revision | Relevant Articles |
|-------------------|----------------|----------|-------------------|
| 27.05.2014 / 2151 | 27.05.2014 | 1.0 | All |

During 2023, the Audit Committee met 4 times and passed 21 decisions. In the meetings held, the Committee discussed and evaluated the following topics:

- Distribution of duties within the Committee has been decided and the Head of the Committee has been elected.
- The Independent Audit Firm has been designated and presented for approval to the Board of Directors.
- Upon getting the opinions of the responsible Company managers, it has been established that the consolidated financial statements and their notes, and annual reports have been prepared accurately and in accordance with the applicable legislation and generally accepted principles and norms, and they have been presented for approval to the Board of Directors for subsequent disclosure.
- It has been established, as also confirmed by the opinions of responsible managers in the Company, that unconsolidated financial statements and their notes have been drawn up accurately and in accordance with the applicable legislation and generally-accepted principles and standards, and they have been presented for approval to the Board of Directors.
- Information Systems Regulatory Compliance Report that has been prepared by the Internal Audit Department and Internal Control and Risk Management, Compliance and Legislation Department has been approved and presented for approval to the Board of Directors.
- It has been established that the Committee did not determine any negative findings with respect to the entry of the Company's commercial transactions into accounting records, to the operation and efficiency of the internal control system, and fulfillment of tax and legal obligations during the reporting period, and that all are in order.
- Findings, opinions and suggestions that resulted from the audit activities carried out by Internal Audit and Internal Control and Risk Management, Compliance and Legislation Department were first shared with, and evaluated by, those who conducted the relevant activities, and it was ensured that necessary complementary and preventive actions were taken.
- Internal control, file audit and department/unit audit reports drawn up during the reporting period by Internal Audit and Internal Control and Risk Management, Compliance and Legislation Department have been examined, and presented for the approval of the Board of Directors.
- 2024 audit plan and 2024 Internal Control and Risk Management Activity Plan developed by the Company have been discussed and approved.

CORPORATE GOVERNANCE COMMITTEE

Formed of four members, the Corporate Governance Committee also functions as the Nomination Committee and the Remuneration Committee. Mr. Selim Yazıcı, non-executive independent Board member, serves as the head of the Committee, whereas the other members are Mr. Coşkun Cangöz and Mr. H. Serdar Yücel, non-executive Board members, and Ms. Neslihan Oruç, Investor Relations Department Manager.

The duties and operating principles of the Corporate Governance Committee have been approved by the Board of Directors and put into force. The Committee carries out its activities within the frame of these principles.

Duties and Operating Principles of the Corporate Governance Committee

Article 1. Purpose and Scope

This Regulation covers the establishment of a Corporate Governance Committee and regulation of the duties and responsibilities of this Committee as well as its operational principles and procedures in order to ensure that the Board of Directors fulfills its duties and responsibilities on corporate governance in a healthy manner.

The duties of the Nominating Committee and Compensation Committee will be fulfilled by the Corporate Governance Committee until their establishment.

Article 2. Justification

This Regulation has been prepared based on the Corporate Governance Communiqué of the Capital Markets Board.

Article 3. Establishment of the Corporate Governance Communiqué

Corporate governance Committee is established by appointment of at least two members from among the Board members and the Manager of the Investor Relations Unit/Department.

The members of the Committee elect a Chairman among themselves. The Chairman of the Committee is elected from among the independent members of the Board. Persons who are not Board members but having specialization on their subjects can also become members to the Corporate Governance Committee.

If the Corporate Governance Committee has two members elected from the Board of Directors, both of these members are required to be from the independent members of the Board; and if the Committee has more than two board members, then majority of these members should be independent members. General Manager cannot become a member of the Committee.

The Manager of the Investors Relations Unit/Department is required to work full-time in the company and be positioned as a member of the Corporate Governance Committee.

Corporate Governance Committee membership automatically ends upon the termination of the Board membership.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Article 4. Duties and Responsibilities of the Corporate Governance Committee

The duties and responsibilities of the Corporate Governance Committee have been outlined below.

- The Corporate Governance Committee establishes whether or not the corporate governance principles are duly applied in the Company, and determines the reasons if they are not applied and lay down the conflicts of interest emerging due to the non-application of these principles in the Company, and advises the Board of Directors for the improvement of the corporate governance applications.
- The Corporate Governance Committee supervises the activities of the Company's Investment Relations Department.
- The Committee lays down the fundamental principles regarding the communication of the Company with the investors, and reviews these principles on a regular basis.
- The Corporate Governance Committee, together with the Investors Relations Department, further submits to the Board of Directors its advice for the improvement of the communication between the Company and the shareholders, and the elimination and settlement of the possible disputes in between.
- The Corporate Governance Committee reviews the Corporate Governance Principles Compliance Report of the Company prior to its being published in the Company's annual activity report, and submits its opinions to the Board of Directors.
- The Corporate Governance Committee prepares its advice and assessments for the identification or amendment of the Company's Disclosure Policy and submits it to the Board of Directors. It also oversees to ensure that the Disclosure Policy covers at least the minimum obligatory content laid down by the laws and regulations regarding the communication of the Company with the stakeholders, and it reviews the content, quality, consistency and accuracy of the documents, presentations and explanations to ensure that they are prepared in accordance with the Disclosure Policy.
- The Corporate Governance Committee works for infusing the corporate governance culture into the Company and its adoption by the managers and employees at all levels. It follows the domestic and international developments on corporate governance front and monitors their possible effects for the Company.

The duties and responsibilities of the Corporate Governance Committee on nominations have been outlined below.

- The Corporate Governance Committee works for setting up a transparent system for the identification, assessment and training of the candidates for board membership and the managerial positions with administrative responsibility and for adoption of proper policies and strategies on this subject.
- The Corporate Governance Committee makes regular assessments on the structure and productivity of the Board of Directors and submits its advice on possible changes to the Board of Directors.
- The Corporate Governance Committee is responsible for performing the jobs regarding the nomination of the independent member candidates for the Board which are stipulated by the laws and regulations and which are compulsory for the Group including the Company as announced by the Board each year.

The duties and responsibilities of the Corporate Governance Committee on the salaries and remunerations have been outlined below:

- The Corporate Governance Committee lays down and oversees the principles, criteria and practices to apply to the compensations of the members of the Board of Directors and executives with administrative responsibility in view of the Company's long term targets.
- It submits to the Board of Directors its suggestions about the wages to be offered to the Board members and executives with administrative responsibility as set forth, also in consideration with the degree of realization of the criteria applicable to such compensation.

- It provides its assessments and suggestions on the creation and amendment of the Company's compensation policy which sets the compensation principles for the members of the Board of Directors and the managers with administrative responsibility, and submits its opinions to the Board of Directors.

The Corporate Governance Committee also fulfills other duties and responsibilities within its area of responsibility as may be delegated to it by the Board of Directors.

Article 5. The Corporate Governance Committee's Operation Principles and Procedures

- The Corporate Governance Committee meets at least once every three months and four times annually.
- The Committee meets with the attendance of all its members and takes its decisions by majority vote.
- The Committee keeps a decision book and the decisions taken by the Committee are recorded in this book with a log number.
- The results of the Committee's meetings are issued as an official report and the assessments and decisions of the Committee are submitted to the Board of Directors within at least one month following the relevant meeting of the Committee.
- The decisions of the Committee take effect upon the approval of the Board of Directors.
- The Corporate Governance Committee immediately submits its findings, assessments and suggestions on the area of its work and responsibility to the Board of Directors in writing.
- The Corporate Governance Committee may invite other people to its meetings as needed to get their opinions on a subject.
- The Investor Relations Unit/Department determines the agenda of the meetings, makes the calls for the meetings, ensures the communication within the members of the Committee, keeps the minute book, and fulfills other secretarial works of the Committee.
- The resources and support needed by the Committee during the execution of its duty are provided by the Board of Directors.
- Subject to the approval of the Board of Directors, the Committee may benefit from the opinions of the independent experts as may be needed on a subject related with its activities requiring specialization. The charge of such consultancy services needed by the Committee is provided by the Company.
- The members of the Corporate Governance Committee conduct their duties within the framework of the principles of independence and neutrality.

Article 6. Validity

The clauses of this Regulation take effect on the date approved by the Board of Directors and are executed by the Board of Directors.

Relevant Decisions of the Board of Directors

| Decision | Effective Date | Revision | Relevant Articles |
|-------------------|----------------|----------|-------------------|
| 27.05.2014 / 2151 | 27.05.2014 | 1.0 | Tümü |

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

During 2023, the Corporate Governance Committee met 4 times and passed 8 decisions. In the meetings held, the Committee discussed and evaluated the following topics:

- Corporate governance principles compliance report, which was prepared by the Company and covers the 2023 operating period, has been studied and presented for the approval of the Board of Directors.
- Salary rises for 2023 for Company employees have been determined and presented for the approval of the Board of Directors.
- Distribution of duties within the Committee has been decided and the Head of the Committee has been elected.
- Proposed nominees for the independent member seats on the Board of Directors have been evaluated, giving due consideration to whether they satisfy the independence criteria, and the report thereon has been presented to the Board of Directors.
- The operation and efficiency of the Investor Relations Department has been discussed, and it has been established that activities were carried out duly with respect to informing the investors and public disclosure.
- It has been established that activities were carried out duly across the Company with respect to implementation of Corporate Governance Principles, and that there are no material complaints that the Company received from stakeholders.

EARLY DETECTION OF RISK COMMITTEE

Formed of three members, Early Detection of Risk Committee is headed by Mr. Coşkun Cangöz, non-executive independent Board member, serves as the head of the Committee whereas the other members are Ms. A. Botan Berker, non-executive Board members and Mr. H. Serdar Yücel.

The duties and operating principles of the Early Detection of Risk Committee have been approved by the Board of Directors and put into force. The Committee carries out its activities within the frame of these principles.

Duties and Operating Principles of the Early Detection of Risk Committee

Article 1. Purpose and Scope

This Regulation covers the establishment of the Early Detection of Risk Committee and regulation of the duties and responsibilities as well as the operation procedures and principles of this Committee in order to ensure the Board of Directors fulfills its duties and responsibilities in the area of risk management in a well manner.

Article 2. Justification

This Regulation has been prepared based on the Article 378 of the Turkish Commercial Code and the Corporate Governance Communiqué published by the Capital Markets Board.

Article 3. Establishment of the Early Detection of Risk Committee

Early Detection of Risk Committee is established comprising at least two members to be elected from among the members of the Board of Directors.

Committee members elect a Chairman from among them. The Committee's Chairman should be elected from among the independent members of the Board of Directors. Persons who are not members of the Board of Directors but specialized on their areas can become members of the Committee.

Both members of the Committee have to be independent members of the Board of Directors if the Committee is consisted of two members, and majority of the Committee members should be independent if the Committee is consisted of more than two members. General Manager cannot be a member of the Committee.

The membership to the Early Detection of Risk Committee ends upon the termination of the Board membership of the relevant member, if applicable.

Article 4. Duties and Responsibilities of the Early Detection of Risk Committee

- Early Detection of Risk Committee conducts works aimed at early perception of risks that may imperil the existence, development and sustenance of the Company; taking the required measures regarding the identified risks; and management of such risks.
- It submits in writing to the Board of Directors its suggestions and opinions regarding the establishment and development of the Company's risk management system capable of minimizing the effects of the risks for all stakeholders including mainly the shareholders.
- It reviews the Company's risk management system at least once a year.
- It supervises the realization of the risk management applications in accordance with the decisions of the Board of Directors and the Committee.
- It reviews the determinations and assessments regarding the risk management that will be included to the Company's annual activity report.
- Early Detection of Risk Committee also fulfills other duties and responsibilities in its area of responsibility as may be assigned to it by the Board of Managers.

Article 5. Operation Principles and Procedures of Early Detection of Risk Committee

- Early Detection of Risk Committee meets at least every three months and at least four times a year.
- The Committee meets with the attendance of all its members, and the decision quorum for the Committee is the majority of the present.
- The Committee keeps a minute book where the decisions taken are recorded with a separate log number.
- The results of the Committee's meetings are issued as an official report which includes the assessments and decisions together with their justifications, and submitted to the Board of Directors within at least one month following the relevant meeting.
- The Committee's decisions take effect upon the approval of the Board of Directors.
- The Early Detection of Risk Committee immediately sends its determinations, assessments and suggestions regarding the area of its responsibility to the Board of Directors in writing.
- Early Detection of Risk Committee may invite other persons to its meetings and take their opinions as it may deem necessary.
- Setting the agenda of the Committee's meeting, making calls for the meeting, ensuring the communication with the Committee members, keeping the minute book and other secretarial works of the Committee are performed by the unit in charge of the risk management.
- All kinds of resources and support needed during the Committee's fulfillment of its duty are provided by the Board of Directors.
- The Committee may benefit from the opinions of the independent experts as it may need regarding its activities subject to the approval of the Board of Directors. The fee of the consultancy service needed by the Committee is paid by the Company.
- The members of the Early Detection of Risk Committee fulfill their duties in compliance with the principles of independence and neutrality.

Article 6. Validity

The provisions of this Regulation take effect on the date of their approval by the Board of Directors and are executed by the Board of Directors.

Relevant Decisions of the Board of Directors

| Decision | Effective Date | Revision | Relevant Articles |
|-------------------|----------------|----------|-------------------|
| 27.05.2014 / 2151 | 27.05.2014 | 1.0 | All |

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

During 2023, the Corporate Governance Committee met four times and passed fourteen decisions. In the meetings held, the Committee discussed and evaluated the following topics:

- Distribution of duties within the Committee has been decided and the Head of the Committee has been elected.
- Periodic risk reports prepared by the Internal Control, Risk Management, Compliance and Legislation Department has been evaluated by the Committee; it has been established that the risks specified in the reports remain within the limits set by the Board of Directors for individual risks to be carried and for total risk exposure. The reports have been presented for the information of the Board of Directors.
- Risk management systems have been reviewed, necessary activities were carried out to update the risk management strategy and policies to be pursued by the Company for taking necessary action and managing the risks, and the same have been presented for the information of the Board of Directors.

17. Risk Management and Internal Control Mechanism

Potential risks that the Company may be exposed to are defined in the Risk Catalogue. Risk policies have been prepared for risk categories that are critical for the Company's operations, and internal control processes have been established for all practices, procedures and workflows. Internal implementation controls and audits are being carried out by Internal Audit and Internal Control and Risk Management, Compliance and Legislation Departments.

The Early Detection of Risk Committee regularly reviews the processes for risk measurement, assessment and management, and reports its activities to the Board of Directors on a monthly basis. Moreover, the Audit Committee monitors the efficiency of the Company's risk management and internal control activities through internal audit activities, and reports the same to the Board of Directors.

18. Strategic Goals of the Company

Strategic goals of the Company are set by the Board of Directors, taking into consideration competitive conditions, overall economic conjuncture, general projections regarding national and international financial markets, and the Company's medium and long-term targets. The members of the Board of Directors and the Company executives discuss and evaluate the strategies and goals set in a detailed and thorough manner. The office of the General Manager of the Company is responsible for implementing the defined strategy and goals.

Actualizations with respect to the approved strategy and goals are reported to the Board of Directors on a monthly basis. The topics reviewed in the Board meetings include the Company's position in the sector, its activities, the actualization levels of the annual budget and targets, financial structure and performance, the alignment level of reporting and operations to international standards, and the reasons and possible actions that can be taken in case of non-achievement of the goals.

19. Financial Rights

The Remuneration Policy, which covers the criteria used for determining any rights, benefits and remunerations provided to the Company employees, is available on the Company website.

Attendance fees paid to the members of the Board of Directors are determined by the General Assembly and disclosed on the Public Disclosure Platform.

During 2023, benefits, allowances, resources in cash and in kind, insurance and similar benefits provided to the members of the Board of Directors and the Company's senior executives amounted to TL 20,187 thousand.

Members of the Board of Directors and senior executives are not disbursed loans or credit, nor are they granted guarantee in their favor.

CORPORATE GOVERNANCE COMPLIANCE REPORT

| | Compliance Status | | | | | Explanation |
|---|-------------------|---------|----|----------|-----|---|
| | Yes | Partial | No | Exempted | N/A | |
| 1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS | | | | | | |
| 1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website. | X | | | | | |
| 1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION | | | | | | |
| 1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit. | X | | | | | |
| 1.3. GENERAL ASSEMBLY | | | | | | |
| 1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics. | X | | | | | |
| 1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting. | | | | | X | No such transaction took place in 2023. |
| 1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting. | X | | | | | |
| 1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions. | X | | | | | |
| 1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak. | | X | | | | Since the Company's Articles of Association do not contain any provisions regarding participation of stakeholders other than shareholders and media in General Shareholders' Meetings, stakeholders other than media, shareholders and employees are not admitted to General Shareholders' Meetings. |
| 1.4. VOTING RIGHTS | | | | | | |
| 1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights. | X | | | | | |
| 1.4.2 - The company does not have shares that carry privileged voting rights. | | | X | | | Pursuant to the Articles of Association, each share entitles its holder to one vote. While the shares constituting the Company's capital do not possess any voting privileges, Class (A) shareholders have the privilege of nominating candidates for the seats on the Board of Directors and pursuance of their consent for amendments to the Articles of Association. |
| 1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control. | X | | | | | |

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

| | Compliance Status | | | | | Explanation |
|--|-------------------|---------|----|----------|-----|---|
| | Yes | Partial | No | Exempted | N/A | |
| 1.5. MINORITY RIGHTS | | | | | | |
| 1.5.1 - The company pays maximum diligence to the exercise of minority rights. | X | | | | | |
| 1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights. | | | X | | | The Company's Articles of Association do not grant minority rights to those holding less than one twentieth of the Company's capital. |
| 1.6. DIVIDEND RIGHT | | | | | | |
| 1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website. | X | | | | | |
| 1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future. | X | | | | | |
| 1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item. | X | | | | | |
| 1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company. | X | | | | | |
| 1.7. TRANSFER OF SHARES | | | | | | |
| 1.7.1 - There are no restrictions preventing shares from being transferred. | X | | | | | |
| 2.1. CORPORATE WEBSITE | | | | | | |
| 2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1. | X | | | | | |
| 2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months. | | X | | | | Since we do not have access to our shareholders' data, the related update is made by the MKK (Central Securities Depository) on PDP (Public Disclosure Platform). |
| 2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content. | X | | | | | |
| 2.2. ANNUAL REPORT | | | | | | |
| 2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities. | X | | | | | |
| 2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2. | X | | | | | |
| 3.1. CORPORATION'S POLICY ON STAKEHOLDERS | | | | | | |
| 3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles. | X | | | | | |
| 3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website. | X | | | | | |
| 3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues. | X | | | | | |
| 3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner. | X | | | | | |

| | Compliance Status | | | | | Explanation |
|--|-------------------|---------|----|----------|-----|--|
| | Yes | Partial | No | Exempted | N/A | |
| 3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT | | | | | | |
| 3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management. | X | | | | | |
| 3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them. | | X | | | | No surveys/consultations were deemed necessary since there are no material decisions that significantly affect stakeholders. Such studies will naturally be carried out in the event that there is such a decision. |
| 3.3. HUMAN RESOURCES POLICY | | | | | | |
| 3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions. | | X | | | | Fırsat eşitliği sağlayan bir istihdam politikası benimsenmiştir. Şirket organizasyon yapısı ve mevcut uygulamalar, her yönetici pozisyonuna altında bağlı çalışanın yetiştirilmesi ve yönetici aday olarak değerlendirilmesi şeklinde olup, kilit yönetici pozisyonlarına atamalar Yönetim Kurulu'nun yetkisindedir. |
| 3.3.2 - Recruitment criteria are documented. | X | | | | | |
| 3.3.3 - The company has a policy on human resources development, and organises trainings for employees. | X | | | | | |
| 3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health. | X | | | | | |
| 3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken. | | X | | | | Employees are notified of decisions made about them or developments that might impact them. The Company develops mechanisms to involve employees in decision-making processes, and ensures the same through periodic questionnaires administered. |
| 3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration. | X | | | | | |
| 3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment. | X | | | | | |
| 3.3.8 - The company ensures freedom of association and supports the right for collective bargaining. | | | X | | | There are no internal regulations on this topic. |
| 3.3.9 - A safe working environment for employees is maintained. | X | | | | | |

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

| | Compliance Status | | | | | Explanation |
|--|-------------------|---------|----|----------|-----|-------------|
| | Yes | Partial | No | Exempted | N/A | |
| 3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS | | | | | | |
| 3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction. | X | | | | | |
| 3.4.2 - Customers are notified of any delays in handling their requests. | X | | | | | |
| 3.4.3 - The company complied with the quality standards with respect to its products and services. | X | | | | | |
| 3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers. | X | | | | | |
| 3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY | | | | | | |
| 3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website. | X | | | | | |
| 3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery. | X | | | | | |
| 4.1. ROLE OF THE BOARD OF DIRECTORS | | | | | | |
| 4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place. | X | | | | | |
| 4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance. | X | | | | | |
| 4.2. ACTIVITIES OF THE BOARD OF DIRECTORS | | | | | | |
| 4.2.1-The board of directors documented its meetings and reported its activities to the shareholders. | X | | | | | |
| 4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report. | X | | | | | |
| 4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity. | X | | | | | |
| 4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report. | X | | | | | |
| 4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined. | X | | | | | |
| 4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders. | X | | | | | |

| | Compliance Status | | | | | Explanation |
|--|-------------------|---------|----|----------|-----|---|
| | Yes | Partial | No | Exempted | N/A | |
| 4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital. | | X | | | | A "Directors and Officers Liability Insurance" has been obtained for indemnification of potential losses that the Company's Board of Directors members and executives might cause to the Company and/or third parties. The sum insured is not more than 25% of the capital. |
| 4.3. STRUCTURE OF THE BOARD OF DIRECTORS | | | | | | |
| 4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy. | | X | | | | One woman member serves on the Board of Directors. While the Company does not have a specific policy about the matter, the structure of the Board of Directors is reviewed annually and this point is taken into consideration when identifying nominees. |
| 4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance. | X | | | | | |
| 4.4. BOARD MEETING PROCEDURES | | | | | | |
| 4.4.1-Each board member attended the majority of the board meetings in person. | X | | | | | |
| 4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members. | | X | | | | Information, documents and presentations relevant to the Board meeting agenda are made available for review by Board of Directors members 3 to 5 days in advance of the meeting date, by ensuring equal information flow. |
| 4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members. | | | | | X | No such situation occurred to date. In the event that a member who is unable to attend the meeting but provides his/her opinions in writing, the same will naturally be presented for the information of other members. |
| 4.4.4 - Each member of the board has one vote. | X | | | | | |
| 4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board. | X | | | | | |
| 4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any. | X | | | | | |
| 4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting. | | X | | | | While no restrictions are imposed on external commitments of the members of the Board of Directors, the duties assumed by the Board members are shared with the shareholders in General Shareholders' Meetings. |

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

| | Compliance Status | | | | | Explanation |
|---|-------------------|---------|----|----------|-----|--|
| | Yes | Partial | No | Exempted | N/A | |
| 4.5. BOARD COMMITTEES | | | | | | |
| 4.5.5 - Board members serve in only one of the Board's committees. | | | X | | | Three independent members serve on the Company's Board of Directors. Since the Corporate Governance Communiqué mandates the presence of independent members on each committee, Board members necessarily serve on more than one committee. |
| 4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views. | X | | | | | |
| 4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report. | | | | | X | During 2023, the committees did not receive any consultancy services. |
| 4.5.8 - Minutes of all committee meetings are kept and reported to board members. | | X | | | | The committee members informed the Board members about the matters discussed and the decisions passed in committee meetings. The Internal Audit Department and Internal Control, Risk Management, Compliance and Regulations Department presented 21 reports to the Audit Committee and 12 to the Early Detection of Risk Committee. |
| 4.6. FINANCIAL RIGHTS | | | | | | |
| 4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively. | | | X | | | Although the Company's annual and medium-term targets are not publicly disclosed, The Board of Directors conducts financial performance evaluations at certain intervals. The Board of Directors members are not individually assessed. |
| 4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them. | X | | | | | |
| 4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report. | | | X | | | Remunerations, benefits and allowances provided to the Board of Directors members and the Company's executives are disclosed collectively. |

CORPORATE GOVERNANCE INFORMATION FORM

1.1. Facilitating the Exercise of Shareholders Rights

| | |
|---|---|
| The number of investor meetings (conference, seminar/etc.) organised by the company during the year | In 2023, The Company organized 2 meetings in video conferencing format in which investors participated via remote access. |
|---|---|

1.2. Right to Obtain and Examine Information

| | |
|--|---|
| The number of special audit request(s) | 0 |
| The number of special audit requests that were accepted at the General Shareholders' Meeting | 0 |

1.3. General Assembly

| | |
|---|--|
| Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) | https://www.kap.org.tr/tr/Bildirim/1117708 |
| Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time | Not provided. |
| The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 | There are no transactions that are not approved by the majority of independent Board members or by unanimous votes of present Board members in the context of Principle 1.3.9. |
| The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1) | There are no related party transactions in the context of Article 9 of the Communiqué on Corporate Governance. |
| The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1) | There are no common and continuous transactions requiring public disclosure in the context of Article 10 of the Communiqué on Corporate Governance. |
| The name of the section on the corporate website that demonstrates the donation policy of the company | https://www.isleasing.com.tr/investor-relations/corporate-governance/donation-policy/ |
| The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved | https://www.kap.org.tr/tr/Bildirim/269935 |
| The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting | Stakeholder participation in the General Assembly are set out in Article 20 of the Articles of Association and Article 5 of the General Assembly Internal Directive. |
| Identified stakeholder groups that participated in the General Shareholders' Meeting, if any | Besides shareholders and their proxies, Board of Directors members and the representative of the independent audit firm participated in the 2022 General Assembly meeting. Some stakeholders such as the Company employees attended the meeting as observers within our Company's knowledge. |

1.4. Voting Rights

| | |
|---|---|
| Whether the shares of the company have differential voting rights | Yes |
| In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. | Class (A) shareholders have the privilege to nominate candidates for seats on the Board of Directors and pursuance of their consent for amendments to the Articles of Association. Class (A) shareholders have 600,000,000 votes. |
| The percentage of ownership of the largest shareholder | 29.46% |

1.5. Minority Rights

| | |
|---|----|
| Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association | No |
| If yes, specify the relevant provision of the articles of association. | - |

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

<https://www.isleasing.com.tr/investor-relations/corporate-governance/profit-distribution-policy/>

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.

It was decided not to distribute, but to set it aside as extraordinary reserves, the distributable net profit for the period in the amount of TL 826.765.716, which is the net distributable profit for the period which is calculated as TL 480.290.240 that is the net profit for the period arising according to the CMB legislation and TL 24.014.512 first legal reserves set aside as first legal reserves and calculated according to the TL 802.751.204 profit that descends in the Company's legal records, be retained and set aside as extraordinary reserves. It has also been decided that deferred tax income in the amount of TL 75.638.770 included in the net profit for the period according to the Company's legal records, which were retained, and be transferred to extraordinary reserves.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

<https://www.kap.org.tr/tr/Bildirim/1130391>

General Assembly Meetings

| General Meeting Date | The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting | Shareholder participation rate to the General Shareholders' Meeting | Percentage of shares directly present at the GSM | Percentage of shares represented by proxy | Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against | Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them | The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions | The number of declarations by insiders received by the board of directors | The link to the related PDP general shareholder meeting notification |
|----------------------|---|---|--|---|---|---|---|---|---|
| 28.03.2023 | 0 | 63.84% | 2.87% | 60,97% | https://www.isleasing.com.tr/yatirimci-iliskileri/genel-kurul-tutanaklari-ve-hazirun-cetveli/ | https://www.isleasing.com.tr/yatirimci-iliskileri/genel-kurul | None | 0 | https://www.kap.org.tr/tr/Bildirim/1130391 |

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

<https://www.isleasing.com.tr/investor-relations/>

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.

The Shareholding Structure is posted at <https://www.isleasing.com.tr/investor-relations/company-information/partnership-structure/> Information about Real or Legal Persons Directly or Indirectly Holding 5% or More Shares in the Capital as disclosed by the Central Registry Agency (MKK) is posted at <https://www.kap.org.tr/sirket-bilgileri/genel/988-is-finansal-kiralama-a-s>

List of languages for which the website is available

Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

Corporate Governance Practices/ Board of Directors

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure

Corporate Governance Practices/ Number, Structure and Independence of the Board of Directors Committees

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

Corporate Governance Practices/ Board of Directors /Operating Principles of the Board of Directors

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

Corporate Governance Practices/ Brief Annual Report of the Board of Directors

d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof

Corporate Governance Practices/ Brief Annual Report of the Board of Directors

e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest

Corporate Governance Practices/ Brief Annual Report of the Board of Directors

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

There are no cross ownership relationships.

g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

General Assessment/ Human Resources and Training

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

| | |
|--|--|
| The name of the section on the corporate website that demonstrates the employee remedy or severance policy | https://www.isleasing.com.tr/investor-relations/corporate-governance/compensation-policy-for-employees/ |
| The number of definitive convictions the company was subject to in relation to breach of employee rights | None. |
| The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism) | Audit Committee- Corporate Governance Committee |
| The contact detail of the company alert mechanism | Any conduct subject to reporting can be directly communicated by the related stakeholder to the respondents, Internal Audit, Investor Relations Department or the Company's Executive Management. Any such reports are forwarded to the Corporate Governance Committee and the Audit Committee. Established within İş Leasing, the Ethics Line aims for stakeholders and other third parties to convey their observations and opinions to the Ethics Line representatives about the issues they think do not comply with the principles, and accordingly, to implement the relevant review procedures. https://www.isleasing.com.tr/sustainability/etik/ |

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

| | |
|---|---|
| Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies | https://www.isleasing.com.tr/investor-relations/corporate-governance/stakeholders-policy/ |
| Corporate bodies where employees are actually represented | Employee participation in management is provided through annual performance assessment meetings, the internal suggestion system, CEO messaging line, and the internal annual meetings. |

3.3. Human Resources Policy

| | |
|---|--|
| The role of the board on developing and ensuring that the company has a succession plan for the key management positions | The role of the Board of Directors with respect to developing a succession plan for key managerial positions consists of the Company's organizational structure and existing practices; training the subordinate working under each managerial position for that relevant managerial position and considering each such individual as a management trainee; the Board of Directors is authorized to make the appointments to key management positions. |
| The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy. | https://www.isleasing.com.tr/investor-relations/corporate-governance/ethical-principles/ https://www.isleasing.com.tr/investor-relations/corporate-governance/stakeholders-policy/ |
| Whether the company provides an employee stock ownership program | None. |
| The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy. | https://www.isleasing.com.tr/investor-relations/corporate-governance/ethical-principles/ https://www.isleasing.com.tr/insan-kaynaklari/insan-kaynaklari-politikamiz/ |
| The number of definitive convictions the company is subject to in relation to health and safety measures | None. |

3.5. Ethical Rules and Social Responsibility

| | |
|--|---|
| The name of the section on the corporate website that demonstrates the code of ethics | https://www.isleasing.com.tr/investor-relations/corporate-governance/ethical-principles/ |
| The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues. | Sustainability on our Company's corporate website environmental, social and corporate governance issues. is included. https://www.isleasing.com.tr/sustainability/ https://www.isleasing.com.tr/Sites/1/content/Surdurulebilirlik/2021/tr/index.html |
| Any measures combating any kind of corruption including embezzlement and bribery | Within the framework of international norms and national regulatory framework, the Company espouses it as an important principle to combat the laundering of proceeds of crime, corruption and similar crimes, and takes care to cooperate with other Association-member companies, other related organizations, institutions and authorities. To this end, the Company has internally published an "Anti-Bribery and Anti-Corruption Policy". The Company also takes necessary measures related to this matter and organizes training programs for employees. https://www.isleasing.com.tr/Sites/1/upload/files/RU%CC%88S%CC%A7VET_VE_YOLSUZLUKLA_MU%CC%88CADELE-968.pdf |

4. BOARD OF DIRECTORS - I

4.2. Activity of the Board of Directors

| | |
|---|--|
| Date of the last board evaluation conducted | 26.12.2023 |
| Whether the board evaluation was externally facilitated | No |
| Whether all board members released from their duties at the GSM | Yes |
| Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties | On March 28, 2023, our Company's Ordinary New members elected to office at the General Assembly Our Board of Directors has distributed duties among themselves; Mr. Nevzat Burak Seyrek as Chairman and Mr. Nevzat Burak Seyrek as Vice Chairman. Mr. Necati Çağlar for the Audit Committee. In addition, for the Audit Committee, Mr. A. Botan Berker was elected as the committee chairman, Mr. Selim Yazıcı and Mr. Coşkun Cangöz were elected as committee members, for the Corporate Governance Committee, Mr. Selim Yazıcı was elected as the committee chairman, Mr. Coşkun Cangöz and Mr. Serdar Yücel were elected as committee members, for the Early Detection of Risk Committee Mr. Coşkun Cangöz is the chairman of the committee and A. Botan Berker and Serdar Yücel as a committee member have taken on a mission. |
| Number of reports presented by internal auditors to the audit committee or any relevant committee to the board | Internal Audit, Internal Control, Risk Management, Compliance and Regulations Department presented 21 reports to the Audit Committee, and 12 to the Committee of Early Detection of Risk. |
| Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls | Kurumsal Yönetim Uygulamaları/Özet Yönetim Kurulu Faaliyet Raporu Corporate Governance Practices/ Brief Annual Report of the Board of Directors |
| Name of the Chairman | Nevzat Burak Seyrek |
| Name of the CEO | U. Şafak Öğün |
| If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles | The functions of the Chairman of the Board and the General Manager who is the Chief Executive Officer are fulfilled by different individuals. |
| Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital | This information is provided in the section titled "Operating Principles of the Board of Directors" of the Corporate Governance Compliance Report which is incorporated in the annual report. |
| The name of the section on the corporate website that demonstrates current diversity policy targeting women directors | None. |
| The number and ratio of female directors within the Board of Directors | 1 person, 11% |

4.3. Composition of Board of Directors

| Name, Surname of Board Member | Whether Executive Director Or Not | Whether Independent Director Or Not | The First Election Date To Board | Link To PDP Notification That Includes The Independency Declaration | Whether the Independent Director Considered By The Nomination Committee | Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not | Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not |
|-------------------------------|-----------------------------------|-------------------------------------|----------------------------------|---|---|---|--|
| NEVZAT BURAK SEYREK | Non-executive | Not independent director | 25.03.2022 | | | | Yes |
| NECATİ ÇAĞLAR | Non-executive | Not independent director | 18.08.2020 | | | | Yes |
| ÖMER KARAKUL | Non-executive | Not independent director | 25.03.2022 | | | | Yes |
| MEHMET ŞENCAN | Non-executive | Not independent director | 31.03.2023 | | | | Yes |
| UYGAR ŞAFAK ÖÇÜN | Executive | Not independent director | 10.05.2021 | | | | Yes |
| AYŞE BOTAN BERKER | Non-executive | Independent director | 23.03.2018 | Provided in the Annual Report | Considered | No | Yes |
| SELİM YAZICI | Non-executive | Independent director | 23.03.2018 | Provided in the Annual Report | Considered | No | Yes |
| MEHMET COŞKUN CANGÖZ | Non-executive | Independent director | 21.10.2021 | Provided in the Annual Report | Considered | No | Yes |
| HÜSEYİN SERDAR YÜCEL | Non-executive | Not independent director | 25.02.2022 | | | | Yes |

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

| | |
|---|---|
| Number of physical board meetings in the reporting period (meetings in person) | 4 |
| Director average attendance rate at board meetings | 100.00% |
| Whether the board uses an electronic portal to support its work or not | No |
| Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter | Care is taken to provide the information and documents relevant to the Board of Directors meeting to all Board members at least 3 days in advance of the meeting date, as a rule. |
| The name of the section on the corporate website that demonstrates information about the board charter | The related information is provided in Article 11 of the Company's Articles of Association which is available on the corporate website, under the tab Investor Relations / Company Information. |
| Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors | None. |

4.5. Board Committees

| | |
|---|--|
| Page numbers or section names of the annual report where information about the board committees are presented | Corporate Governance Compliance Report / Number, Structure and Independence of the Board of Directors Committees |
| Link(s) to the PDP announcement(s) with the board committee charters | https://www.kap.org.tr/Bildirim/363138 |

Composition of Board Committees - I

| Names Of The Board Committees | Name Of Committees Defined As "Other" In The First Column | Name-Surname of Committee Members | Whether Committee Chair Or Not | Whether Board Member Or Not |
|--------------------------------------|---|-----------------------------------|--------------------------------|-----------------------------|
| Audit Committee | | A. Botan BERKER | Yes | Board member |
| Audit Committee | | Selim YAZICI | No | Board member |
| Audit Committee | | M. Coşkun CANGÖZ | No | Board member |
| Corporate Governance Committee | | Selim YAZICI | Yes | Board member |
| Corporate Governance Committee | | M. Coşkun CANGÖZ | No | Board member |
| Corporate Governance Committee | | H. Serdar YÜCEL | No | Board member |
| Corporate Governance Committee | | Neslihan ORUÇ | No | Not a board member |
| Committee of Early Detection of Risk | | M. Coşkun CANGÖZ | Yes | Board member |
| Committee of Early Detection of Risk | | A. Botan BERKER | No | Board member |
| Committee of Early Detection of Risk | | H. Serdar YÜCEL | No | Board member |

4. BOARD OF DIRECTORS-III

4.5. Board Committees - II

| | |
|---|--|
| Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website) | Corporate Governance Practices/Corporate Governance Compliance Report/Audit Committee |
| Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website) | Corporate Governance Practices/Corporate Governance Compliance Report/Corporate Governance Committee |
| Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website) | The functions of the Nomination Committee are fulfilled by the Corporate Governance Committee. Corporate Governance Practices/Corporate Governance Compliance Report/Corporate Governance Committee |
| Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website) | Corporate Governance Practices/Corporate Governance Compliance Report/Committee of Early Detection of Risk |
| Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website) | The functions of the Remuneration Committee are fulfilled by the Corporate Governance Committee. Corporate Governance Practices/Corporate Governance Compliance Report/Corporate Governance Committee |
| 4.6. Financial Rights | |
| Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report) | Corporate Governance Practices/Brief Annual Report of the Board of Directors |
| Specify the section of website where remuneration policy for executive and non-executive directors are presented. | https://www.isleasing.com.tr/investor-relations/corporate-governance/remuneration-policy/ |
| Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report) | Corporate Governance Practices/Corporate Governance Compliance Report / Financial Rights |

Composition of Board Committees - II

| Names Of The Board Committees | Name of committees defined as "Other" in the first column | The Percentage Of Non-executive Directors | The Percentage Of Independent Directors In The Committee | The Number Of Meetings Held In Person | The Number Of Reports On Its Activities Submitted To The Board |
|--------------------------------------|---|---|--|---------------------------------------|---|
| Audit Committee | | 100% | 100% | 4 | Decisions passed by the committee are communicated, and information is provided verbally in BoD meetings. |
| Corporate Governance Committee | | 75% | 50% | 4 | Decisions passed by the committee are communicated, and information is provided verbally in BoD meetings. |
| Committee of Early Detection of Risk | | 100% | 50% | 4 | Decisions passed by the committee are communicated, and information is provided verbally in BoD meetings. |

STATEMENT OF COMPLIANCE WITH SUSTAINABILITY PRINCIPLES

İstanbul, 27.02.2024

To the Board of Directors of İş Finansal Kiralama A.Ş.

İş Leasing acts with the target of surpassing the regulatory requirements, particularly the matters specified in the Sustainability Principles Compliance Framework of the Capital Markets Board of Türkiye (CMB).

Many of the activities İş Leasing undertakes in relation to sustainability coincide with the principles set forth in the "Sustainability Principles Compliance Framework" enforced by the CMB in 2020. In this scope, İş Leasing achieved compliance with part of the principles covered in the optional "Sustainability Principles Compliance Framework" developed by the CMB approach. Full compliance could not be achieved with some of the principles yet due to various reasons such as the difficulties in practice, uncertainties in overall national and international arena, incompatibility of certain principles with the Company's existing structure, and the fact the compliance principles will be determined according to findings from studies that are currently in progress.

To contribute to our Company's goal to generate sustainable value, maximum compliance is targeted to be attained in the future with the principles with which full compliance has not yet been achieved. To this end, sustainability activities are carried on under the supervision of our Committee.

Accordingly, the Statement of Compliance with Sustainability Principles for 2023 operating period is presented in the Appendix, which incorporates the implemented and unimplemented aspects of the said principles and which has been prepared in line with our Company's priorities in this respect.

We have reviewed the Sustainability Principles Compliance Report that has been prepared for inclusion within the Company's annual report as per the Sustainability Principles. As a result of our assessment, the said Report has been found to be in conformity with our statement above, and presented for your information.

Sincerely,

İş Finansal Kiralama A.Ş.
Corporate Governance Committee



Serdar YÜCEL
Member



M.Coşkun CANGÖZ
Member



Prof. Dr. Selim Yazıcı
Chairman

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Only one of the options in the compliance status field will be selected. Selection is required for each row. When “Yes” or “Partial” is selected, the “Report Information on Publicly Disclosed Information” field must be filled. The extent to which the information is presented, Consolidated or solo, should also be specified in the “Description” field.

| Principle | Status of Compliance | | | | Explanation | Link |
|-----------|----------------------|-----------|----|------------|-------------|------|
| | Yes | Partially | No | Irrelevant | | |

A. General Principles

A1. Strategy, Policy and Goals

| | | | | | | |
|---|---|--|--|--|--|---|
| ESG priority issues, risks and opportunities have been determined by the Corporation's Board of Directors. | X | | | | It is available in the Sustainability section of the Company website. | https://www.isleasing.com.tr/sustainability/ |
| ESG policies (e.g., Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been prepared and disclosed to the public by the Corporation's Board of Directors. | X | | | | It is available in the Sustainability section of the Company website. | https://www.isleasing.com.tr/sustainability/ |
| Corporation Strategy in compliance with ESG policies has been determined and publicly disclosed. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:29 |

A2. Implementation/Monitoring

| | | | | | | |
|--|---|--|--|--|--|---|
| A2.1. Committees/units in charge of implementation of ESG policies and the highest-level officials in the corporation related to ESG issues and their duties have been identified and disclosed to the public. | X | | | | It is available in the Sustainability section of the Company website. | https://www.isleasing.com.tr/sustainability/ |
| A2.1. Activities carried out under the policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:31 |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| Principle | Status of Compliance | | | | Explanation | Link |
|--|----------------------|-----------|----|------------|--|--|
| | Yes | Partially | No | Irrelevant | | |
| A2.2. In line with the ESG goals; implementation and action plans have been prepared and disclosed to the public. | | X | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:29-30 |
| A2.3. The ESG Key Performance Indicators (KPI) and the level of achieving these indicators on a yearly basis have been disclosed to the public. | | X | | | Performance indicators are presented comparatively on a yearly basis in the sustainability report. However, there are no comparable and verifiable local or international sector benchmarks for the indicators shared with the public. It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:42-44, 68-69 |
| A2.4. Activities aimed to improve the sustainability performance in relation with business processes or products and services have been disclosed to the public | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:29 |
| A3. Reporting | | | | | | |
| A3.1. In the annual reports, information regarding the sustainability performance, targets and actions of the Corporation has provided in an understandable, accurate and sufficient manner. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:32-34 |

| Principle | Status of Compliance | | | | Explanation | Link |
|--|----------------------|-----------|----|------------|--|---|
| | Yes | Partially | No | Irrelavant | | |
| A3.2. The Corporation has provided information as to with which of the United Nations (UN) 2030 Sustainability Development Goals, its activities are related. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:14-15, 33 |
| A3.3. Lawsuits filed and/or completed against ESG issues and cases that are significant in terms of ESG policies and/or that will significantly affect activities have been disclosed to the public. | X | | | | There are no lawsuits filed and/or finalized against our Company on environmental, social and corporate governance issues. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:57 https://www.isleasing.com.tr/sustainability/ |
| A4. Verification | | | | | | |
| A4.1. The Corporation's ESG Key Performance metrics have been verified and publicly disclosed by an independent third party. | | | X | | Environmental and Social performance indicators have not yet been verified by an independent third party organization. | |
| B. ENVIRONMENTAL PRINCIPLES | | | | | | |
| B1. The Corporation has declared its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs. | | X | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:33-34 |
| B2. The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions have been disclosed to the public regarding the environmental reports prepared to provide information on environmental management. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:41-43 |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| Principle | Status of Compliance | | | | Explanation | Link |
|---|----------------------|-----------|----|------------|--|---|
| | Yes | Partially | No | Irrelevant | | |
| B4. Environmental goals included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:46-50 |
| B5. The Corporation has disclosed to the public how the priority environmental issues are integrated into business objectives and strategies. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:14-17, 33 |
| B7. The Corporation has publicly disclosed how environmental issues are managed and integrated into business objectives and strategies throughout the corporation value chain, including the operational process, including suppliers and customers. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:14-17 |
| B8. The Corporation has disclosed to the public whether the corporate is involved in the policy-making processes of organizations on the environment and non-governmental organizations and collaborations with these institutions and organizations. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:24 |
| B9. In the light of environmental indicators [Greenhouse gas emissions {Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)}], air quality, energy management, water and waste water management, waste management, biodiversity effects], information on environmental impacts has periodically disclosed to the public in a comparable manner. | | X | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:42-44 |

| Principle | Status of Compliance | | | | Explanation | Link |
|--|----------------------|-----------|----|------------|--|---|
| | Yes | Partially | No | Irrelevant | | |
| B10. Details of the standards, protocols, methodologies, and base year employed for collection and calculation of its data have been disclosed to the public. | | X | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:42-44 |
| B11. The Corporation has disclosed to the public the increase or decrease in environmental indicators for the report year comparison with past years. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:68-69 |
| B12. Short and long-term targets have been determined to reduce the corporate's environmental impacts, and the improvement of these targets and the targets determined in previous years has been disclosed to the public. | | | X | | It will be assessed in the following period. | |
| B13. The Corporation has prepared its strategy and actions for fight against climate crisis and the planned actions have been disclosed to the public. | | X | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:39 |
| B14. Programs or procedures have been established and disclosed to the public aiming to prevent or minimize the potential negative effects of its products and/or services on the environment. | | X | | | A list of "Non-Financed Activities" has been published by our Company and investments for the activities included in this list are not financed. | https://www.isleasing.com.tr/sustainability/ |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| Principle | Status of Compliance | | | | Explanation | Link |
|--|----------------------|-----------|----|------------|--|---|
| | Yes | Partially | No | Irrelevant | | |
| B14. The Corporation has taken actions to reduce greenhouse gas emissions of third parties (e.g., suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public. | | | X | | Actions to reduce the amount of greenhouse gas emissions of third parties will be evaluated in the following period. | |
| B15. The Corporation has disclosed to the public the projects implemented and the initiatives entered for reduction of its environmental impact, as well as their environmental benefits and cost savings. | | X | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. Environmental benefits/ gains and cost savings will be measured and disclosed in the following period. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:14-17, 29-30, 32-34 |
| B16. The Corporation's energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data have been disclosed to the public as Scope-1 and Scope-2. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:42 |
| B17. Public disclosure has been made about the electricity, heat, steam, and cooling produced in the reporting year. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:44 |
| B18. Energy projects has been carried out and works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity have been disclosed to public. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:28-30 |

| Principle | Status of Compliance | | | | Explanation | Link |
|--|----------------------|-----------|----|------------|--|--|
| | Yes | Partially | No | Irrelevant | | |
| B19. Renewable energy generation and consumption data have been disclosed to public. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:39-40 |
| B20. The Corporation has conducted energy efficiency projects, and has disclosed the resulting reduction in energy consumption and emission due to its projects. | | X | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. The Company became carbon neutral by zeroing its 2021 and 2022 carbon emissions from operational activities with its contribution to sustainable energy sources. The calculation of emission reduction from leasing activities will be evaluated in the following period. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:39-44 https://www.isleasing.com.tr/sustainability/ |
| B21. Water consumption, if any, amounts of water drawn, recycled, and discharged from underground or above ground, its sources and procedures have been disclosed to the public. | | | X | | It will be assessed in the following period. | |
| B22. The Corporation has disclosed whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax). | | | X | | It will be assessed in the following period. | |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| Principle | Status of Compliance | | | | Explanation | Link |
|---|----------------------|-----------|----|------------|---|--|
| | Yes | Partially | No | Irrelevant | | |
| B23. Carbon credit data accumulated or bought in the reporting period has been disclosed. | | X | | | iş Leasing's emissions for 2021-2022 were zeroed by purchasing 907 tons of carbon credits. | https://www.isleasing.com.tr/sustainability/ https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:41 |
| B24. If carbon pricing is applied in the corporation, the details regarding carbon pricing has been disclosed to the public. | | | X | | It will be assessed in the following period. | |
| B25. The platforms where environmental information are shared, have been disclosed to the public. | | X | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:41-44 |
| C. SOCIAL PRINCIPLES | | | | | | |
| C1. Human Rights and Employee Rights | | | | | | |
| C1.1. The Corporate Human Rights and Employee Rights Policy has been established covering the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation, those responsible for the implementation of the aforesaid policy have been determined and the policy and those responsible have been disclosed to the public. | | X | | | It is available on our Company's website. The roles and responsibilities regarding the implementation of the policy will be evaluated in the following period. | https://www.isleasing.com.tr/human-resources/human-resources-policy/ https://www.isleasing.com.tr/investor-relations/corporate-governance/stakeholders-policy/ |
| C1.2. Considering the supply and value chain effects, fair labor, improvement of working standards, employment of women and social inclusion issues (such as non-discrimination towards gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc.) has included in corporation's policy on employee rights. | X | | | | It is available on our Company's website. | https://www.isleasing.com.tr/investor-relations/corporate-governance/ethical-principles/ |

| Principle | Status of Compliance | | | | Explanation | Link |
|---|----------------------|-----------|----|------------|--|---|
| | Yes | Partially | No | Irrelevant | | |
| <p>C1.3. The corporation has disclosed measures taken along the value chain for the sake of supervision and protection of rights/equal opportunities for minorities or certain population segments vulnerable to economic, environmental and social factors (low-income segments, women, etc.).</p> | | X | | | <p>İşleasing became one of the signatories of the Women’s Empowerment Principles (WEPs) in 2022. We aim to increase our membership activities in associations, institutions and organizations that try to develop solutions by focusing on different areas in our sustainability priorities. In this context, İş Leasing became a member of the 30% Club in 2023 and aims to complete its SDG Map Turkey and UNGC - CEO Water Mandate memberships as soon as possible.</p> | <p>https://www.isleasing.com.tr/membership/</p> <p>https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:24</p> |
| <p>C1.4. Developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights, forced and child labor have been disclosed to the public.</p> | | X | | | <p>Regulations on child labor are included in the 2022 Sustainability Report.</p> <p>It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024.</p> | <p>https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:49</p> |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| Principle | Status of Compliance | | | | Explanation | Link |
|--|----------------------|-----------|----|------------|--|--|
| | Yes | Partially | No | Irrelevant | | |
| C1.5. The corporate has disclosed its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management in the employee rights policy. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:46-50 |
| C1.5. The corporate has determined dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes. | X | | | | It is available on our Company's website. | https://www.isleasing.com.tr/investor-relations/corporate-governance/stakeholders-policy/ https://www.isleasing.com.tr/investor-relations/corporate-governance/remuneration-policy/ |
| C1.5. The corporation has disclosed to the public the activities aimed at employee satisfaction within the reporting period. | X | | | | It is available on our Company's website. | https://www.isleasing.com.tr/investor-relations/corporate-governance/compensation-policy-for-employees/ https://www.isleasing.com.tr/investor-relations/corporate-governance/ethical-principles/ |
| C1.6. Occupational health and safety policies have been established and disclosed to the public. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:50 |
| C1.6. The corporation has disclosed actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:50 |
| C1.7. Personal data protection and data security policies are established and disclosed to the public. | X | | | | It is available on our Company's website. | https://www.isleasing.com.tr/kisisel-verilerin-korunmasi/ |

| Principle | Status of Compliance | | | | Explanation | Link |
|---|----------------------|-----------|----|------------|--|---|
| | Yes | Partially | No | Irrelevant | | |
| C1.8. Ethics policy is formulated and disclosed to the public. | X | | | | It is available on our Company's website. | https://www.isleasing.com.tr/investor-relations/corporate-governance/ethical-principles/ |
| C1.9. The activities related to social investment, social responsibility, financial inclusion and access to finance have been disclosed. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:51 |
| C1.10. Information meetings and training programs have been organized for employees on ESG policies and practices. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:47-48 |
| C2. Stakeholders, International Standards and Initiatives | | | | | | |
| C2.1 A customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:21 |
| C2.2 Information about the communication with the Stakeholders (which stakeholder, subject and frequency) has been disclosed to the public. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:23 |
| C2.3 The corporation has disclosed the international reporting standards it has adopted. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srd_r_2022_en.pdf Page:70-76 |

SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

| Principle | Status of Compliance | | | | Explanation | Link |
|---|----------------------|-----------|----|------------|--|---|
| | Yes | Partially | No | Irrelevant | | |
| C2.4. The corporation has disclosed to the public the principles adopted, international organizations it has signed or enrolled in, committees and principles regarding sustainability. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:24 https://www.isleasing.com.tr/sustainability/ |
| C2.5. The corporation has made improvements and conducted studies to be included in the sustainability indexes of Borsa Istanbul and/or international index providers. | | X | | | İş Leasing was included in the BIST Sustainability Index on July 1, 2023. | https://www.refinitiv.com/en/sustainable-finance/esg-scores |
| D. CORPORATE GOVERNANCE PRINCIPLES | | | | | | |
| D1. The corporation has consulted with the stakeholders in the determination of measures and strategies in the sustainability field. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:35-37 |
| D2. Social responsibility projects, awareness activities, and training to raise awareness about sustainability and its importance have been carried out. | X | | | | It is included in the 2022 Sustainability Report. It is also included in the 2023 Sustainability Report, which is planned to be published in 2024. | https://www.isleasing.com.tr/Sites/1/content/Sustainability/2022/is_leasing_srdr_2022_en.pdf Page:51-52 |

DECLARATION OF AUDIT COMMITTEE ON INTERNAL CONTROL ENVIRONMENT

İş Finansal Kiralama A.Ş.

Declaration of Audit Committee on Internal Control Environment

İş Leasing has regulated the fundamental duties, authorities and responsibilities regarding its risk management and internal control activities via the “Internal Control and Risk Management Activities Procedure” and “Internal Audit Activities Procedure”, approved and released by the Board of Directors. The Board of Directors has appointed the Audit Committee to monitor, evaluate and manage the activities carried out under internal control and internal audit procedures.

The internal control system of the company targets to establish and maintain a company-wide internal control culture internalized by all employees, as a contributing approach covering all operations. The internal audit system on the other hand, comprises the identification and application of precautions designed to eliminate factors threatening, endangering or having the probability to endanger assets, data, information and personnel safety; and to ensure the compliance of company operations to legal and internal regulations. Through its risk based audit approach, the Internal Control and Risk Management Department and Internal Audit Department, which are reporting to the Board of Directors via the Audit Committee, assures the implementation of above referred actions by contributing to the formation, development and improvement of a company-wide risk culture.

The procedures regarding company operations, work flows, segregation of duties, authorizations and limits are continually reviewed and updated in parallel with changing conditions, risks and needs. Activity work flows incorporate complete and adequate controls addressing identified risks, hereby allowing a controlled execution of operations. Functional segregation of duties, transaction approval authorizations and limits, system controls, post transaction controls and other transaction specific controls ensure the execution of activities continuously in an efficient, correct and safe manner.

The facts, arguments and suggestions determined through the auditing activity of the Internal Control and Risk Management Department and Internal Audit Department are first communicated and evaluated with the related executing parties. By this token, preemptive and complementary measures are implemented swiftly while accommodating and applicable solutions are introduced. All this activity is monitored closely and evaluated by the Internal Control and Risk Management Department and Internal Audit Department as well as the executing parties.

The Audit Committee periodically evaluates the effectiveness of the internal control system and the results of internal control activities through internal audit reports prepared by the Internal Audit and Risk Management Department and Internal Audit Department; and shares its suggestions regarding the measures to be taken in relation to the reported findings with the Board of Directors. In the light of all these considerations, the Committee has not detected any downside effect regarding the efficiency of company’s internal control system and results of internal control operations, and has concluded that it is duly acted.

İstanbul, 02.02.2024



President of Audit Committee
and Board Member

A. Botan BERKER



Audit Committee
and Board Member

Selim Yazıcı



Audit Committee
and Board Member

M. Coşkun CANGÖZ

AGENDA OF GENERAL ASSEMBLY

CONCERNING THE ORDINARY ASSEMBLY MEETING OF İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ TO BE HELD ON 28 MARCH 2024

AGENDA

1. Opening and forming of the meeting's Presidential Board;
2. Reading and discussing the Board of Directors' Annual Report, Declaration of Compliance on Corporate Governance Principles and Independent Auditor Report relating to 2023 activities and operations;
3. Reading, discussing and approval of Financial Statements of 2023;
4. Release of the Directors;
5. Discussing and deciding the Profit Distribution Proposal of the Board of Directors, determining the Profit Distribution Date;
6. Election of Directors and determination of their term of office, and information of the shareholders about the outside duties and jobs of the Directors and their justification, according to the existing registered Articles of Association and subject to the approvals;
7. Determination of remunerations payable to the Directors;
8. Giving permission to persons named by the relevant applicable laws for performance of the transactions referred to in articles 395 and 396 of the Turkish Commercial Code;
9. Giving information about the transactions mentioned in article 1.3.6 of the Corporate Governance Principles;
10. Election of Independent Audit Firm;
11. Informing the General Assembly about the donations made in 2023;
12. Determination of the upper limit for donations to be made within the year 2024 pursuant to 5th paragraph of article 19 of the Capital Markets Law.

Venue of Meeting : İş Kuleleri 34330 İş Bankası Oditoryum Binası 4.Levent-İstanbul

Date of Meeting : 28 March 2024, 10:00 hours

PROFIT DISTRIBUTION PROPOSAL

| İŞ FİNANSAL KİRALAMA A.Ş. 2023 Profit Distribution Table (Thousand TL) | | |
|---|---------------|------------------------|
| 1. Paid in/Issued Share Capital | | 695,302,645 |
| 2. General Legal Reserves (According to Statutory Records) | | 88,292,251 |
| Information on profit distribution privileges according to Articles of Association | | |
| | As per SPK | As per Statutory Books |
| 3. Profit for he Period | 2,604,574,872 | 1,242,921,405 |
| 4. Taxes (-) (**) | 837,515,162 | 382,894,162 |
| 5. Net Profit for he Period (=) | 1,767,059,710 | 860,027,243 |
| 6. Previous Years' Losses (-) | - | - |
| 7. General Legal Reserve (-) | 43,001,362 | 43,001,362 |
| 8. NET DISTRIBUTABLE PROFIT (=) | 1,724,058,348 | 817,025,881 |
| 9. Donation Made During the Year (+) | 5,290,485 | |
| 10. Net Distributable Profit determined with the addition of donations made during the year | 1,729,348,833 | |
| First Dividend to Shareholders | | |
| 11. -Cash | - | |
| -Stocks | - | |
| - Total | - | |
| 12. Dividends to Holders of Preferred Shares | - | |
| Other Dividend | | |
| 13. -To Board of Directors, | - | |
| -To Employees, | - | |
| -To Persons other than Shareholders | - | |
| 14. Dividend to Holders of Usufruct Shares | - | |
| 15. Second Dividend to Shareholders | - | |
| 16. General Legal Reserves | - | |
| 17. Statutory Reserves | - | - |
| 18. Other Reserves | - | - |
| 19. EXTRAORDINARY RESERVES | 1,724,058,348 | 817,025,881 |
| 20. Other Sources Planned to be Distributed (*) | | |

(*) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore, the part of the period profit arising from the aforementioned assets should not be subject to profit distribution and capital increase. Therefore the deferred tax income amounting TL 224.768.289, which is included to the net profit for the period is booked within the extraordinary reserves amounting TL 1.724.058.348.

| İŞ FİNANSAL KİRALAMA A.Ş. 2023 DIVIDEND RATE TABLE | | | | | | |
|--|--------------------|---------------------|--|--------------------------------------|----------|--|
| GROUP | TOTAL DIVIDEND | | TOTAL DIVIDEND / NET DISTRIBUTABLE PROFIT FOR THE PERIOD | DIVIDEND FOR EACH 1 TL NOMINAL SHARE | | |
| | CASH (THOUSAND TL) | BONUS (TOHUSAND TL) | RATE (%) | AMOUNT (TOHUSAND TL) | RATE (%) | |
| GROSS | A | - | - | - | - | |
| | B | - | - | - | - | |
| | TOTAL | - | - | - | - | |

BOARD DECISION REGARDING FINANCIAL STATEMENTS

İstanbul, 31 January 2024

To the Board of Directors of
İŞ FİNANSAL KİRALAMA A.Ş.

I submit the subjects regarding the approval and disclosure of the audited consolidated financial statements and notes for the period 01.01.2023 – 31.12.2023 for your approval.

U. Şafak ÖÇÜN
General Manager

It is decided to admit the Head Office's proposal above.

Decision Number : 3125

Decision Date : 31.01.2024

N. Burak SEYREK
Chairman

Necati ÇAĞLAR
Vice President

Ömer KARAKUŞ
Member

Mehmet ŞENCAN
Member

U. Şafak ÖÇÜN
Member

A. Botan BERKER
Member

Selim YAZICI
Member

M. Coşkun CANGÖZ
Member

H. Serdar YÜCEL
Member

AUDIT COMMITTEE DECISION

İŞ FİNANSAL KİRALAMA A.Ş. AUDIT COMMITTEE

Decision No: 242

Decision Date : 31.01.2024
Decision No : 2024.242
Meeting Hour : 11:00
Agenda Item No : 2nd

SUBJECT: Regarding consolidated financial statements of the period 01.01.2023 – 31.12.2023

We confirm that the consolidated financial statements and footnotes of the Company pertaining to the period 01.01.2023 – 31.12.2023 which have been subject to an independent audit are accurate and that they have been prepared in accordance with the relevant legislation as well as with generally accepted accounting principles and standards. We have also consulted with the executives in charge of the company during our audit. We deem it appropriate to submit the said financial statements and their footnotes to the Board of Directors for approval and public disclosure.



A. Botan BERKER
Chairman of Committee



Selim YAZICI
Member



M. Coşkun CANGÖZ
Member

THANKS TO OUR
GREEN DEAL
APPROACH,
**WE LEAD OUR
COUNTRY
TO THE FUTURE.**



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

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

İş Leasing, will continue to take
responsibility to ensure a fair
transition to a sustainable financial
system.



INDEPENDENT AUDITOR'S REPORT



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

Independent Auditor's Report

To the Shareholders of İş Finansal Kiralama A.Ş.

Report on the audit of the Financial Statements

Opinion

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

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

Basis for opinion

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

Key Audit Matters

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



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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT



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

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

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

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

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



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

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

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

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

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

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



Fatma Ebru Yücel, SMMM
Partner

January 31, 2024
İstanbul, Turkey

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

| ASSETS | Notes | Audited Current Period 31 December 2023 | | | Audited Prior Period 31 December 2022 | | |
|--|------------|---|-------------------|-------------------|---|-------------------|--------------------|
| | | TL | FC | TOTAL | TL | FC | TOTAL |
| I. CASH, CASH EQUIVALENTS and CENTRAL BANK | 4 | 940,853 | 1,572,058 | 2,512,911 | 178,236 | 184,479 | 362,715 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net) | 5 | 24,328 | - | 24,328 | - | - | - |
| III. DERIVATIVE FINANCIAL ASSETS | 6 | - | 83,917 | 83,917 | - | 4,207 | 4,207 |
| IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net) | 7 | 2,228,384 | - | 2,228,384 | 1,088,210 | - | 1,088,210 |
| V. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net) | | 25,132,703 | 20,180,155 | 45,312,858 | 17,943,268 | 14,734,655 | 32,677,923 |
| 5.1 FACTORING RECEIVABLES | 8 | 18,941,882 | 3,213,355 | 22,155,237 | 13,497,715 | 2,134,009 | 15,631,724 |
| 5.1.1 Discounted FACTORING RECEIVABLES (Net) | | 7,815,427 | 194,938 | 8,010,365 | 5,202,741 | 58,068 | 5,260,809 |
| 5.1.2 Other FACTORING RECEIVABLES | | 11,126,455 | 3,018,417 | 14,144,872 | 8,294,974 | 2,075,941 | 10,370,915 |
| 5.2 Savings Financing Receivables | | - | - | - | - | - | - |
| 5.2.1 From the Savings Fund Pool | | - | - | - | - | - | - |
| 5.2.2 From equity | | - | - | - | - | - | - |
| 5.3 Financing loans | | - | - | - | - | - | - |
| 5.3.1 Consumer Loans | | - | - | - | - | - | - |
| 5.3.2 Credit Cards | | - | - | - | - | - | - |
| 5.3.3 Installment Commercial Loans | | - | - | - | - | - | - |
| 5.4 Lease Receivables (Net) | 9 | 6,181,132 | 17,130,631 | 23,311,763 | 4,591,587 | 12,670,758 | 17,262,345 |
| 5.4.1 Finance Lease Receivables | | 8,658,729 | 18,947,202 | 27,605,931 | 6,369,797 | 13,912,460 | 20,282,257 |
| 5.4.2 Operational Lease Receivables | | - | - | - | - | - | - |
| 5.4.3 Unearned Income (-) | | 2,477,597 | 1,816,571 | 4,294,168 | (1,778,210) | (1,241,702) | (3,019,912) |
| 5.5 Other Financial Assets Measured at Amortised Cost | | - | - | - | - | - | - |
| 5.6 Non-Performing Loans | 8,9 | 746,915 | 462,802 | 1,209,717 | 498,517 | 461,641 | 960,158 |
| 5.7 Expected Credit Loss (-) / Specific Provisions (-) | | 737,226 | 626,633 | 1,363,859 | (644,551) | (531,753) | (1,176,304) |
| VI. EQUITY INVESTMENTS | | - | - | - | - | - | - |
| 6.1 Investments in Associates (Net) | | - | - | - | - | - | - |
| 6.2 Subsidiaries (Net) | | - | - | - | - | - | - |
| 6.3 Joint Ventures (Net) | | - | - | - | - | - | - |
| VII. TANGIBLE ASSETS (Net) | 11 | 34,179 | - | 34,179 | 46,547 | - | 46,547 |
| VIII. INTANGIBLE ASSETS (Net) | 12 | 28,420 | - | 28,420 | 13,208 | - | 13,208 |
| IX. INVESTMENT PROPERTY (Net) | | - | - | - | - | - | - |
| X. CURRENT TAX ASSET | 21 | 239 | - | 239 | 292 | - | 292 |
| XI. DEFERRED TAX ASSET | 13 | 257,835 | - | 257,835 | 165,380 | - | 165,380 |
| XII. OTHER ASSETS | 15 | 282,978 | 789,065 | 1,072,043 | 301,165 | 1,669,672 | 1,970,837 |
| SUBTOTAL | | 28,929,919 | 22,625,195 | 51,555,114 | 19,736,306 | 16,593,013 | 36,329,319 |
| XIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net) | 14 | 2,432 | - | 2,432 | 760 | - | 760 |
| 13.1 Held for Sale | | 2,432 | - | 2,432 | 760 | - | 760 |
| 13.2 DisCONTINUED Operations | | - | - | - | - | - | - |
| TOTAL ASSETS | | 28,932,351 | 22,625,195 | 51,557,546 | 19,737,066 | 16,593,013 | 36,330,079 |

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

| LIABILITIES | Notes | Audited Current Period 31 December 2023 | | | Audited Prior Period 31 December 2022 | | |
|---|-----------|--|-------------------|-------------------|--|-------------------|-------------------|
| | | TL | FC | TOTAL | TL | FC | TOTAL |
| I. FUNDS BORROWED | 16 | 18,482,860 | 20,978,447 | 39,461,307 | 14,025,496 | 13,704,727 | 27,730,223 |
| II. FACTORING PAYABLES | | - | - | - | - | - | - |
| III. LIABILITIES FROM THE SAVING FUND POOL | | - | - | - | - | - | - |
| IV. LEASE PAYABLES | 18 | 6,455 | - | 6,455 | 4,569 | - | 4,569 |
| V. SECURITIES ISSUED (Net) | 19 | 3,745,276 | - | 3,745,276 | 3,410,633 | - | 3,410,633 |
| VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | | - | - | - | - | - | - |
| VII. DERIVATIVE FINANCIAL LIABILITY | 6 | - | 5,837 | 5,837 | - | 67,840 | 67,840 |
| VIII. PROVISIONS | 20 | 72,394 | 27,191 | 99,585 | 36,564 | 13,940 | 50,504 |
| 8.1 Restructuring Provisions | | - | - | - | - | - | - |
| 8.2 Reserves For Employee Benefits | | 65,998 | - | 65,998 | 34,273 | - | 34,273 |
| 8.3 General Provisions | | - | - | - | - | - | - |
| 8.4 Other Provisions | | 6,396 | 27,191 | 33,587 | 2,291 | 13,940 | 16,231 |
| IX. CURRENT PERIOD TAX LIABILITY | 21 | 297,849 | - | 297,849 | 116,648 | - | 116,648 |
| X. DEFERRED TAX LIABILITY | | - | - | - | - | - | - |
| XI. SUBORDINATED LOANS | | - | - | - | - | - | - |
| XII. OTHER LIABILITY | 17 | 418,235 | 753,102 | 1,171,337 | 229,207 | 976,410 | 1,205,617 |
| SUBTOTAL | | 23,023,069 | 21,764,577 | 44,787,646 | 17,823,117 | 14,762,917 | 32,586,034 |
| XIII. PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net) | | - | - | - | - | - | - |
| 13.1 Held For Sale | | - | - | - | - | - | - |
| 13.2 DisCONTINUED Operations | | - | - | - | - | - | - |
| XIV. SHAREHOLDER'S EQUITY | | 6,769,900 | - | 6,769,900 | 3,744,045 | - | 3,744,045 |
| 14.1 Paid-in Capital | 23 | 695,303 | - | 695,303 | 695,303 | - | 695,303 |
| 14.2 Capital Reserves | 23 | 1,763 | - | 1,763 | 1,763 | - | 1,763 |
| 14.2.1 Share Premiums | | - | - | - | - | - | - |
| 14.2.2 Share Cancellation Profits | | - | - | - | - | - | - |
| 14.2.3 Other Capital Reserves | | 1,763 | - | 1,763 | 1,763 | - | 1,763 |
| 14.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss | 23 | 1,843,962 | - | 1,843,962 | 946,809 | - | 946,809 |
| 14.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss | | - | - | - | - | - | - |
| 14.5 Profit Reserves | 24 | 1,783,089 | - | 1,783,089 | 954,367 | - | 954,367 |
| 14.5.1 Legal Reserves | | 111,904 | - | 111,904 | 80,210 | - | 80,210 |
| 14.5.2 Statutory Reserves | | - | - | - | - | - | - |
| 14.5.3 Extraordinary Reserves | | 1,671,185 | - | 1,671,185 | 874,157 | - | 874,157 |
| 14.5.4 Other Profit Reserves | | - | - | - | - | - | - |
| 14.6 Profit or Loss | | 1,772,928 | - | 1,772,928 | 834,590 | - | 834,590 |
| 14.6.1 Prior Periods Profit/Loss | 25 | 5,868 | - | 5,868 | 7,824 | - | 7,824 |
| 14.6.2 Current Period Profit/Loss | | 1,767,060 | - | 1,767,060 | 826,766 | - | 826,766 |
| Non-Controlling Interests | 22 | 672,855 | - | 672,855 | 311,213 | - | 311,213 |
| TOTAL LIABILITIES | | 29,792,969 | 21,764,577 | 51,557,546 | 21,567,162 | 14,762,917 | 36,330,079 |

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

| OFF-BALANCE SHEET ITEMS | | Notes | Audited Current Period 31 December 2023 | | | Audited Prior Period 31 December 2022 | | |
|--------------------------------------|--|-----------|---|--------------------|--------------------|---|--------------------|--------------------|
| | | | TL | FC | TOTAL | TL | FC | TOTAL |
| I. | IRREVOCABLE FACTORING TRANSACTIONS | | 363,240 | 1,804,641 | 2,167,881 | 622,420 | 1,411,446 | 2,033,866 |
| II. | REVOCABLE FACTORING TRANSACTIONS | | 1,235,817 | 323,520 | 1,559,337 | 784,054 | 213,148 | 997,202 |
| III. | SAVING FINANCE AGREEMENTS TRANSACTIONS | | - | - | - | - | - | - |
| IV. | COLLATERALS RECEIVED | 38 | 123,287,938 | 326,072,036 | 449,359,974 | 90,909,662 | 203,106,186 | 294,015,848 |
| V. | COLLATERALS GIVEN | 26 | 8,700,586 | 11 | 8,700,597 | 3,609,938 | - | 3,609,938 |
| VI. | COMMITMENTS | | 549,975 | 977,643 | 1,527,618 | 522,286 | 2,448,896 | 2,971,182 |
| 6.1 | Irrevocable Commitments | | - | 181,806 | 181,806 | - | 451,059 | 451,059 |
| 6.2 | Revocable Commitments | | 549,975 | 795,837 | 1,345,812 | 522,286 | 1,997,837 | 2,520,123 |
| 6.2.1 | Lease Commitments | | 549,975 | 795,837 | 1,345,812 | 522,286 | 1,997,837 | 2,520,123 |
| 6.2.1.1 | Finance Lease Commitments | | 549,975 | 795,837 | 1,345,812 | 522,286 | 1,997,837 | 2,520,123 |
| 6.2.1.2 | Operational Lease Commitments | | - | - | - | - | - | - |
| 6.2.2 | Other Revocable Commitments | | - | - | - | - | - | - |
| VII. | DERIVATIVE FINANCIAL INSTRUMENTS | 26 | - | 12,829,346 | 12,829,346 | 1,396,339 | 1,397,234 | 2,793,573 |
| 7.1 | Derivative Financial Instruments for Risk Management | | - | - | - | - | - | - |
| 7.1.1 | Fair Value Hedges | | - | - | - | - | - | - |
| 7.1.2 | Cash Flow Hedges | | - | - | - | - | - | - |
| 7.1.3 | Net Foreign Investment Hedges | | - | - | - | - | - | - |
| 7.2 | Derivative Financial Instruments Held For Trading | | - | 12,829,346 | 12,829,346 | 1,396,339 | 1,397,234 | 2,793,573 |
| 7.2.1 | Forward Foreign Currency Purchases/Sales | | - | 407,597 | 407,597 | - | - | - |
| 7.2.2 | Swap Purchases/Sales | | - | 12,421,749 | 12,421,749 | 1,396,339 | 1,397,234 | 2,793,573 |
| 7.2.3 | Put/call options | | - | - | - | - | - | - |
| 7.2.4 | Futures purchases/sales | | - | - | - | - | - | - |
| 7.2.5 | Others | | - | - | - | - | - | - |
| VIII. | ITEMS HELD IN CUSTODY | | 3,675,476 | 514,948 | 4,190,424 | 2,940,026 | 338,037 | 3,278,063 |
| TOTAL OFF-BALANCE SHEET ITEMS | | | 137,813,032 | 342,522,145 | 480,335,177 | 100,784,725 | 208,914,947 | 309,699,672 |

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

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

| PROFIT OR LOSS STATEMENT | | Notes | Audited Current Period 01.01-31.12.2023 | Audited Prior Period 01.01-31.12.2022 |
|--------------------------|---|-----------|---|---|
| I. | OPERATING INCOME | 29 | 8,181,327 | 3,435,604 |
| | FACTORING INCOME | | 5,180,595 | 1,796,140 |
| 1.1 | Factoring Interest Income | | 4,277,748 | 1,691,251 |
| 1.1.1 | Discounted | | 2,028,718 | 900,535 |
| 1.1.2 | Other | | 2,249,030 | 790,716 |
| 1.2 | Factoring Commission Income | | 902,847 | 104,889 |
| 1.2.1 | Discounted | | 486,972 | 48,154 |
| 1.2.2 | Other | | 415,875 | 56,735 |
| | INCOME FROM FINANCING LOANS | | - | - |
| 1.3 | Interest income from Financing Loans | | - | - |
| 1.4 | Fees and Commission Income from Financing Loans | | - | - |
| | LEASE INCOME | | 3,000,732 | 1,639,464 |
| 1.5 | Finance Lease Income | | 2,996,662 | 1,636,765 |
| 1.6 | Operational Lease Income | | 4,070 | 2,699 |
| 1.7 | Fees and Commission Income from Lease Operations | | - | - |
| | SAVING FINANCE INCOME | | - | - |
| 1.8 | Dividends Received from Savings Financing Receivables | | - | - |
| 1.9 | Fees and Commissions Received from Savings Financing Activities | | - | - |
| II. | FINANCING EXPENSES (-) | 32 | (5,712,957) | (2,245,431) |
| 2.1 | Interest Expense on Funds Borrowed | | (4,499,880) | (1,581,087) |
| 2.2 | Interest Expense on Factoring Payables | | - | - |
| 2.3 | Interest Expense of Finance Leasing Expenses | | (1,914) | (1,020) |
| 2.4 | Interest Expense on Securities Issued | | (615,602) | (547,053) |
| 2.5 | Other Interest Expenses | | - | - |
| 2.6 | Fees and Commissions Paid | | (595,561) | (116,271) |
| III. | GROSS PROFIT / LOSS (I+II) | | 2,468,370 | 1,190,173 |
| IV. | OPERATING EXPENSES (-) | 30 | (416,767) | (205,030) |
| 4.1 | Personal Expenses | | (269,317) | (132,579) |
| 4.2 | Employee Severance Indemnity Expense | | (15,683) | (9,099) |
| 4.3 | Research and Development Expenses | | - | - |
| 4.4 | General Administration Expenses | | (131,767) | (62,177) |
| 4.5 | Other | | - | (1,175) |
| V. | GROSS OPERATING PROFIT / LOSS (III+IV) | | 2,051,603 | 985,143 |
| VI. | OTHER OPERATING INCOME | 31 | 1,569,842 | 936,567 |
| 6.1 | Interest Income on Bank Deposits | | 19,303 | 2,322 |
| 6.2 | Interest Income on Marketable Securities Portfolio | | - | - |
| 6.3 | Dividend Income | | 36,730 | 19,463 |
| 6.4 | Gains on Securities Trading | | 844 | 139 |
| 6.5 | Income From Derivative Financial Instruments | | 241,637 | 156,240 |
| 6.6 | Foreign Exchange Gains | | 781,063 | 597,785 |
| 6.7 | Other | | 490,265 | 160,618 |
| VII. | PROVISION EXPENSES (-) | 33 | (446,263) | (445,414) |
| 7.1 | Specific Provisions | | - | - |
| 7.2 | Expected Credit Losses | | (446,263) | (445,414) |
| 7.3 | General Provisions | | - | - |
| 7.4 | Other | | - | - |
| VIII. | OTHER OPERATING EXPENSES (-) | 34 | (318,215) | (257,915) |
| 8.1 | Impairment Losses on Securities Portfolio | | - | - |
| 8.2 | Impairment Losses on Tangible and Intangible Assets | | - | - |
| 8.3 | Losses on Securities Trading | | - | - |
| 8.4 | Losses From Derivative Financial Instruments | | (264,170) | (241,906) |
| 8.5 | Foreign Exchange Losses | | - | - |
| 8.6 | Other | | (54,045) | (16,009) |
| IX. | NET OPERATING PROFIT (V+...+VIII) | | 2,856,967 | 1,218,381 |

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

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

| | | | | |
|---------------|---|-----------|------------------|------------------|
| X. | AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER | | - | - |
| XI. | PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD | | - | - |
| XII. | NET MONETARY POSITION GAIN/LOSS | | - | - |
| XIII. | PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII) | | 2,856,967 | 1,218,381 |
| XIV. | TAX PROVISION FOR CONTINUING OPERATIONS (±) | 35 | (837,515) | (295,205) |
| 14.1 | Current Tax Provision | | (1,062,283) | (370,845) |
| 14.2 | Deferred Tax Income Effect (+) | | - | - |
| 14.3 | Deferred Tax Expense Effect (-) | | 224,768 | 75,640 |
| XV. | NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV) | | 2,019,452 | 923,176 |
| XVI. | INCOME ON DISCONTINUED OPERATIONS | | - | - |
| 16.1 | Income on Assets Held for Sale | | - | - |
| 16.2 | Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) | | - | - |
| 16.3 | Other Income on DisCONTINUED Operations | | - | - |
| XVII. | EXPENSE ON DISCONTINUED OPERATIONS (-) | | - | - |
| 17.1 | Expense on Assets Held for Sale | | - | - |
| 17.2 | Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) | | - | - |
| 17.3 | Other Expense on DisCONTINUED Operations | | - | - |
| XVIII. | PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII) | | - | - |
| XIX. | TAX PROVISION FOR DISCONTINUED OPERATIONS (±) | | - | - |
| 19.1 | Current Tax Provision | | - | - |
| 19.2 | Deferred Tax Expense Effect (+) | | - | - |
| 19.3 | Deferred Tax Income Effect (-) | | - | - |
| XX. | NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX) | | - | - |
| | NON-CONTROLLING INTEREST | 22 | (252,392) | (96,410) |
| XXI. | NET PROFIT FOR THE PERIOD (XV+XX) | | 1,767,060 | 826,766 |
| | EARNINGS PER SHARE (**) | 36 | 0,0254 | 0,0119 |
| | Earnings Per Share from CONTINUED Operations | | 0,0254 | 0,0119 |
| | Earnings Per Share from DisCONTINUED Operations | | - | - |
| | DILUTED EARNINGS PER SHARE | 36 | 0,0254 | 0,0119 |
| | Earnings Per Share from CONTINUED Operations | | 0,0254 | 0,0119 |
| | Earnings Per Share from DisCONTINUED Operations | | - | - |

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

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

| PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT | | Audited Current Period 01.01-31.12.2023 | Audited Prior Period 01.01-31.12.2022 |
|--|---|---|---|
| I. | CURRENT PERIOD PROFIT/LOSS | 2,019,452 | 923,176 |
| II. | OTHER COMPREHENSIVE INCOME | 1,006,403 | 681,426 |
| 2.1 | Items that will not be Reclassified to Profit or Loss | 1,006,403 | 681,426 |
| 2.1.1 | Tangible Assets Revaluation Increases/Decreases | - | - |
| 2.1.2 | Intangible Assets Revaluation Increases/Decreases | - | - |
| 2.1.3 | Employee Benefits Re-Measuring Loss/Income | (1,461) | (2,590) |
| 2.1.4 | Other Comprehensive Income that will not be Reclassified to Profit or Loss (Note 2.3) | 1,140,177 | 683,346 |
| 2.1.5 | Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss | (132,313) | 670 |
| 2.2 | Items that may be Reclassified subsequently to Profit or Loss | - | - |
| 2.2.1 | Foreign Exchange Differences for Foreign Currency Transactions | - | - |
| 2.2.2 | Value Increases or Decreases on Assets Held for Sales (Note 2.3) | - | - |
| 2.2.3 | Cash Flow Hedge Income/Losses | - | - |
| 2.2.4 | Net Investment Hedge Income/Losses | - | - |
| 2.2.5 | Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss | - | - |
| 2.2.6 | Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss | - | - |
| III. | TOTAL OTHER COMPREHENSIVE INCOME | 3,025,855 | 1,604,602 |

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

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

| CHANGES IN EQUITY | Notes | Paid-in Capital | Share Premium | Share Cancellation Profits | Other Capital Reserves | Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss | | |
|---|-----------|-----------------|---------------|----------------------------|------------------------|---|----------------|------------------|
| | | | | | | 1 | 2 | 3 |
| Prior Period (01.01 – 31.12.2022) (Revised) | | | | | | | | |
| I. Balance at the Beginning of the Period | | 695,303 | - | - | 1,763 | - | (187) | 339,948 |
| II. Correction Made According to TAS 8 | | - | - | - | - | - | - | - |
| 2.1 Effect of Correction of Errors | | - | - | - | - | - | - | - |
| 2.2 Effect of Changes in Accounting Policies | | - | - | - | - | - | - | - |
| III. New Balance (I+II) | 23 | 695,303 | - | - | 1,763 | - | (187) | 339,948 |
| IV. Total Comprehensive Income | | - | - | - | - | - | (1,920) | 608,968 |
| V. Cash Capital Increase | | - | - | - | - | - | - | - |
| VI. Capital Increase from internal reserves | | - | - | - | - | - | - | - |
| VIII. Convertible Bonds | | - | - | - | - | - | - | - |
| IX. Subordinated Loans | | - | - | - | - | - | - | - |
| X. Increases / Decreases due to other changes | | - | - | - | - | - | - | - |
| XI. Profit Distribution | | - | - | - | - | - | - | - |
| 11.1 Dividend Paid | | - | - | - | - | - | - | - |
| 11.2 Transfer to Reserves | | - | - | - | - | - | - | - |
| 11.3 Other | | - | - | - | - | - | - | - |
| Balance at the End of the Period (III+IV+.....+XI) | | 695,303 | - | - | 1,763 | - | (2,107) | 948,916 |
| Current Period (01.01 – 31.12.2023) (Revised) | | | | | | | | |
| I. Balance at the Beginning of the Period | | 695,303 | - | - | 1,763 | - | (2,107) | 948,916 |
| II. Correction Made According to TAS 8 | | - | - | - | - | - | - | - |
| 2.1 Effect of Correction of Errors | | - | - | - | - | - | - | - |
| 2.2 Effect of Changes in Accounting Policies | | - | - | - | - | - | - | - |
| III. New Balance (I+II) | 23 | 695,303 | - | - | 1,763 | - | (2,107) | 948,916 |
| IV. Total Comprehensive Income | | - | - | - | - | - | (911) | 898,064 |
| V. Cash Capital Increase | | - | - | - | - | - | - | - |
| VI. Capital Increase from internal reserves | | - | - | - | - | - | - | - |
| VII. Paid-in-Capital Inflation Adjustment | | - | - | - | - | - | - | - |
| VIII. Convertible Bonds | | - | - | - | - | - | - | - |
| IX. Subordinated Loans | | - | - | - | - | - | - | - |
| X. Increases / Decreases due to other changes | | - | - | - | - | - | - | - |
| XI. Profit Distribution | | - | - | - | - | - | - | - |
| 11.1 Dividend Paid | | - | - | - | - | - | - | - |
| 11.2 Transfer to Reserves | | - | - | - | - | - | - | - |
| 11.3 Other | | - | - | - | - | - | - | - |
| Balance at the End of the Period (III+IV+.....+XI+XII) | | 695,303 | - | - | 1,763 | - | (3,018) | 1,846,980 |

1. Revaluation increase/decrease of property and equipment,

2. Employee benefits re-measuring income/loss,

3. Other (Other comprehensive income related with equity pick up investment portions and accumulated other comprehensive income components that will not be re-classified to profit/loss) (Note 2.3)

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

| Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss | | | Profit Reserves | Prior Period Profit/(Loss) | Net Current Period Profit/Loss | Non-Controlling Interest | Total Equity |
|---|---|---|-----------------|----------------------------|--------------------------------|--------------------------|--------------|
| 4 | 5 | 6 | | | | | |
| - | - | - | 652,128 | - | 310,063 | 140,425 | 2,139,443 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 652,128 | - | 310,063 | 140,425 | 2,139,443 |
| - | - | - | - | - | 826,766 | 170,788 | 1,604,602 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 302,239 | 7,824 | (310,063) | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 302,239 | 7,824 | (310,063) | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 954,367 | 7,824 | 826,766 | 311,213 | 3,744,045 |
| - | - | - | 954,367 | 7,824 | 826,766 | 311,213 | 3,744,045 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 954,367 | 7,824 | 826,766 | 311,213 | 3,744,045 |
| - | - | - | - | - | 1,767,060 | 361,642 | 3,025,855 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 828,722 | (1,956) | (826,766) | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 828,722 | (1,956) | (826,766) | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 1,783,089 | 5,868 | 1,767,060 | 672,855 | 6,769,900 |

4. Foreign currency translation differences for foreign operations,

5. Net change in fair value of available-for-sale financial assets,

6. Other (Cash flow hedge income/ (losses), accumulated other comprehensive income components that may re-classified subsequently to profit/loss)

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

| | Notes | Audited Current Period 01.01-31.12.2023 | Audited Prior Period 01.01-31.12.2022 |
|---|----------|---|---|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 1.1 Operating Profit Before Changes In Operating Assets And Liabilities | | 2,637,664 | 1,079,748 |
| 1.1.1 Interests Received/Lease Income | | 7,003,977 | 3,108,969 |
| 1.1.2 Interest Paid / Lease Expenses | | (3,923,082) | (1,839,613) |
| 1.1.3 Dividends Received | | 36,730 | 19,463 |
| 1.1.4 Fees and Commissions Received | | 902,847 | 104,889 |
| 1.1.5 Other Income | | 221,744 | 72,305 |
| 1.1.6 Collections from Non-performing Receivables | 31 | 268,521 | 88,313 |
| 1.1.7 Payments to Personnel and Service Suppliers | | (240,610) | (119,447) |
| 1.1.8 Taxes Paid | 21 | (902,244) | (342,580) |
| 1.1.9 Others | | (730,219) | (12,551) |
| 1.2 Changes in Operating Assets and Liabilities | | (608,379) | (2,830,646) |
| 1.2.1 Net (Increase) Decrease in FACTORING RECEIVABLES | | (5,586,659) | (8,290,565) |
| 1.2.2 Net (Increase) Decrease in Financing Loans | | - | - |
| 1.2.3 Net (Increase) Decrease in Lease Receivables | | 1,163,310 | (2,482,424) |
| 1.2.4 Net (Increase) Decrease in Savings Financing Receivables | | - | - |
| 1.2.5 Net (Increase) Decrease in Other Assets | | (269,146) | (640,920) |
| 1.2.6 Net Increase (Decrease) in Factoring Payables | | - | - |
| 1.2.7 Net (Increase) Decrease in Savings Financing Payables | | - | - |
| 1.2.8 Net Increase (Decrease) in Lease Payables | | 1,886 | 1,662 |
| 1.2.9 Net Increase (Decrease) in Funds Borrowed | | 3,009,774 | 8,380,507 |
| 1.2.10 Net Increase (Decrease) in Due Payables | | - | - |
| 1.2.11 Net Increase (Decrease) in Other Liabilities | | 1,072,456 | 201,094 |
| I. Net Cash Provided from / (Used in) Operating Activities | | 2,029,285 | (1,750,898) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 2.1 Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures | | - | - |
| 2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures | | - | - |
| 2.3 Purchases of Tangible and Intangible Assets | 11,12 | (115,319) | (46,701) |
| 2.4 Proceeds From Sale of Tangible and Intangible Assets | 11,12 | 88,593 | 2,006 |
| 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 | | - | 667 |
| II. Net cash used in investing activities | | (26,726) | (44,028) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| 3.1 Cash obtained from funds borrowed and securities issued | | 6,645,041 | 10,208,808 |
| 3.2 Cash used for repayment of funds borrowed and securities issued | | (6,503,753) | (8,522,876) |
| 3.3 Equity instruments issued | | - | - |
| 3.4 Dividends paid | | - | - |
| 3.5 Payments for finance leases | | - | - |
| 3.6 Other | | - | - |
| III. Net Cash Used in Financing Activities | | 141,288 | 1,685,932 |
| IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents | | 4,163 | 204 |
| V. Net Increase / (Decrease) in Cash and Cash Equivalents | | 2,148,010 | (108,790) |
| VI. Cash and Cash Equivalents at the Beginning of the Period | 4 | 362,710 | 471,500 |
| VII. Operating Profit Before Changes In Operating Assets And Liabilities | 4 | 2,510,720 | 362,710 |

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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

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

| İŞ FİNANSAL KİRALAMA A.Ş. PROFIT DISTRIBUTION TABLE (**) | | Current Period 31 December 2022 (*) | Prior Period 31 December 2021 (****) |
|--|--|-------------------------------------|--------------------------------------|
| I. | DISTRIBUTION OF CURRENT YEAR INCOME | | |
| 1.1 | Current Year Income | 2,604,575 | 1,121,971 |
| 1.2 | Taxes And Duties Payable(-) | (837,515) | (295,205) |
| 1.2.1 | Corporate Tax (Income tax) | (1,062,283) | (370,845) |
| 1.2.2 | Income Withholding Tax | | |
| 1.2.3 | Other Taxes And Duties | 224,768 | 75,640 |
| A. | NET INCOME FOR THE YEAR (1.1-1.2) | 1,767,060 | 826,766 |
| 1.3 | Prior Year Losses(-) | - | - |
| 1.4 | First Legal Reserves (-) | - | (24,015) |
| 1.5 | Other Statutory Reserves(-)**) | - | - |
| B | NET INCOME AVAILABLE FOR DISTRIBUTION [(a-(1.3+1.4+1.5))] | 1,724,059 | 802,751 |
| 1.6 | First Dividend To Shareholders (-) | - | - |
| 1.6.1 | To Owners Of Ordinary Shares | - | - |
| 1.6.2 | To Owners Of Preferred Shares | - | - |
| 1.6.3 | To Owners Of Preferred Shares (pre-emptive rights) | - | - |
| 1.6.4 | To Profit Sharing Bonds | - | - |
| 1.6.5 | To Holders Of Profit And loss sharing certificates | - | - |
| 1.7 | Dividends To Personnel (-) | - | - |
| 1.8 | Dividends To Board Of Directors (-) | - | - |
| 1.9 | Second Dividend To Shareholders (-) | - | - |
| 1.9.1 | To Owners Of Ordinary Shares | - | - |
| 1.9.2 | To Owners Of Preferred Shares | - | - |
| 1.9.3 | To Owners Of Preferred Shares (pre-emptive rights) | - | - |
| 1.9.4 | To Profit Sharing Bonds | - | - |
| 1.9.5 | To Holders Of Profit And Loss Sharing Certificates | - | - |
| 1.10 | Second Legal Reserves (-) | - | - |
| 1.11 | Statutory Reserves (-) | - | - |
| 1.12 | Extraordinary Reserves | - | - |
| 1.13 | Other Reserves | - | - |
| 1.14 | Special Funds | - | - |
| II. | DISTRIBUTION OF RESERVES | - | - |
| 2.1 | DISTRIBUTED RESERVES | - | - |
| 2.2 | Second Legal Reserves(-) | - | - |
| 2.3 | Dividends To Shareholders (-) | - | - |
| 2.3.1 | To Owners Of Ordinary Shares | - | - |
| 2.3.2 | To Owners Of Preferred Shares | - | - |
| 2.3.3 | To Owners Of Preferred Shares (pre-emptive rights) | - | - |
| 2.3.4 | To Profit Sharing Bonds | - | - |
| 2.3.5 | To Holders Of Profit And Loss Sharing Certificates | - | - |
| 2.4 | Dividends To Personnel (-) | - | - |
| 2.5 | Dividends To Board Of Directors (-) | - | - |
| III. | EARNINGS PER SHARE | 2,54 | 1,19 |
| 3.1 | To Owners Of Ordinary Shares | 2,54 | 1,19 |
| 3.2 | To Owners Of Ordinary Shares (%) | 2.54% | 1.19% |
| 3.3 | To Owners Of Preferred Shares | - | - |
| 3.4 | To Owners Of Preferred Shares (%) | - | - |
| IV. | DIVIDEND PER SHARE | - | - |
| 4.1 | To Owners Of Ordinary Shares | - | - |
| 4.2 | To Owners Of Ordinary Shares (%) | - | - |
| 4.3 | To Owners Of Preferred Shares | - | - |
| 4.4 | To Owners Of Preferred Shares (%) | - | - |

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

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

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

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

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

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

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

Dividend Payable

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

Approval of the Financial Statements

The consolidated financial statements and consolidated profit and loss table of the Group as at 31 December 2023 have been approved by the Board of Directors of the Group and authorized for issue as at 31.01.2024 The General Assembly and / or legal authorities have power to amend the consolidated financial statements after its issue.

2. BASIS OF THE FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Accounting Standards Applied

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

2. BASIS OF THE FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of the Presentation (CONTINUED)

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

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

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

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

Note 8 – FACTORING RECEIVABLES

Note 9 – Lease receivables

Note 20 – Provisions

Note 26 – Provisions, contingent assets and liabilities

Basis of Consolidation

The details of the Group's subsidiary as at 31 December 2023 and 31 December 2022 are as follows:

| Subsidiary | Establishment and operation location | Shareholding rate % | Voting right rate % | Core business |
|--------------|--------------------------------------|---------------------|---------------------|----------------------|
| İş Faktoring | İstanbul | 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

2. BASIS OF THE FINANCIAL STATEMENTS (CONTINUED)

2.1 Basis of the Presentation (Continued)

(i) Subsidiaries

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

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

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

(ii) Transactions eliminated on consolidation

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

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

Non-controlling interests

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

Offsetting

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

2.2 Changes in Accounting Policies

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

2. BASIS OF THE FINANCIAL STATEMENTS (CONTINUED)

2.3 Changes in Accounting Estimates and Errors

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

2.4 Changes in Standards and Interpretations

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

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

Amendments to TAS 8 - Definition of Accounting Estimates

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

Amendments to TAS 1 - Disclosure of Accounting Policies

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

2. BASIS OF THE FINANCIAL STATEMENTS (CONTINUED)

2.4 Changes in Standards and Interpretations (Continued)

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

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

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

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

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

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

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

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

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

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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.

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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 tFCe and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

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

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

Amendments to IAS 21 - Lack of exchangeability

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

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3. SIGNIFICANT ACCOUNTING POLICIES

a. Revenue

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

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

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

b. Tangible Assets

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

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

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

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

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

| Definition | Years |
|----------------------------|---------|
| Furniture and fixtures | 5 years |
| Other tangible assets | 5 years |
| Leasehold improvements | 5 years |
| Operational Leasing Assets | 3 years |

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Intangible Assets

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

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

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

d. Impairment of Non-Financial Assets

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

e. Borrowing Costs

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

f. Financial Assets Held For Sale

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial Instruments

Financial Assets

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

Financial Assets at Fair Value Through Profit or Loss

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial Instruments (Continued)

Financial Lease Receivables, FACTORING RECEIVABLES and Expected Credit Loss

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

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

Stage 1:

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

Stage 2:

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

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

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

Stage 3:

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

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

Specific provision is provided for FACTORING RECEIVABLES in Stage 3.

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.

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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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Business Combinations

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

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

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

i. Effects of Changes in Exchange Rates

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

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

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Earnings Per Share

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

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

k. Events After the Reporting Period

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

l. Provisions, Contingent Liabilities and Contingent Assets

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

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

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).

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Taxes on Income

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. Income tax expense or credit comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

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

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

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

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Employee Benefits / Reserve for Employee Termination Benefits

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

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

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

p. Statement of Cash Flows

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

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

r. Share Capital and Dividends

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

s. Related Parties

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

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4. CASH AND CASH EQUIVALENTS

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

| | 31 December 2023 | | 31 December 2022 | |
|------------------|------------------|------------------|------------------|----------------|
| | TL | FC | TL | FC |
| Demand Deposits | 434,486 | 116,892 | 173,634 | 45,200 |
| Time Deposits | 504,180 | 1,455,162 | 4,600 | 139,276 |
| Interest accrual | 2,187 | 4 | 2 | 3 |
| | 940,853 | 1,572,058 | 178,236 | 184,479 |

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

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

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

| Currency | Interest Rate (%) | Maturity | 31 December 2022 |
|----------|-------------------|------------|------------------|
| TL | 8,00% | 02.01.2023 | 4,602 |
| USD | 0,40% | 02.01.2023 | 56,096 |
| EUR | 0,20% | 16.01.2023 | 83,183 |
| | | | 143,881 |

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

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

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Demand deposits | 551,378 | 218,834 |
| Time deposits (1-3 months) (excluding accrual) | 1,959,342 | 143,876 |
| Cash and cash equivalents | 2,510,720 | 362,710 |

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

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

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

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

| | 31 December 2023 | |
|--|------------------|----|
| | TL | FC |
| Debt securities issued by private sector(*) | - | - |
| Specific provisions/ Expected Credit Loss(-) | - | - |
| Mutual funds | 24,328 | - |
| | 24,328 | - |

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

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

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

6. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

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

Derivative Financial Assets

| | 31 December 2023 | | 31 December 2022 | |
|----------------------|------------------|---------------|------------------|--------------|
| | TL | FC | TL | FC |
| Swap Transactions | - | 80,232 | - | 4,207 |
| Futures Transactions | - | 3,685 | - | - |
| | - | 83,917 | - | 4,207 |

Derivative Financial Liabilities

| | 31 December 2023 | | 31 December 2022 | |
|----------------------|------------------|--------------|------------------|---------------|
| | TL | FC | TL | FC |
| Swap Transactions | - | 5,837 | - | 67,840 |
| Futures Transactions | - | - | - | - |
| | - | 5,837 | - | 67,840 |

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7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

8. FACTORING RECEIVABLES

As at 31 December 2023 and 31 December 2022 details of FACTORING RECEIVABLES are as follows:

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

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

| Ratings 31 December 2023 | Stage 1 | Stage 2 | Stage 3 | Total |
|----------------------------|------------|---------|---------|------------|
| Total portfolio | 21,899,753 | 255,484 | 336,848 | 22,492,085 |
| Very good | 10,333,636 | | | 10,333,636 |
| Standard | 11,566,117 | | | 11,566,117 |
| Substandard | | 255,484 | 336,848 | 592,332 |
| Expected credit losses | 110,523 | 56,510 | 232,908 | 399,941 |
| FACTORING RECEIVABLES, net | 21,789,230 | 198,974 | 103,940 | 22,092,144 |

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8. FACTORING RECEIVABLES (CONTINUED)

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

| Ratings 31 December 2022 | Stage 1 | Stage 2 | Stage 3 | Total |
|-----------------------------------|-------------------|----------------|---------------|-------------------|
| Total portfolio | 15,374,734 | 256,990 | 276,933 | 15,908,657 |
| Very good | 5,658,359 | - | - | 5,658,359 |
| Standard | 9,716,375 | - | - | 9,716,375 |
| Substandard | - | 256,990 | 276,933 | 533,923 |
| Expected credit losses | (126,491) | (45,871) | (205,337) | (377,699) |
| Factoring receivables, net | 15,248,243 | 211,119 | 71,596 | 15,530,958 |

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

| | 1 January-31 December 2023 | 1 January-31 December 2022 |
|--|----------------------------|----------------------------|
| Provision at the beginning of the period | (377,699) | (242,833) |
| Additions | (177,091) | (177,725) |
| Collections | 164,662 | 50,767 |
| Exchange difference income/expense | (26,426) | (7,940) |
| Write-off (*) | 16,613 | 32 |
| Provision at the end of the period | (399,941) | (377,699) |

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

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

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

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8. FACTORING RECEIVABLES (CONTINUED)

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

| | 31 December 2023 | 31 December 2022 |
|----------------------|-------------------|-------------------|
| Domestic irrevocable | 11,168,949 | 7,496,464 |
| Foreign irrevocable | 1,193,331 | 856,510 |
| Domestic revocable | 9,120,106 | 6,458,436 |
| Foreign revocable | 609,758 | 719,548 |
| | 22,092,144 | 15,530,958 |

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

| | 31 December 2023 | 31 December 2022 |
|------------------------|------------------|------------------|
| Up to 90 days | 19,298 | 1,278 |
| Between 90 – 180 days | 77 | 79,842 |
| Between 180 – 360 days | 2,929 | 1,089 |
| Over 360 days | 314,544 | 194,724 |
| | 336,848 | 276,933 |

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

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

| Number of Amendments Related to the Extension of the Payment Plan | Standard Receivables | Receivables Under Close Monitoring |
|---|----------------------|------------------------------------|
| Extended for 1 or 2 Times | | 142,655 |
| Extended for 3,4 or 5 Times | - | 142,655 |
| Extended for More than 5 Times | - | - |
| 5 Üzeri Uzatılanlar | - | - |

| The Time Extended via the Amendment on payment Plan | Standard Receivables | Receivables Under Close Monitoring |
|---|----------------------|------------------------------------|
| 0-6 Months | | 142,655 |
| 6 Months – 12 Months | - | - |
| 1 – 2 Years | - | 142,655 |
| 2 –5 Years | - | - |
| 5 Years and More | - | - |

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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:

| Number of Amendments Related to the Extension of the Payment Plan | Standard Receivables | Receivables Under Close Monitoring |
|---|----------------------|------------------------------------|
| Extended for 1 or 2 Times | | 185,599 |
| Extended for 3,4 or 5 Times | - | 99 |
| Extended for More than 5 Times | - | 185,500 |
| 5 Üzeri Uzatılanlar | - | - |
| | Standard Receivables | Receivables Under Close Monitoring |
| The Time Extended via the Amendment on payment Plan | | 185,599 |
| 0-6 Months | - | 99 |
| 6 Months – 12 Months | - | - |
| 1 – 2 Years | - | 185,500 |
| 2 –5 Years | - | - |
| 5 Years and More | - | - |

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9. LEASE RECEIVABLES

A. Financial Lease Receivables

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

| | Short Term | Long Term | Total |
|--|-------------------|-------------------|-------------------|
| Financial Lease Receivables | 13,618,321 | 13,987,610 | 27,605,931 |
| Unearned interest income (-) | (2,704,912) | (1,589,256) | (4,294,168) |
| Subtotal | 10,913,409 | 12,398,354 | 23,311,763 |
| Expected Credit Loss– Stage 1 | (10,600) | (88,721) | (99,321) |
| Expected Credit Loss – Stage 2 | (93,997) | (259,470) | (353,467) |
| Total Financial Lease Receivables | 10,808,812 | 12,050,163 | 22,858,975 |
| Non- Performing Lease Receivables | 731,177 | 141,692 | 872,869 |
| Specific provision– Stage 3 | (428,159) | (82,971) | (511,130) |
| Net finance lease receivables | 11,111,830 | 12,108,884 | 23,220,714 |

| | Carried value | | | Expected credit loss and specific provision | | |
|-----------------------------|---------------|-----------|---------|---|-----------|-----------|
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 |
| Financial Assets | 2,512,911 | - | - | (235) | - | - |
| Financial Lease Receivables | 21,879,732 | 1,432,031 | 872,869 | (99,321) | (353,467) | (511,130) |

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9. LEASE RECEIVABLES (CONTINUED)**A. Financial Lease Receivables (Continued)**

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

| | Short Term | Long Term | TOTAL |
|--|------------------|-------------------|-------------------|
| Financial Lease Receivables | 8,623,159 | 11,659,098 | 20,282,257 |
| Unearned interest income (-) | (1,625,360) | (1,394,552) | (3,019,912) |
| Subtotal | 6,997,799 | 10,264,546 | 17,262,345 |
| Expected Credit Loss– Stage 1 | (11,998) | (99,563) | (111,561) |
| Expected Credit Loss – Stage 2 | (113,825) | (101,220) | (215,045) |
| Total Financial Lease Receivables | 6,871,976 | 10,063,763 | 16,935,739 |
| Non- Performing Lease Receivables | 589,913 | 93,312 | 683,225 |
| Specific provision– Stage 3 | (407,535) | (64,464) | (471,999) |
| Net finance lease receivables | 7,054,354 | 10,092,611 | 17,146,965 |

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

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

| Ratings | Stage 1 | Stage 2 | Stage 3 | TOTAL |
|---------------------------------|-------------------|------------------|------------------|-------------------|
| Internal ratings | | | | |
| A+ (Excellent) | 54,077 | - | - | 54,077 |
| A (Very good)) | 202,382 | - | 139,334 | 341,716 |
| A- (Good) | 836,834 | 452 | 1,541 | 838,827 |
| B+ (Enough) | 4,759,394 | 360,165 | 45,119 | 5,164,678 |
| B (Reasonable) | 3,928,263 | 123,263 | 275,650 | 4,327,176 |
| B- (Close Monitoring) | 5,987,602 | 799,373 | 248,845 | 7,035,820 |
| C+ (Insufficient) | 3,143,232 | 91,929 | 74,207 | 3,309,368 |
| C (Suspicious) | 1,570,940 | 33,998 | 55,699 | 1,660,637 |
| Scoring | | | | |
| Y (High) | 747,219 | 8,759 | 2,908 | 758,886 |
| O (medium) | 586,633 | 10,862 | 23,296 | 620,791 |
| D (Low) | 63,156 | 3,230 | 6,270 | 72,656 |
| Expected Loss Provisions | (99,321) | (353,467) | (511,130) | (963,918) |
| Leasing receivables | 21,780,411 | 1,078,564 | 361,739 | 23,220,714 |

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9. LEASE RECEIVABLES (CONTINUED)

A. Financial Lease Receivables (Continued)

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

| Ratings | Stage 1 | Stage 2 | Stage 3 | TOTAL |
|---------------------------------|-------------------|------------------|------------------|-------------------|
| Internal ratings | | | | |
| A+ (Excellent) | 47,077 | - | - | 47,077 |
| A (Very good)) | 66,845 | 7,199 | - | 74,044 |
| A- (Good) | 899,139 | 46,387 | 683 | 946,209 |
| B+ (Enough) | 3,319,425 | 2,217 | 211,142 | 3,532,784 |
| B (Reasonable) | 3,485,732 | 116,057 | 197,717 | 3,799,506 |
| B- (Close Monitoring) | 3,737,930 | 227,289 | 147,061 | 4,112,280 |
| C+ (Insufficient) | 2,030,054 | 76,693 | 40,271 | 2,147,018 |
| C (Suspicious) | 1,668,222 | 13,476 | 63,443 | 1,745,141 |
| Scoring | | | | |
| Y (High) | 602,093 | 928 | 2,357 | 605,378 |
| O (medium) | 787,468 | 11,946 | 13,743 | 813,157 |
| D (Low) | 104,767 | 11,402 | 6,807 | 122,976 |
| Expected Loss Provisions | (111,561) | (215,045) | (471,999) | (798,605) |
| Leasing receivables | 16,637,191 | 298,549 | 211,225 | 17,146,965 |

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

| | Standard Receivables | Receivables Under Close Monitoring |
|--|----------------------|------------------------------------|
| Number of Amendments Related to the Extension of the Payment Plan | | |
| Extended for 1 or 2 Times | - | 932,422 |
| Extended for 3,4 or 5 Times | - | - |
| Extended for More than 5 Times | - | - |
| The Time Extended via the Amendment on payment Plan | | |
| 0-6 Months | - | - |
| 6 Months – 12 Months | - | 932,422 |
| 1 – 2 Years | - | - |
| 2 –5 Years | - | - |
| 5 Years and More | - | - |

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9. LEASE RECEIVABLES (CONTINUED)

A. Financial Lease Receivables (Continued)

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

| | Standard Receivables | Receivables Under Close Monitoring |
|--|----------------------|------------------------------------|
| Number of Amendments Related to the Extension of the Payment Plan | | 394,394,715. |
| Extended for 1 or 2 Times | - | 394,715 |
| Extended for 3,4 or 5 Times | - | - |
| Extended for More than 5 Times | - | - |

| | Standard Receivables | Receivables Under Close Monitoring |
|---|----------------------|------------------------------------|
| The Time Extended via the Amend-ment on payment Plan | | 394,715 |
| 0-6 Months | - | - |
| 6 Months – 12 Months | - | 394,715 |
| 1 – 2 Years | - | - |
| 2 –5 Years | - | - |
| 5 Years and More | - | - |

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

| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 and after | Total |
|--|-------------------|------------------|------------------|------------------|----------------|----------------|-------------------|
| Finance lease receivables (gross) | 13,385,580 | 8,128,229 | 3,733,515 | 1,576,568 | 413,119 | 277,871 | 27,514,882 |
| Unearned interest | (2,704,912) | (1,094,664) | (316,769) | (93,504) | (29,470) | (54,849) | (4,294,168) |
| Finance lease receivables (net) | 10,680,668 | 7,033,565 | 3,416,746 | 1,483,064 | 383,649 | 223,022 | 23,220,714 |

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

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 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) |
| Finance lease receivables (net) | 6,789,108 | 4,901,013 | 3,078,912 | 1,448,416 | 619,938 | 309,578 | 17,146,965 |

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

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9. LEASE RECEIVABLES (CONTINUED)

A. Financial Lease Receivables (Continued)

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

| Currency | Principal in foreign currency | Principal (Net) (TL) | Unearned interest in foreign currency | Unearned interest (TL) |
|--------------|-------------------------------|----------------------|---------------------------------------|------------------------|
| USD | 100,226,610 | 2,950,491 | 14,869,586 | 437,734 |
| EUR | 428,862,905 | 13,969,737 | 42,329,496 | 1,378,837 |
| TL | | 6,300,486 | | 2,477,597 |
| Total | | 23,220,714 | | 4,294,168 |

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

| Currency | Principal in foreign currency | Principal (Net) (TL) | Unearned interest in foreign currency | Unearned interest (TL) |
|--------------|-------------------------------|----------------------|---------------------------------------|------------------------|
| USD | 103,882,510 | 1,942,426 | 13,131,981 | 245,546 |
| EUR | 532,234,355 | 10,610,039 | 49,970,445 | 996,156 |
| TL | - | 4,594,500 | - | 1,778,210 |
| Total | | 17,146,965 | | 3,019,912 |

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

| Collateral tFCe | 31 December 2023 | 31 December 2022 |
|-----------------------------------|------------------|------------------|
| Mortgages | 576,701 | 484,449 |
| Pledged equity | 189,598 | 136,348 |
| Sureties of credit guarantee fund | 139,858 | 144,734 |
| Pledged shares | 32,032 | 25,997 |
| Letters of guarantee | 18,425 | 18,039 |
| Pledged movable | 2,083 | 1,540 |
| Cash blockages | 1,500 | 375 |
| | 960,197 | 811,482 |

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

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9. LEASE RECEIVABLES (CONTINUED)

A. Financial Lease Receivables (Continued)

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

| | 31 December 2023 | 31 December 2022 |
|----------------------|------------------|------------------|
| Up to 30 days | 184,468 | 176,290 |
| Between 30 – 60 days | 26,625 | 1,426 |
| Between 60 – 90 days | 204 | 495 |
| | 211,297 | 178,211 |

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

| Collateral tFCe | 31 December 2023 | 31 December 2022 |
|----------------------|------------------|------------------|
| Mortgages | 116,256 | 84,894 |
| Pledged equity | 48,991 | 19,018 |
| Letters of guarantee | 4,662 | 4,830 |
| Pledged movable | 2,084 | 1,540 |
| | 171,993 | 110,282 |

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

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

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

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Between 90 – 240 days | 20,169 | 33,019 |
| Between 240 – 360 days | 144 | 2,735 |
| Over 360 days | 491,110 | 338,135 |
| Uninvoiced non-performing finance lease receivables | 596,819 | 410,049 |
| Unearned interest of non-performing finance lease receivables | (235,373) | (100,713) |
| | 872,869 | 683,225 |

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9. LEASE RECEIVABLES (CONTINUED)

A. Financial Lease Receivables (Continued)

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

| Guarantee type: | 31 December 2023 | 31 December 2022 |
|-----------------|------------------|------------------|
| Mortgages | 3,967 | 4,835 |
| | 3,967 | 4,835 |

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

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

| Movement of expected credit losses: | 1 January-31 December 2023 | 1 January-31 December 2022 |
|---|----------------------------|----------------------------|
| Provision at the beginning of the period | (798,605) | (562,289) |
| Provision set during the period | (269,172) | (267,689) |
| Collections | 103,859 | 37,546 |
| | - | (6,173) |
| Provision at the end of the period | (963,918) | (798,605) |

B. Operating Lease Receivables (Continued)

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

| | 31 December 2023 | 31 December 2022 |
|-----------|------------------|------------------|
| 2024 Year | 3,947 | 1,534 |
| 2025 Year | 2,316 | 548 |
| 2026 Year | 1,926 | - |
| | 8,189 | 5,303 |

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10. RELATED PARTIES

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

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Finance lease receivables from related parties | | |
| Radore Veri Merkezi Hizm.A.Ş | 12,947 | 18,455 |
| Türkiye Sınai Kalkınma Bankası A.Ş. | 3,527 | - |
| Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. | - | 372 |
| Total | 16,474 | 18,827 |
| Factoring receivables from related parties | | |
| Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. | 190,792 | 40,075 |
| Ortopro Tıbbi Aletler San ve Tic. A.Ş. | 20,998 | 9,216 |
| Nevotek Bilişim Ses Ve İletişim Sist.San. Ve Tic. A.Ş. | - | 2,090 |
| Total | 211,790 | 51,381 |
| Payables to related parties | | |
| Anadolu Anonim Türk Sigorta Şirketi (Sigorta Primi) | 135,047 | 77,004 |
| Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. | 430 | - |
| İş Net Elekt. Bilgi Ür. Dağ. Tic. ve İlet. Hiz. A.Ş. | 1,627 | 212 |
| Softtech Yazılım Teknolojileri | 143 | 670 |
| İş Merkezleri Yönetim ve İşletim A.Ş. | 546 | 536 |
| Türkiye İş Bankası A.Ş. | 56 | 67 |
| Anadolu Hayat Emeklilik A.Ş. | 41 | 15 |
| Ortopro Tıbbi Aletler San ve Tic. A.Ş. | 59 | - |
| KKB Kredi Kayıt Bürosu A.Ş. | 8 | 4 |
| İş Faktoring Anonim Şirketi | 13 | 8 |
| Erişim Müşteri Hizmetleri A.Ş. | - | 2 |
| Total | 137,970 | 78,518 |
| Deposits placed to related parties | | |
| Türkiye İş Bankası A.Ş. Demand Deposits | 142,910 | 59,966 |
| Türkiye İş Bankası A.Ş. Time Deposits | 1,455,165 | 143,880 |
| Türkiye Sınai Kalkınma Bankası A.Ş.Demand Depo-sits | 246 | 506 |
| İşbank AG Demand Deposits | 106 | 18 |
| Total | 1,598,427 | 204,370 |

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10. RELATED PARTIES (CONTINUED)

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Derivative financial assets held for trading from related parties | | |
| Türkiye Sınai Kalkınma Bankası A.Ş. | 563,567 | - |
| Türkiye İş Bankası A.Ş. | 1,388,601 | - |
| Total | 1,952,168 | - |
| Derivative financial liabilities held for trading from related parties | | |
| Türkiye Sınai Kalkınma Bankası A.Ş. | 552,665 | - |
| Türkiye İş Bankası A.Ş. | 1,385,700 | - |
| Total | 1,938,365 | - |

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

Borrowings from related parties

| Türkiye İş Bankası A.Ş. | | | |
|--------------------------------|--------------------------|-----------------------|-------------------------|
| Currency | Interest Rate (%) | Maturity | 31 December 2023 |
| TL | %18,51-%48,00 | 04.01.2024-07.04.2025 | 7,723,509 |
| USD | %6,00-%10,10 | 02.01.2024-08.04.2024 | 954,504 |
| EUR | %4,50-%8,51 | 02.01.2024-19.03.2026 | 3,997,992 |
| GBP | %6,43-%7,76 | 04.01.2024-17.12.2024 | 6,167,576 |
| | | | 18,843,581 |
| Currency | Interest Rate (%) | Maturity | 31 December 2022 |
| TL | %13,45-%24,12 | 02.01.2023-15.12.2023 | 4,410,116 |
| USD | %5,50-%9,60 | 02.01.2023-29.05.2023 | 1,503,030 |
| EUR | %3,25-%5,64 | 02.01.2023-05.01.2024 | 5,256,186 |
| | | | 11,169,332 |

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10. RELATED PARTIES (CONTINUED)

| Türkiye Sınai Kalkınma Bankası A.Ş. | | |
|-------------------------------------|-----------------------|------------------|
| Currency | Maturity | 31 December 2023 |
| USD | 29.06.2026 | 374.580 |
| EUR | 25.03.2024-29.06.2026 | 1.958.075 |
| | | 2.332.655 |

| Currency | Maturity | 31 December 2022 |
|----------|-----------------------|------------------|
| USD | 04.08.2023-29.06.2026 | |
| EUR | 21.04.2023-01.06.2026 | 1.075.513 |
| | | 1.504.709 |

| İş Bank AG | | | |
|------------|-------------------|-----------------------|------------------|
| Currency | Interest Rate (%) | Maturity | 31 December 2023 |
| EUR | %2,42-%8,54 | 20.06.2024-18.12.2024 | 328,098 |
| | | | 328,098 |

| Currency | Interest Rate (%) | Maturity | 31 December 2022 |
|----------|-------------------|-----------------------|------------------|
| EUR | %2,42-%3,00 | 13.01.2023-26.08.2024 | 269,932 |
| | | | 269,932 |

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10. RELATED PARTIES (CONTINUED)

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

| | 01.01.2023- 31.12.2023 | 01.01.2022- 31.12.2022 |
|---|------------------------|------------------------|
| Finance lease interest income from related parties | | |
| Radore Veri Merkezi Hizm.A.Ş. | 4,718 | 4,788 |
| Türkiye Sınai Kalkınma Bankası A.Ş. | 282 | - |
| Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş. | 19 | 163 |
| Total | 5,019 | 4,951 |
| Operating lease income from related parties | | |
| Türkiye Sınai Kalkınma Bankası A.Ş. | 3,981 | 2,574 |
| TSKB Gayrimenkul Değerleme A.Ş. | 89 | 125 |
| Total | 4,070 | 2,699 |
| Interest income from related parties | | |
| Türkiye İş Bankası A.Ş. | 161 | 437 |
| Total | 161 | 437 |
| Dividend income from related parties | | |
| İş Yatırım Menkul Değerler A.Ş. | 36,730 | 19,459 |
| Yatırım Finansman Menkul Değerler A.Ş. | - | 4 |
| Total | 36,730 | 19,463 |
| Finance expense | | |
| Türkiye İş Bankası A.Ş. | 1,858,582 | 602,991 |
| Türkiye Sınai Kalkınma Bankası A.Ş. | 158,430 | 57,602 |
| İş Yatırım Menkul Değerler A.Ş. | 12,812 | 15,749 |
| İşbank AG | 8,896 | 5,929 |
| Total | 2,038,720 | 682,271 |
| Rent expense | | |
| Türkiye İş Bankası A.Ş. | 6,673 | - |
| İş Gayrimenkul Yatırım Ortaklığı A.Ş. | 96 | - |
| Total | 6,769 | - |

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10. RELATED PARTIES (CONTINUED)

| | 01.01.2023- 31.12.2023 | 01.01.2022- 31.12.2022 |
|---|------------------------|------------------------|
| Factoring commission income from related parties | | |
| Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş. | 848 | 51 |
| Ortopro Tıbbi Aletler San ve Tic. A.Ş. | 422 | 121 |
| Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş | 34 | 37 |
| Total | 1,304 | 209 |
| Factoring interest income from related parties | | |
| Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş. | 18,316 | 2,263 |
| Ortopro Tıbbi Aletler San ve Tic. A.Ş. | 2,134 | 1,277 |
| Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş | 407 | 324 |
| Total | 20,857 | 3,864 |
| Commission income | | |
| Anadolu Anonim Türk Sigorta Şirketi | 34,826 | 19,460 |
| Total | 34,826 | 19,460 |
| Finance lease liability to related parties | | |
| Türkiye İş Bankası A.Ş. | 4,395 | - |
| Total | 4,395 | - |
| Mutual funds income | | |
| Türkiye İş Bankası A.Ş. | 1,816 | 559 |
| Total | 1,816 | 559 |

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10. RELATED PARTIES (CONTINUED)

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

| | 31 December 2023 | 31 December 2022 |
|------------------------------|------------------|------------------|
| Anadolu Hayat Emeklilik A.Ş. | - | 15,404 |
| | - | 15,404 |

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

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

| | 01.01.2023- 31.12.2023 | 01.01.2022- 31.12.2022 |
|---|------------------------|------------------------|
| Salaries and other short-term benefits (**) | 47,110 | 21,744 |
| | 47,110 | 21,744 |

(*) The Group's key management consists of members of the board of directors, general manager and assistant general managers.
 (**) Consists of monetary benefits such as; salaries, bonuses and premiums along with vehicle rentals and other associated expenses.

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11. TANGIBLE ASSETS

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

| | Furniture and Fixtures | Leasehold Improvements | Assets Subject To Operational Lease | Vehicles | Other Tangible Assets | Right of Use | Real Estate | Total |
|---|------------------------|------------------------|-------------------------------------|-------------|-----------------------|---------------|--------------|----------------|
| Cost | | | | | | | | |
| Opening balance at 1 January 2023 | 41,616 | 5,979 | 4,872 | 183 | 1,456 | 9,023 | 8,750 | 71,879 |
| Additions | 78,617 | 674 | 2,878 | - | - | 11,587 | 1,310 | 95,066 |
| Transfer | 0 | - | - | - | - | - | - | - |
| Disposals | -80,374 | - | -2,093 | -183 | - | -4,711 | -10,060 | -97,421 |
| Closing balance at 31 December 2023 | 39,859 | 6,653 | 5,657 | - | 1,456 | 15,899 | - | 69,524 |
| Accumulated depreciation | | | | | | | | |
| Opening balance at 1 January 2023 | -11,798 | -4,648 | -1,717 | -147 | -1,456 | -4,836 | -730 | -25,332 |
| Depreciation for the period | -7,355 | -435 | -1,210 | -6 | - | -9,835 | - | -18,841 |
| Transfer | - | - | - | - | - | - | - | - |
| Disposals | 1,141 | - | 2,093 | 153 | - | 4,711 | 730 | 8,828 |
| Closing balance at 31 December 2023 | -18,012 | -5,083 | -834 | - | -1,456 | -9,960 | - | -35,345 |
| Carrying amounts at 31 December 2023 | 21,847 | 1,570 | 4,823 | - | - | 5,939 | - | 34,179 |
| Carrying amounts at 1 January 2023 | 29,818 | 1,331 | 3,155 | 36 | - | 4,187 | 8,020 | 46,547 |
| Cost | | | | | | | | |
| Opening balance at 1 January 2022 | 15,117 | 5,422 | 3,802 | 183 | 1,456 | 11,577 | 8,750 | 46,307 |
| Additions | 29,312 | 557 | 1,070 | - | - | 6,791 | - | 37,730 |
| Transfer | - | - | - | - | - | - | - | - |
| Disposals | -2,813 | - | - | - | - | -9,345 | - | -12,158 |
| Closing balance at 31 December 2022 | 41,616 | 5,979 | 4,872 | 183 | 1,456 | 9,023 | 8,750 | 71,879 |
| Accumulated depreciation | | | | | | | | |
| Opening balance at 1 January 2022 | -6,521 | -4,280 | -1,204 | -53 | -1,456 | -8,961 | -555 | -23,030 |
| Depreciation for the period | -6,106 | -377 | -513 | -37 | - | -5,215 | -175 | -12,423 |
| Transfer | 17 | 9 | - | -57 | - | - | - | -31 |
| Disposals | 812 | - | - | - | - | 9,340 | - | 10,152 |
| Closing balance at 31 December 2022 | -11,798 | -4,648 | -1,717 | -147 | -1,456 | -4,836 | -730 | -25,332 |
| Carrying amounts at 31 December 2022 | 29,818 | 1,331 | 3,155 | 36 | - | 4,187 | 8,020 | 46,547 |
| Carrying amounts at 1 January 2022 | 8,596 | 1,142 | 2,598 | 130 | - | 2,616 | 8,195 | 23,277 |

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12. MADDİ OLMAYAN DURAN VARLIKLAR

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

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Cost | | |
| Opening balance at 1 January | 25,718 | 16,747 |
| Additions | 20,253 | 8,971 |
| Disposals | - | - |
| Closing balance at the end of the period | 45,971 | 25,718 |
| Amortization | | |
| Opening balance at 1 January | (12,676) | (9,881) |
| Amortization for the period | (5,041) | (2,783) |
| Transfer | - | (12) |
| Disposals | - | - |
| Closing balance at the end of the period | (17,717) | (12,676) |
| Carrying amounts(*) | 28,254 | 13,042 |

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

Goodwill

The Company has purchased nominal shares of İş Faktoring A.Ş. amounting to TL 12.517 in consideration of USD 10.952.375 on 11 August 2004. The ownership rate of the Company in this subsidiary is 78,23%. Goodwill has arisen amounting to TL 166 on purchased equity of TL 16.603. As at 31 December 2023, net amount of goodwill is TL 166 (31 December 2022: TL 166). Based on TFRS 3, for the annual periods beginning on 1 January 2005, after the reporting period ended on 31 December 2004 the Group has ceased amortization of goodwill arising from the acquisitions before 31 December 2004.

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13. DEFERRED TAX ASSETS AND LIABILITIES

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

| Temporary time differences subject to deferred tax | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Deferred Income | 739 | - |
| Unearned factoring income | 728,867 | 258,757 |
| Expected Credit Losses for Doubtful Receivables | 704,657 | 568,960 |
| Other | 90,503 | - |
| Tax base differences in tangible and intangible assets | 66,449 | (15,198) |
| Reserve for employee benefits | 29,706 | 16,796 |
| Provision for lawsuit | 28,379 | 15,154 |
| Expense Accruals | 26 | 308 |
| Deferred Factoring Commission Income | 24,936 | 12,178 |
| Employee bonus accrual | 23,393 | 5,753 |
| Unused vacation provision | 10,416 | 5,103 |
| IFRS-16 Adjustment | 6,455 | 3,392 |
| IFRS-16 Adjustment | 4,688 | 768 |
| Actuarial Difference for severance pay | 2,482 | 2,238 |
| Tax procedure law subsidiary inflation valuation difference | (1,771,498) | - |
| Prepaid expenses | (9,443) | (13,811) |
| Finance lease adjustment | (20,252) | (67,560) |
| Financial assets valuation difference | (45,777) | 63,632 |
| Finance lease income accruals | (343,899) | (201,675) |
| Received Credits BSMV & KKDF Reeskont Effect | - | 6,723 |
| | (469,173) | 661,518 |

| Deferred tax assets (liabilities) | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Actuarial Difference for severance pay 745 | 745 | 560 |
| Deferred Income | 222 | - |
| Unearned factoring income | 218,660 | 64,689 |
| Expected Credit Loss for Doubtful Receivables | 211,397 | 142,240 |
| Tax base differences in tangible and intangible assets | 19,935 | (3,799) |
| Reserve for employee benefits | 8,912 | 4,199 |
| Provision for lawsuit | 8,514 | 3,789 |
| Deferred Factoring Commission Income | 7,481 | 3,044 |
| Employee bonus accrual | 7,018 | 1,438 |
| Expense Accruals | 7 | 77 |
| Unused vacation provision | 3,125 | 1,276 |
| IFRS-16 Adjustment | 1,937 | 848 |
| Provision for expected loss | 1,406 | 192 |
| Expense accruals | (2,833) | (3,453) |
| Finance lease adjustment | (6,076) | (16,890) |
| Valuation differences on financial instruments | (13,733) | 15,908 |
| Finance lease income accruals | (103,170) | (50,419) |
| Vuk İştirak Enf Değerleme Farkı | (132,862) | - |
| Tax procedure law subsidiary inflation valuation difference | - | 1,681 |
| Other | 27,151 | - |
| | 257,836 | 165,380 |

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13. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

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

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

Movements in deferred tax assets are as follows:

| | 31 December 2023 | 31 December 2022 |
|---------------------------------------|------------------|------------------|
| Opening balance at 1 January | 165,380 | 89,070 |
| Deferred tax income / (expense) (Net) | 224,768 | 75,640 |
| Classified in Equity | (132,313) | 670 |
| Closing balance | 257,835 | 165,380 |

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

| | 31 December 2023 | | 31 December 2022 | |
|--------------------------|------------------|----------|------------------|----------|
| | TL | FC | TL | FC |
| Assets held for sale (*) | 2,432 | - | 760 | - |
| | 2,432 | - | 760 | - |

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

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15. OTHER ASSETS

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

| | 31 December 2023 | | 31 December 2022 | |
|--|------------------|----------------|------------------|------------------|
| | TL | FC | TL | FC |
| Leasing Contracts in Progress | 127,280 | 114,435 | 162,620 | 778,498 |
| Advances Given for Lease Transactions | 8,969 | 637,669 | 10,379 | 870,424 |
| Amounts to be invoiced | 22,005 | 23 | 19,138 | 34 |
| Commissions expense on debt securities issued and funds borrowed | 15,048 | - | 27,570 | - |
| Other Finance Lease Receivables | 34,606 | 35,587 | 30,095 | 15,834 |
| Refundable VAT | - | - | 16,170 | - |
| Advanced given | 327 | - | 108 | - |
| Deposits given | 139 | - | 34 | - |
| Others | 74,604 | 1,351 | 35,051 | 4,882 |
| | 282,978 | 789,065 | 301,165 | 1,669,672 |

16. FUNDS BORROWED

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

| | 31 December 2023 | | 31 December 2022 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | TL | FC | TL | FC |
| Short-term borrowings | 18,232,860 | 16,380,907 | 13,954,672 | 9,725,562 |
| Short-term portion of long-term borrow-ings | | 1,374,854 | 35,412 | 908,751 |
| Total short-term borrowings | 18,232,860 | 17,755,761 | 13,990,084 | 10,634,313 |
| Long-term borrowings | 250,000 | 3,222,686 | 35,412 | 3,070,414 |
| Total long-term borrowings | 250,000 | 3,222,686 | 35,412 | 3,070,414 |
| Total borrowings | 18,482,860 | 20,978,447 | 14,025,496 | 13,704,727 |

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

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16. FUNDS BORROWED (CONTINUED)

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

| Currency (*) | Interest Rate (%) | Original Currency Amount | 31 December 2023 |
|-------------------|-------------------|--------------------------|-------------------|
| TL | 14,01%-57,05% | 17,304,531,000 | 17,304,531 |
| USD | 6,00%-11,50% | 55,843,264 | 1,643,925 |
| EUR | 2,42%-10,47% | 250,548,900 | 8,161,355 |
| GBP | 6,43%-7,76% | 164,411,800 | 6,155,858 |
| Interest accruals | | | 1,348,098 |
| TOTAL | | | 34,613,767 |

| Currency (*) | Interest Rate (%) | Original Currency Amount | 31 December 2022 |
|-------------------|-------------------|--------------------------|-------------------|
| TL | %10,09-%25,57 | 13,723,013,276 | 13,723,012 |
| USD | %3,03-%9,60 | 116,453,848 | 2,177,488 |
| EUR | %1,80-%6,70 | 369,912,743 | 7,374,174 |
| GBP | %4,62-%5,58 | 2,597,718 | 58,421 |
| Interest accruals | | | 347,139 |
| TOTAL | | | 23,680,234 |

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

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

| Currency (*) | Interest Rate (%) | Original Currency Amount | 31 December 2023 |
|--------------|-------------------|--------------------------|------------------|
| TL | 18,51%-19,11% | 250.000.000 | 250.000 |
| USD | 6,64%-8,19% | 20.361.299 | 599.400 |
| Euro | 2,97%-9,86% | 122.740.603 | 3.998.140 |
| TOTAL | | | 4.847.540 |

| Currency (*) | Interest Rate (%) | Original Currency Amount | 31 December 2022 |
|--------------|-------------------|--------------------------|------------------|
| TL | 15,96% | 70.824.107 | 70.824 |
| USD | 6,41% - 7,80% | 37.684.558 | 704.638 |
| Euro | 1,08% - 5,89% | 164.261.000 | 3.274.527 |
| TOTAL | | | 4.049.989 |

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

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

| | 31 December 2023 | | 31 December 2022 | |
|---------------|-------------------|-------------------|-------------------|-------------------|
| | TL | FC | TL | FC |
| Fixed rate | 16,645,370 | 14,943,616 | 12,803,954 | 9,240,731 |
| Variable rate | 1,837,490 | 6,034,831 | 1,221,542 | 4,463,996 |
| | 18,482,860 | 20,978,447 | 14,025,496 | 13,704,727 |

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

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17. OTHER LIABILITIES

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

| | 31 December 2023 | | 31 December 2022 | |
|--|------------------|----------------|------------------|----------------|
| | TL | FC | TL | FC |
| Advances received (**) | 201,185 | 289,291 | 158,309 | 348,964 |
| Banking and Insurance Transaction Tax | 43,865 | - | 11,449 | - |
| Social Security Premium Liability | 9,250 | - | 4,676 | - |
| Income Tax Liability | 3,948 | - | 2,266 | - |
| Payables to suppliers for lease transactions | 5,546 | 330,771 | 783 | 574,605 |
| Deferred Income | 739 | - | 974 | - |
| Other Tax and Liabilities | 224 | - | 105 | - |
| Value Added Tax | 14,078 | - | 227 | - |
| Other(*) | 139,400 | 133,040 | 50,418 | 52,841 |
| | 418,235 | 753,102 | 229,207 | 976,410 |

(*) The Group insures the equipments that are subject to the leasing transactions and pays for the relevant costs in instalments. Other payables consist of the Group's insurance premium payables and payables to suppliers resulting from intercorporate daily operations of the Group. The Group purchases generally in cash from the suppliers. The Group has a financial risk management policy that enables the Group to pay all its payables at their maturities.

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

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18. LEASE PAYABLES

| | 31 December 2023 | 31 December 2022 |
|----------------|------------------|------------------|
| Lease Payables | 6,455 | 2,312 |
| | 6,455 | 2,312 |

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

| | 31 December 2023 | 31 December 2022 |
|------|------------------|------------------|
| 2024 | 3,376 | 1,487 |
| 2025 | 2,042 | 825 |
| 2026 | 1,037 | - |
| | 6,455 | 2,312 |

19. DEBT SECURITIES ISSUED

| | 31 December 2023 | | 31 December 2022 | |
|-------------------|------------------|----------|------------------|----------|
| | TL | FC | TL | FC |
| Bills bonds | 3,444,142 | - | 3,302,854 | - |
| Interest accruals | 301,134 | - | 107,779 | - |
| | 3,745,276 | - | 3,410,633 | - |

31 December 2023 itibariyle Grup tarafından ihraç edilmiş olan finansman bonolarının özellikleri aşağıda verilmektedir.

| ISIN KODLU | Maturity Starting Date | Nominal Value of Capital Market Instrument Sold | Maturity Date | Sale Type | Coupon Period |
|--------------|------------------------|---|---------------|--------------------|---------------------|
| TRFISFN12412 | 04.08.23 | 300,000,000 | 30.01.24 | Qualified Investor | Payment at maturity |
| TRFISFN12420 | 07.08.23 | 50,000,000 | 08.01.24 | Qualified Investor | Payment at maturity |
| TRFISFN12438 | 09.08.23 | 200,000,000 | 11.01.24 | Qualified Investor | Payment at maturity |
| TRFISFN22411 | 11.08.23 | 250,000,000 | 06.02.24 | Qualified Investor | Payment at maturity |
| TRFISFN22429 | 17.08.23 | 200,000,000 | 12.02.24 | Qualified Investor | Payment at maturity |
| TRFISFN32410 | 15.09.23 | 100,000,000 | 12.03.24 | Qualified Investor | Payment at maturity |
| TRFISFN12453 | 28.09.23 | 400,000,000 | 05.01.24 | Qualified Investor | Payment at maturity |
| TRFISFN42419 | 12.12.23 | 50,000,000 | 03.04.24 | Qualified Investor | Payment at maturity |

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20. PROVISIONS

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

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Reserve for employee severance indemnity | 32,188 | 19,035 |
| Provision for employee bonus | 23,394 | 10,135 |
| Vacation pay provision | 10,416 | 5,103 |
| | 65,998 | 34,273 |

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

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

| | 31 December 2023 | 31 December 2022 |
|-------------------------------------|------------------|------------------|
| Discount rate | %3,26 | %2,21 |
| Inflation | %21,10 | %19,80 |
| Estimated probability of retirement | %94,76 | %100 |

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

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Balance at the beginning of the year | 19,035 | 8,340 |
| Service cost | 11,334 | 7,613 |
| Actuarial difference | 4,706 | 1,872 |
| Interest cost | 1,461 | 2,590 |
| Reversed severance indemnity provision | (357) | (387) |
| Amounts paid to employee severance indemnity | (3,991) | (993) |
| Balance at the end of the year | 32,188 | 19,035 |

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

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Balance at the beginning of the year | 5,103 | 2,799 |
| Increase during the period | 5,313 | 2,304 |
| Balance at the end of the year | 10,416 | 5,103 |

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20. PROVISIONS (CONTINUED)

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

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Balance at the beginning of the year | 10,135 | 6,428 |
| Increase during the period | 23,394 | 10,828 |
| Reversals | - | - |
| Payment made during the period | (10,135) | (7,121) |
| Balance at the end of the year | 23,394 | 10,135 |

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

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Provision for lawsuits | 28,379 | 15,154 |
| Provision for general administrative expenses | 4,688 | 769 |
| Expected Credit Loss for Financial Assets | 520 | 308 |
| | 33,587 | 16,231 |

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

| 31 December 2023 | General provision for financial lease receivables | Provision for lawsuits | Provision for administrative expenses | Expected Credit Loss for Financial Assets |
|-------------------------------------|---|------------------------|---------------------------------------|---|
| At the beginning of the year | - | 15,154 | 308 | 769 |
| Period Expense | - | 13,516 | 4,205 | 4,688 |
| Payments | - | - | (3,659) | - |
| Cancellations | - | (291) | (334) | (769) |
| At the end of the period | - | 28,379 | 520 | 4,688 |

| 31 December 2022 | General provision for financial lease receivables | Provision for lawsuits | Provision for administrative expenses | Expected Credit Loss for Financial Assets |
|-------------------------------------|---|------------------------|---------------------------------------|---|
| At the beginning of the year | - | 10,966 | 103 | 343 |
| Period Expense | - | 4,230 | 2,676 | 769 |
| Payments | - | - | (2,471) | - |
| Cancellations | - | (42) | - | (343) |
| At the end of the period | - | 15,154 | 308 | 769 |

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21. CURRENT PERIOD TAX ASSET AND PAYABLE

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

| | 31 December 2023 | 31 December 2022 |
|---------------------------|------------------|------------------|
| Income taxes withheld (*) | 239 | 292 |
| Total | 239 | 292 |

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

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Current period corporate tax provision (Note:35) | 1,062,283 | 370,845 |
| Previous period corporate tax provision | - | - |
| Taxes paid for the current period | 21,162 | 4,031 |
| Corporate Tax to be offset | - | - |
| Payments During the Term | (785,596) | (258,228) |
| Corporate tax payable | 297,849 | 116,648 |

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

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Corporate Tax Payable at the Beginning of the Term | | |
| Current Period Expense | 1,062,283 | 370,845 |
| Corporate Tax to be offset | - | - |
| Tax Payable | 21,162 | 4,031 |
| Previous period corporate tax provision | 116,648 | 84,352 |
| Payments During the Term | (902,244) | (342,580) |
| Corporate tax payable | 297,849 | 116,648 |

22. NON-CONTROLLING INTERESTS

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

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

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Balance at the beginning of the year | 311,213 | 140,425 |
| From the Profit.Loss of the year | 252,392 | 96,410 |
| Fair value changes of marketable securities | 109,628 | 74,378 |
| Profit Share from Associates | - | - |
| Prior Year Adjustment | (378) | - |
| Balance at the end of the year | 672,855 | 311,213 |

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23. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 31 December 2023 nominal capital of the Company is 695.303 TL, the share capital of the Company consists 65.030.264.500 of shares Kurus 1 price.

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

| Shareholders | 31 December 2023 | (%) | 31 December 2022 |
|-------------------------------------|------------------|------------|------------------|
| Türkiye Sınai Kalkınma Bankası A.Ş. | 204,850 | 29,46 | 204,850 |
| Türkiye İş Bankası A.Ş. | 193,253 | 27,79 | 193,253 |
| Trakya Yatırım Holding A.Ş. | 6,483 | 0,93 | 6,483 |
| Publicly traded | 290,717 | 41,82 | 290,717 |
| Total | 695,303 | 100 | 695,303 |

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

| Shareholders | 31 December 2023 | 31 December 2022 |
|-------------------------------------|--------------------|--------------------|
| Türkiye İş Bankası A.Ş. | 300,000,000 | 300,000,000 |
| Türkiye Sınai Kalkınma Bankası A.Ş. | 255,000,000 | 255,000,000 |
| Trakya Yatırım Holding A.Ş. | 45,000,000 | 45,000,000 |
| Total | 600,000,000 | 600,000,000 |

Genel kurullarda, şirket ana sözleşmesinde yapılacak muhtelif değişiklikler için A grubu payları temsil eden hissedarların muvafakati şartı bulunmaktadır.

Capital Reserves

| | 31 December 2023 | 31 December 2022 |
|--|------------------|------------------|
| Other Capital Reserves(*) | 1,763 | 1,763 |
| Accumulated Other Comprehensive Income.Expenditure Not Reclassified in Profit.Loss | 1,843,962 | 946,809 |
| Accumulated Other Comprehensive Income.Expenditure Reclassified in Profit.Loss | 1,843,962 | 946,809 |
| Other Comprehensive Income or Expenses to be Reclas-sified in Profit or Loss(**) | - | - |
| Total | 1,843,962 | 946,809 |

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

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

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24. PROFIT RESERVES

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

| | 31 December 2023 | 31 December 2022 |
|------------------------|------------------|------------------|
| Legal reserves | 111,904 | 80,210 |
| Extraordinary reserves | 1,671,185 | 874,157 |
| Total | 1,783,089 | 954,367 |

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

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

25. PRIOR YEARS' PROFIT LOSS

The group has profit amounting to TL 5.868 as at December 31, 2023 (31 December 2022: TL 7.824).

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26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2023, TL 8.700.597 of letters of guarantee are given to customs, authorities and banks (31 December 2022: TL 3.609.938).

As at 31 December 2023, the total risk of litigations filed and currently pending against the Group amounting to approximately TL 35.218 (31 December 2022: TL 21.308). The Group has provided a provision amounting to TL 28.379 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 31 December 2023, the Group has letter of credit commitments of USD 3.217.130, EUR 2.673.902 (Total TL 181.805.932) (31 December 2022: USD 4.618.862, EUR 18.294.230, (Total TL 451.059)).

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

As at 31 December 2023, the Group has lease commitments of USD 3.869.598, EUR 20.934.644 and full TL 549.974.821 (Total TL 1.345.812) (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 31 December 2023 details of derivatives are as follows:

| | 31 December 2023 | |
|--------------------------------|-----------------------------|------------------|
| | Amount as Original Currency | Thousand TL |
| Currency Swap Purchases | | |
| GBP | 164,438,416 | 6,156,854 |
| EUR | 2,800,235 | 91,214 |
| | | 6,248,068 |
| Currency Swap Sales | | |
| USD | 70,386,519 | 2,072,052 |
| EUR | 125,917,638 | 4,101,629 |
| | | 6,173,681 |

| | 31 December 2023 | |
|-----------------------------------|-----------------------------|----------------|
| | Amount as Original Currency | Thousand TL |
| Currency Futures Purchases | | |
| GBP | 5,487,940 | 205,478 |
| | | 205,478 |
| Currency Futures Sales | | |
| USD | 3,164,018 | 93,143 |
| EUR | 3,345,495 | 108,976 |
| | | 202,119 |

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26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

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

| | 31 December 2022 | |
|---------------------------------|-----------------------------|------------------|
| | Amount as Original Currency | Thousand TL |
| Currency Swap Purchases: | | |
| TL | 1,396,339,200 | 1,396,339 |
| | | 1,396,339 |
| Currency Swap Sales: | | |
| USD | 5,000,000 | 93,492 |
| EUR | 65,400,000 | 1,303,742 |
| | | 1,397,234 |

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

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

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

| | Short Term | Long Term | Total |
|----------------------------|------------|-----------|-----------|
| Currency Swap Purchases | 6,248,068 | - | 6,248,068 |
| Currency Swap Sales | 6,173,681 | - | 6,173,681 |
| Currency Futures Purchases | 205,478 | - | 205,478 |
| Currency Futures Sales | 202,119 | - | 202,119 |

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

| | Short Term | Long Term | Total |
|-------------------------|------------|-----------|-----------|
| Currency Swap Purchases | 1,396,339 | - | 1,396,339 |
| Currency Swap Sales | 1,397,234 | - | 1,397,234 |

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27. SEGMENT REPORTING

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

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

Business segments

The Group comprises the following main business segments:

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

| 31 December 2023 | Leasing | Factoring | Consolidation Adjustments | Consolidated |
|-------------------------|------------|------------|---------------------------|--------------|
| Total assets | 27,606,958 | 24,004,354 | (53,766) | 51,557,546 |
| Total liabilities | 23,874,221 | 20,913,425 | - | 44,787,646 |
| Net profit for the year | 860,027 | 1,159,425 | (252,392) | 1,767,060 |

| 31 December 2022 | Leasing | Factoring | Consolidation Adjustments | Consolidated |
|-------------------------|------------|------------|---------------------------|--------------|
| 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 |

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27. SEGMENT REPORTING (CONTINUED)

| 31 December 2023 | Leasing | Factoring | Consolidation Adjustments | Consolidated |
|--|----------------|------------------|---------------------------|------------------|
| Operating Income | 3,000,733 | 5,180,594 | - | 8,181,327 |
| Financial Expenses (-) | (2,147,074) | (3,565,883) | - | (5,712,957) |
| Gross Profit . Loss | 853,659 | 1,614,711 | - | 2,468,370 |
| Operating Expense (-) | (239,758) | (177,009) | - | (416,767) |
| Gross Operating Profit.Loss | 613,901 | 1,437,702 | - | 2,051,603 |
| Other Operating Income | 1,195,240 | 374,602 | - | 1,569,842 |
| Provisions (-) | (269,172) | (177,091) | - | (446,263) |
| Other operating Expenses (-) | (297,048) | (21,167) | - | (318,215) |
| Net Operating Profit . Loss | 1,242,921 | 1,614,046 | - | 2,856,967 |
| Profit or Loss from Continuing Operations before tax | 1,242,921 | 1,614,046 | - | 2,856,967 |
| Provision for Taxes from Continuing Operations (±) | (382,894) | (454,621) | - | (837,515) |
| Net Profit or Loss from Continuing Operations | 860,027 | 1,159,425 | - | 2,019,452 |
| Non-controlling Interests | - | - | (252,392) | (252,392) |
| Net Profit or Loss for the Period | 860,027 | 1,159,425 | (252,392) | 1,767,060 |
| Fixed Asset Additions | 93,321 | 21,998 | - | 115,319 |
| Depreciation and Amortisation | (12,825) | (11,057) | - | (23,882) |
| 31 December 2022 | Leasing | Factoring | Consolidation Adjustments | Consolidated |
| Operating Income | 1,639,465 | 1,796,139 | - | 3,435,604 |
| Financial Expenses (-) | (1,143,650) | (1,101,781) | - | (2,245,431) |
| Gross Profit . Loss | 495,815 | 694,358 | - | 1,190,173 |
| Operating Expense (-) | (122,182) | (82,848) | - | (205,030) |
| Gross Operating Profit.Loss | 373,633 | 611,510 | - | 985,143 |
| Other Operating Income | 786,083 | 150,484 | - | 936,567 |
| Provisions (-) | (267,689) | (177,725) | - | (445,414) |
| Other operating Expenses (-) | (257,130) | (785) | - | (257,915) |
| Net Operating Profit . Loss | 634,897 | 583,484 | - | 1,218,381 |
| Profit or Loss from Continuing Operations before tax | 634,897 | 583,484 | - | 1,218,381 |
| Provision for Taxes from Continuing Operations (±) | (154,607) | (140,598) | - | (295,205) |
| Net Profit or Loss from Continuing Operations | 480,290 | 442,886 | - | 923,176 |
| Non-controlling Interests | - | - | (96,410) | (96,410) |
| Net Profit or Loss for the Period | 480,290 | 442,886 | (96,410) | 826,766 |
| Fixed Asset Additions | 31,512 | 15,189 | - | 46,701 |
| Depreciation and Amortisation | (9,115) | (6,091) | - | (15,206) |

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28. EVENTS AFTER THE REPORTING PERIOD

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

29. OPERATING INCOME

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

| | 01.01.2023- 31.12.2023 | 01.01.2022- 31.12.2022 |
|------------------------|------------------------|------------------------|
| Finance Lease income | 2,996,662 | 1,636,765 |
| Operating lease income | 4,070 | 2,699 |
| Factoring income | 5,180,595 | 1,796,140 |
| | 8,181,327 | 3,435,604 |

30. OPERATING EXPENSES

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

| | 01.01.2023 - 31.12.2023 | 01.01.2022 - 31.12.2022 |
|--|-------------------------|-------------------------|
| Personel expenses | (269,317) | (132,579) |
| Depreciation and amortization expenses | (23,882) | (15,206) |
| Information technology expenses | (19,245) | (9,212) |
| Provision for employee severance | (15,683) | (9,099) |
| Office rent expenses | (14,082) | (8,173) |
| Taxes, duties and charges | (11,082) | (5,501) |
| BRSA participation fee | (10,916) | (5,015) |
| Board of Directors attendance fee | (10,139) | (4,498) |
| Consultancy expenses | (5,694) | (3,135) |
| Travel and car expenses | (3,680) | (2,703) |
| Write-off expense | - | (1,175) |
| Advertising expense | (1,975) | (864) |
| Capital increase expense | (869) | (462) |
| Communication expense | (771) | (454) |
| Insurance expense | (418) | (447) |
| Expenses of Keeping on the Rank | (19) | (146) |
| Other general administrative expenses | (28,995) | (6,361) |
| | (416,767) | (205,030) |

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31. OTHER OPERATING INCOME

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

| | 01.01.2023 - 31.12.2023 | 01.01.2022 - 31.12.2022 |
|---|-------------------------|-------------------------|
| Foreign exchange gains | 781,063 | 597,785 |
| Income from derivative financial transactions | 241,637 | 156,240 |
| Collections from prior period non-performing receivables and cancellation | 268,521 | 88,313 |
| Dividend income | 36,730 | 19,463 |
| Commission income | 34,826 | 19,460 |
| Interest income | 20,147 | 2,461 |
| Other | 186,918 | 52,845 |
| | 1,569,842 | 936,567 |

32. FINANCE EXPENSES

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

| | 01.01.2023 - 31.12.2023 | 01.01.2022 - 31.12.2022 |
|--|-------------------------|-------------------------|
| Interest expense on funds borrowed | (4,499,880) | (1,581,087) |
| Interest expense on debt securities issued | (615,602) | (547,053) |
| Fees and commissions expense | (595,561) | (116,271) |
| Interest expense related to rents | (1,914) | (1,020) |
| | (5,712,957) | (2,245,431) |

33. PROVISIONS

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

| | 01.01.2023 - 31.12.2023 | 01.01.2022 - 31.12.2022 |
|---------------------|-------------------------|-------------------------|
| Specific Provisions | (446,263) | (445,414) |
| | (446,263) | (445,414) |

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34. OTHER OPERATING EXPENSES

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

| | 01.01.2023 - 31.12.2023 | 01.01.2022 - 31.12.2022 |
|--|-------------------------|-------------------------|
| Losses From Derivative Financial Instruments | (264,170) | (241,906) |
| Foreign exchange loss | - | - |
| Other | (54,045) | (16,009) |
| | (318,215) | (257,915) |

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

The difference as foreign currency expenses difference between loss is at amounting TL 13.298 from measurement difference of such transactions in the Group's financial statements as at 31 december 2023 (31 December 2022: TL 127.815 foreign exchange loss). The difference is expected to be substantially expired at the maturity of transactions.

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35. TAXATION

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

| | 01.01.2023- 31.12.2023 | 01.01.2022 - 31.12.2022 |
|--------------------------------|------------------------|-------------------------|
| Current corporate tax charge | (1,062,283) | (370,845) |
| Deffered tax income. (expense) | 224,768 | 75,640 |
| | (837,515) | (295,205) |

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

| | % | 1 January- 31 December 2023 | % | 1 January- 31 December 2022 |
|---------------------------------------|--------------|--------------------------------|--------------|--------------------------------|
| Net profit for the period | | 2,019,452 | | 923,176 |
| Total tax expense | | 837,515 | | 295,205 |
| Profit before tax | | 2,856,967 | | 1,218,381 |
| Income tax using the Group's tax rate | 30.00 | 857,090 | 25.00 | 304,595 |
| Non-deductible expenses | 1.99 | 56,829 | 0.46 | 5,628 |
| Tax exempt income | (0.39) | (11,065) | (0.40) | (4,866) |
| Other | (2.29) | (65,339) | (0.83) | (10,152) |
| Total income tax expense | 29.31 | 837,515 | 24.23 | 295,205 |

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.

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35. TAXATION (CONTINUED)

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

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

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

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

In Turkey, provisional tax is calculated and accrued quarterly. The provisional tax rate that must be calculated on corporate earnings during the taxation of 2023 corporate earnings as of the provisional tax periods is 30% for 31.12.2023. (December 31, 2022: 25%). According to Turkish tax legislation, financial losses shown on the declaration can be deducted from the period corporate income for a period not exceeding 5 years. However, losses cannot be deducted retroactively from profits made in previous years. According to the 17th article of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, Banks are subject to the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21/11/2012. Profit/loss differences arising from inflation adjustments to be made in the 2024 and 2025 accounting periods, including provisional tax periods, by the companies within the scope of the scope of payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. It has become law that it will not be taken into account in the determination. The President is authorized to extend the periods determined within the scope of this paragraph by one accounting period, including provisional tax periods. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 30 April of the following year (between 1st and 30th of the following fourth month of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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35. TAXATION (CONTINUED)

Transfer Pricing

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

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

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36. EARNINGS PER SHARE

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

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

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

| | 1 January-31 December 2023 | 1 January-31 December 2022 |
|---|----------------------------|----------------------------|
| Weighted average number of outstanding shares (*) | 69,530,264,500 | 69,530,264,500 |
| Net profit for the year (TL) | 1,767,060 | 826,766 |
| Basic earnings per share (full TL) | 2.54 | 1.19 |

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

| | 31 December 2023 | 31 December 2022 |
|--|-----------------------|-----------------------|
| Number of shares at beginning of the year | 69,530,264,500 | 69,530,264,500 |
| Capital increase | - | - |
| Number of shares at end of the year | 69,530,264,500 | 69,530,264,500 |

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

None.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

(a) Capital risk management

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

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

| | 31 December 2023 | 31 December 2022 |
|------------------------------------|-------------------|-------------------|
| Funds borrowed | 39,461,307 | 27,730,223 |
| Debt securities issued | 3,745,276 | 3,410,633 |
| Other liabilities | 1,171,337 | 1,205,617 |
| Total liabilities | 44,377,920 | 32,346,473 |
| Cash and Cash Equivalents (-) | (2,512,911) | (362,715) |
| Net liabilities | 41,865,009 | 31,983,758 |
| Total shareholders' equity | 6,769,900 | 3,744,045 |
| Shareholders' equity . liabilities | 16% | 12% |

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

| Foreign Currency | |
|-------------------|---------|
| Long term | B- |
| Short term | B |
| Outlook | Stable |
| TL | |
| Long term | B |
| Short term | B |
| Outlook | Stable |
| National | |
| Long term | A+(tur) |
| Outlook | Stable |
| Sharehold Support | B- |

(b) Significant accounting policies

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(c) Categories of financial instruments

| | 31 December 2023 | 31 December 2022 |
|---|------------------|------------------|
| Financial Assets: | | |
| Cash and Cash Equivalents | 2,512,911 | 362,715 |
| Derivative Financial Assets | 83,917 | 4,207 |
| Finance lease receivables and non-performing receivables, net | 23,220,714 | 17,146,965 |
| Leasing Contracts in Progress | 241,715 | 941,118 |
| Advances Given for Lease Transactions | 646,638 | 880,803 |
| Other Finance Lease Receivables | 70,193 | 45,929 |
| Factoring receivables and non-performing factoring receivables, Net | 22,092,144 | 15,530,958 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 2,228,384 | 1,088,210 |
| Financial assets at fair value through profit or loss | 24,328 | - |
| Financial Liabilities: | | |
| Derivative financial liabilities at fair value | (5,837) | (67,840) |
| Finance Lease Obligations | (6,455) | (4,569) |
| Other liabilities | (1,171,337) | (1,205,617) |
| Funds borrowed | (39,461,307) | (27,730,223) |
| Debt securities issued | (3,745,276) | (3,410,633) |

(d) Financial risk management objectives

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

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

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market risk

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

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

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

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

(f) Currency risk management

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(f) Currency risk management (Continued)

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

| 31 December 2023 (*) | USD (000) | EUR (000) | CHF (000) | GBP (000) | JPY (000) | AUD (000) | CNY (000) | TL Equivalent |
|--|-----------------|------------------|--------------|----------------|--------------|--------------|--------------|---------------------|
| Banks | 466 | 46,796 | 3 | 904 | 28 | 2 | 5 | 1,572,058 |
| Finance lease receivables | 100,227 | 428,863 | - | - | - | - | - | 16,920,228 |
| Factoring receivables(*) | 62,009 | 40,671 | - | 2,929 | - | - | - | 3,259,927 |
| Advances given for lease transactions | 7,961 | 12,362 | - | - | - | - | - | 637,669 |
| Leasing contracts in progress | 70 | 3,450 | - | - | - | - | - | 114,435 |
| Other receivables from lea-sing transactions | 207 | 905 | - | - | - | - | - | 35,587 |
| Other assets | 26 | 18 | - | - | - | - | - | 1,374 |
| Total assets (**) | 170,966 | 533,065 | 3 | 3,833 | 28 | 2 | 5 | 22,541,278 |
| Funds borrowed(*) | (77,002) | (381,157) | - | (3,427) | - | - | - | (20,978,447) |
| Lease Obligations | - | - | - | - | - | - | - | - |
| Other provisions | (1) | (833) | - | (1) | - | - | - | (27,191) |
| Other Liabilities | (4,868) | (18,451) | (1) | (233) | - | - | - | (753,102) |
| Total liabilities (**) | (81,871) | (400,441) | (1) | (3,661) | - | - | - | (21,758,740) |
| Balance sheet position | 89,095 | 132,624 | - | 172 | 28 | 2 | 5 | 782,538 |
| Off balance sheet position | (54,339) | (110,830) | - | 141,030 | - | - | - | 77,746 |
| Net foreign currency posi-tion | 34,756 | 21,794 | 2 | 141,202 | 28 | 2 | 5 | 860,284 |

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

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(f) Currency risk management (Continued)

| 31 December 2022 (*) | USD (000) | EUR (000) | CHF (000) | GBP (000) | JPY (000) | AUD (000) | CNY (000) | TL Equivalent |
|--|------------------|------------------|--------------|----------------|--------------|--------------|--------------|---------------------|
| Banks | 3,287 | 5,947 | 2 | 195 | 28 | 2 | 5 | 184,479 |
| Finance lease receivables | 103,883 | 532,234 | - | - | - | - | - | 12,552,465 |
| Factoring receivables(*) | 55,679 | 54,457 | - | 2,467 | - | - | - | 2,182,190 |
| Advances given for lease transactions | 18,081 | 23,732 | - | 2,592 | 3,900 | - | - | 870,424 |
| Leasing contracts in progress | 7,287 | 32,217 | - | - | - | - | - | 778,498 |
| Other receivables from lea-sing transactions | 172 | 633 | - | - | - | - | - | 15,834 |
| Other assets | 4 | 243 | - | - | - | - | - | 4,916 |
| Total assets (**) | 188,393 | 649,463 | 2 | 5,254 | 3,928 | 2 | 5 | 16,588,806 |
| Funds borrowed(*) | (155,286) | (538,883) | - | (2,604) | - | - | - | (13,704,727) |
| Lease Obligations | - | - | - | - | - | - | - | - |
| Other provisions | (1) | (698) | - | - | - | - | - | (13,940) |
| Other Liabilities | (12,999) | (36,700) | - | (77) | - | - | - | (976,410) |
| Total liabilities (**) | (168,286) | (576,281) | - | (2,681) | - | - | - | (14,695,077) |
| Balance sheet position | 20,107 | 73,182 | 2 | 2,573 | - | 2 | 5 | 1,893,729 |
| Off balance sheet position | (5,000) | (65,400) | - | - | - | - | - | (1,397,234) |
| Net foreign currency posi-tion | 15,107 | 7,782 | 2 | 2,573 | - | 2 | 5 | 496,495 |

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

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

Foreign currency sensitivity

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

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

| 31 December 2023 | Profit/ (Loss) | | | Equity(*) |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| 15% change of the USD against TL | | | | |
| 1- Net USD asset.liability | 393,419 | (393,419) | 393,419 | (393,419) |
| 2- Hedged portion of TL against USD risk (-) | (239,946) | 239,946 | (239,946) | 239,946 |
| 3- Net effect of USD (1+ 2) | 153,473 | (153,473) | 153,473 | (153,473) |
| 15% change of the Euro against TL | | | | |
| 4- Net Euro asset.liability | 648,012 | (648,012) | 648,012 | (648,012) |
| 5- Hedged portion of TL against Euro risk (-) | (541,525) | 541,525 | (541,525) | 541,525 |
| 6- Net effect of Euro (4+5) | 106,487 | (106,487) | 106,487 | (106,487) |
| 15% change of other foreign currencies against TL | | | | |
| 7- Net other foreign currencies asset.liability | 793,040 | (793,040) | 793,040 | (793,040) |
| 8- Hedged portion of TL against other currencies risk (-) | - | - | - | - |
| 9- Net effect of other foreign currencies (7+8) | 793,040 | (793,040) | 793,040 | (793,040) |
| TOTAL (3+6+9) | 1,053,000 | (1,053,000) | 1,053,000 | (1,053,000) |

(*) Includes profit.loss effect.

| 31 December 2022 | Profit/ (Loss) | | | Equity(*) |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| 15% change of the USD against TL | | | | |
| 1- Net USD asset.liability | 56,395 | (56,395) | 56,395 | (56,395) |
| 2- Hedged portion of TL against USD risk (-) | (14,024) | 14,024 | (14,024) | 14,024 |
| 3- Net effect of USD (1+ 2) | 42,371 | (42,371) | 42,371 | (42,371) |
| 15% change of the Euro against TL | | | | |
| 4- Net Euro asset.liability | 218,831 | (218,831) | 218,831 | (218,831) |
| 5- Hedged portion of TL against Euro risk (-) | (195,561) | 195,561 | (195,561) | 195,561 |
| 6- Net effect of Euro (4+5) | 23,270 | (23,270) | 23,270 | (23,270) |
| 15% change of other foreign currencies against TL | | | | |
| 7- Net other foreign currencies asset.liability | 8,769 | (8,769) | 8,769 | (8,769) |
| 8- Hedged portion of TL against other currencies risk (-) | - | - | - | - |
| 9- Net effect of other foreign currencies (7+8) | 8,769 | (8,769) | 8,769 | (8,769) |
| TOTAL (3+6+9) | 74,410 | (74,410) | 74,410 | (74,410) |

(*) Includes profit.loss effect.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(f) Currency risk management (Continued)

Forward foreign exchange contracts and currency swaps

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

(g) Interest rate risk management

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

Interest rate sensitivity

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

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

| | 31 December 2023 | 31 December 2022 |
|----------------------------------|------------------|------------------|
| Fixed rate instruments | | |
| Financial assets: | | |
| Cash and Cash Equivalents | 1,961,533 | 143,881 |
| Finance lease receivables | 23,193,312 | 17,103,164 |
| Factoring receivables | 20,304,633 | 12,873,598 |
| Financial liabilities: | | |
| Funds borrowed | 31,588,986 | 22,044,685 |
| Debt securities issued | 3,745,276 | 3,410,633 |
| Variable rate instruments | | |
| Financial assets: | | |
| Finance lease receivables | 27,402 | 43,801 |
| Factoring receivables | 1,787,511 | 2,657,360 |
| Financial liabilities: | | |
| Borrowings | 7,872,321 | 5,685,538 |

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(g) Interest rate risk management (Continued)

Interest rate sensitivity (Continued)

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

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

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

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

(h) Other price risks

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

Equity price sensitivity

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

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

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

The effect on equity (without tax effects) as a result of change in the fair value of equity instruments quoted to Borsa İstanbul (Istanbul Stock Exchange) held as financial assets available for sale in the accompanying consolidated financial statements, due to a reasonably possible change in equity indices, with all other variables held constant, would be TL 351.160 (31 December 2022: TL 137.260).

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)**(i) Credit risk management**

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

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

Sectoral allocation of finance lease receivables is as follows:

| | 31 December 2023 (%) | 31 Aralık 2022 (%) |
|-----------------------------|----------------------|--------------------|
| Tekstile Construction | 17.73 | 19.02 |
| Construction | 19.48 | 15.82 |
| Metal industry | 10.82 | 11.95 |
| Transportation | 8.92 | 9.57 |
| Mining | 5.90 | 7.20 |
| Real estate | 5.09 | 4.40 |
| Forestry products and paper | 3.92 | 4.35 |
| Energy | 2.64 | 3.31 |
| Food and beverage | 2.88 | 2.76 |
| Agriculture and forestry | 2.94 | 2.41 |
| Machinery and Equipment | 2.79 | 2.20 |
| Rubber, Plastic | 1.83 | 2.80 |
| Healthcare | 1.17 | 1.65 |
| Wholesale-Retail Trade | 1.32 | 1.28 |
| Finance | 0.26 | 0.96 |
| Tourism | 0.46 | 0.25 |
| Other | 11.85 | 10.07 |
| | 100.00 | 100.00 |

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)**(i) Credit risk management (Continued)**

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

| 31 December 2023 | Receivables | | | | Cash and Cash Equivalents | Financial Assets at Fair value through profit.loss | Financial Assets at Fair Value Through Other Comprehensive Income (***) | Derivative Financial Assets |
|---|---------------------------|-------------|-----------------------|-------------|---------------------------|--|---|-----------------------------|
| | Finance Lease Receivables | | Factoring Receivables | | | | | |
| | Related party | Third party | Related party | Third party | | | | |
| Exposure to maximum credit risk as at reporting date (*) | 16,474 | 23,204,240 | 211,790 | 21,880,354 | 24,328 | 14,228,789 | 2,228,384 | 22,155,237 |
| - The portion of maximum risk covered by guarantee | - | 964,164 | - | 3,329,656 | - | - | - | - |
| A. Net carrying value of financial assets which are neither im-paired nor overdue | 16,474 | 22,246,020 | 211,790 | 21,541,145 | 24,328 | 14,228,789 | 2,228,384 | 22,155,237 |
| - The portion covered by guarantee | - | 784,227 | - | 3,105,756 | - | - | - | - |
| B. Net carrying value of financial assets that are restricted, oherwise which will be regarded as overdue or impaired | - | - | - | 60 | - | - | - | - |
| C. Net carrying value of financial assets which are overdue but not impaired | - | 1,049,269 | - | 2,301 | - | - | - | - |
| - The portion covered by guarantee | - | 175,970 | - | 223,900 | - | - | - | - |
| D. Net carrying value of impaired assets | - | (91,049) | - | 336,848 | - | - | - | - |
| - Overdue (gross book value) | - | 615,275 | - | 336,848 | - | - | - | - |
| - Impairment (-) | - | (911,447) | - | - | - | - | - | - |
| - Covered portion of net book value (with letter of guarantee etc) (**) | - | 3,967 | - | - | - | - | - | - |
| - Not past due (gross book value) | - | 257,594 | - | - | - | - | - | - |
| - Impairment (-) | - | (52,471) | - | - | - | - | - | - |
| - Covered portion of net book value (with letter of guarantee etc.) (**) | - | - | - | - | - | - | - | - |
| E. Bilanço dışı kredi riski içeren unsurlar | - | - | - | - | - | - | - | - |

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

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

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)**(i) Credit risk management (Continued)**

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

| 31 December 2022 | Receivables | | | | Cash and Cash Equivalents | Financial Assets at Fair value through profit/loss | Financial Assets at Fair Value Through Other Comprehensive Income (***) | Derivative Financial Assets |
|--|---------------------------|-------------|-----------------------|-------------|---------------------------|--|---|-----------------------------|
| | Finance Lease Receivables | | Factoring Receivables | | | | | |
| | Related party | Third party | Related party | Third party | | | | |
| Exposure to maximum credit risk as at reporting date (*) | 18,827 | 17,128,138 | 51,381 | 15,479,577 | - | 10,375,122 | - | 15,631,724 |
| - The portion of maximum risk covered by guarantee | - | 816,317 | - | 2,464,245 | - | - | - | - |
| A. Net carrying value of financial assets which are neither impaired nor overdue | 18,827 | 15,992,832 | 51,381 | 15,191,866 | - | 10,375,122 | - | 15,631,724 |
| - The portion covered by guarantee | - | 606,872 | - | 2,453,748 | - | - | - | - |
| B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired | - | - | - | 281 | - | - | - | - |
| C. Net carrying value of financial assets which are overdue but not impaired | - | 1,250,686 | - | 10,497 | - | - | - | - |
| - The portion covered by guarantee | - | 204,610 | - | 10,497 | - | - | - | - |
| D. Net carrying value of impaired assets | - | - | - | - | - | - | - | - |
| - Overdue (gross book value) | - | (115,380) | - | 276,933 | - | - | - | - |
| - Impairment (-) | - | 491,526 | - | 276,933 | - | - | - | - |
| - Covered portion of net book value (with letter of guarantee etc.) (**) | - | (783,451) | - | - | - | - | - | - |
| - Not past due (gross book value) | - | 4,835 | - | - | - | - | - | - |
| - Impairment (-) | - | 191,699 | - | - | - | - | - | - |
| - Covered portion of net book value (with letter of guarantee etc.) (**) | - | (15,154) | - | - | - | - | - | - |
| E. Bilanço dışı kredi riski içeren unsurlar | - | - | - | - | - | - | - | - |
| E. Bilanço dışı kredi riski içeren unsurlar | - | - | - | - | - | - | - | - |

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

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

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(i) Credit risk management (Continued)

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

| | 31 December 2023 | | 31 December 2022 | |
|--|--------------------|---------------------|--------------------|---------------------|
| | Nominal Value | Authentic Value (*) | Nominal Value | Authentic Value (*) |
| Sureties | 370,618,752 | 40,613,297 | 238,636,353 | 29,224,604 |
| Collaterals of factoring transaction | 45,348,004 | 3,287,380 | 32,189,144 | 2,425,876 |
| Mortgage | 14,310,737 | 622,944 | 9,339,895 | 527,653 |
| Pledged shares | 11,790,263 | - | 8,490,374 | - |
| Guaranties of factoring transaction | 3,106,503 | 32,032 | 1,994,271 | 25,997 |
| Share certificates | 1,807,287 | 429,008 | 1,700,755 | 403,054 |
| Pledged commercial | 946,871 | 189,598 | 730,436 | 136,348 |
| Pledged vehicles | 635,998 | 315,105 | 391,386 | 231,134 |
| Sureties of credit guarantee fund | 398,722 | 139,858 | 248,351 | 144,734 |
| Guarantors | 171,772 | - | 132,827 | - |
| Securities Received For Collateral Pur-poses | 99,153 | - | 60,950 | - |
| Collaterals given by vendors | 73,596 | - | 46,746 | - |
| Cash blockages | 29,427 | 18,425 | 25,075 | 18,039 |
| Ship mortgage | 1,475 | - | 12,933 | - |
| Funds bonds as collateral | 10,758 | 1,500 | 7,806 | 375 |
| Collaterals of leasing transaction | 7,942 | - | 5,439 | - |
| Letters of guarantee | 2,082 | 2,083 | 2,475 | 1,540 |
| Pledged machines | 502 | - | 502 | - |
| Pledged account | 130 | - | 130 | - |
| Commercial receivable insurance | - | - | - | - |
| | 449,359,974 | 45,651,230 | 294,015,848 | 33,139,354 |

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

(j) Liquidity risk management

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

Liquidity risk table

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(j) Liquidity risk table (Continued)

| 31 December 2023 | Carrying Amount | Contractual Cash Flows (I+II+III+IV) | Less than 3 Months (I) | 3-12 Months (II) | 1-5 Years (III) | More than 5 Years (IV) |
|--|-------------------|--------------------------------------|------------------------|-------------------|-------------------|------------------------|
| Contractual Maturities | | | | | | |
| Non-derivative Financial Assets: | | | | | | |
| Banks | 2,512,911 | 2,515,323 | 2,515,323 | | | |
| Financial Assets at Fair value through profit and Loss | 24,328 | 24,328 | 24,328 | | | |
| Kiralama İşlemlerinden Alacaklar | 23,220,714 | 27,170,982 | 3,483,679 | 9,558,002 | 13,823,696 | 305,605 |
| Factoring Receivables | 22,092,144 | 23,607,975 | 18,625,857 | 4,981,112 | 1,006 | |
| Sigorta Prim Alacakları | 65,970 | 65,970 | 65,970 | | | |
| Other Lease Receivables | 4,223 | 4,223 | 4,223 | | | |
| Total Assets | 47,920,290 | 53,388,801 | 24,719,380 | 14,539,114 | 13,824,702 | 305,605 |
| Non-derivative Financial Liabilities: | | | | | | |
| Funds Borrowed | 39,461,307 | 41,363,428 | 23,617,951 | 13,921,057 | 3,824,420 | - |
| Debt Securities Issued | 3,745,276 | 3,856,000 | 2,770,000 | 1,086,000 | - | - |
| Lease Obligations | 6,455 | 8,829 | 1,469 | 3,151 | 4,209 | - |
| Other Liabilities | 1,171,337 | 1,171,337 | 1,117,302 | 53,934 | 101 | - |
| Total Liabilities | 44,384,375 | 46,399,594 | 27,506,722 | 15,064,142 | 3,828,730 | - |
| | | | | | | |
| 31 December 2022 | | | | | | |
| Contractual Maturities | | | | | | |
| Non-derivative Financial Assets: | | | | | | |
| Banks | 362,715 | 362,719 | 339,343 | 23,376 | - | - |
| Financial Assets at Fair value through profit and Loss | - | - | - | - | - | - |
| Kiralama İşlemlerinden Alacaklar | 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 | - |
| Sigorta Prim Alacakları | 30,420 | 30,420 | 30,420 | - | - | - |
| Other Lease Receivables | 15,509 | 15,509 | 15,509 | - | - | - |
| Total Assets | 33,086,567 | 36,686,677 | 12,369,525 | 12,538,059 | 11,428,248 | 350,845 |
| Non-derivative Financial Liabilities: | | | | | | |
| Funds Borrowed | 27,730,223 | 28,625,370 | 16,431,024 | 9,037,527 | 3,119,432 | 37,387 |
| Debt Securities Issued | 3,410,633 | 3,522,190 | 2,401,500 | 1,120,690 | - | - |
| Lease Obligations | 4,569 | 5,698 | 871 | 1,935 | 2,892 | - |
| Other Liabilities | 1,205,617 | 1,205,617 | 1,032,114 | 173,402 | 101 | - |
| Total Liabilities | 32,351,042 | 33,358,875 | 19,865,509 | 10,333,554 | 3,122,425 | 37,387 |

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(j) *Liquidity risk table (Continued)*

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

| 31 December 2023 Contractual Maturities | 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) |
|--|-----------------|--------------------------------------|------------------------|------------------|-----------------|------------------------|
| Cash inflows from derivatives | 77,746 | 6,453,546 | 2,290,267 | 4,163,279 | - | - |
| Cash outflows from derivatives | - | 6,375,800 | 2,253,897 | 4,121,903 | - | - |
| 31 December 2022 Contractual Maturities | 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) |
| Cash inflows from derivatives | - | 1,396,339 | 743,151 | 653,188 | - | - |
| Cash outflows from derivatives | (895) | 1,397,234 | 743,369 | 653,865 | - | - |

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(k) Fair value of financial instruments

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

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

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

| 31 December 2023 | 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 |
|---|----------------------------------|---|-----------------------|---|--|-----------------|------------|-------|
| Financial Assets | | | | | | | | |
| Cash and Cash Equivalents | - | 2,512,911 | - | - | - | 2,512,911 | 2,512,911 | 4 |
| Financial Assets at Fair Value Through Profit or Loss | 24,328 | - | - | - | - | 24,328 | 24,328 | 5 |
| Financial Assets at Fair Value Through other comprehensive Income | - | - | - | 2,228,384 | - | 2,228,384 | 2,228,384 | 7 |
| Derivative financial assets | 83,917 | - | - | - | - | 83,917 | 83,917 | 6 |
| Finance lease receivables and non-performing lease receivables | - | - | 23,220,714 | - | - | 23,220,714 | 20,644,658 | 9 |
| Factoring receivables and non-performing factoring receivables | - | - | 22,092,144 | - | - | 22,092,144 | 22,092,144 | 8 |
| Financial liabilities | | | | | | | | |
| Derivative financial Liabilities | 5,837 | - | - | - | - | 5,837 | 5,837 | 6 |
| Other liabilities | - | - | - | - | 1,171,337 | 1,171,337 | 1,171,337 | 17 |
| Lease Payables | - | - | - | - | 6,455 | 6,455 | 6,455 | 18 |
| Funds borrowed | - | - | - | - | 39,461,307 | 39,461,307 | 42,337,645 | 16 |
| Debt securities issued | - | - | - | - | 3,745,276 | 3,745,276 | 3,879,036 | 19 |

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(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 |
|---|----------------------------------|---|-----------------------|---|--|-----------------|------------|-------|
| Financial Assets | | | | | | | | |
| 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 |
| Financial liabilities | | | | | | | | |
| Derivative financial Liabilities | 67,840 | - | - | - | - | 67,840 | 67,840 | 6 |
| Other liabilities | - | - | - | - | 1,205,617 | 1,205,617 | 1,205,617 | 17 |
| Lease Payables | - | - | - | - | 4,569 | 4,569 | 4,569 | 18 |
| Funds borrowed | - | - | - | - | 27,730,223 | 27,730,223 | 27,283,668 | 16 |
| Debt securities issued | - | - | - | - | 3,410,633 | 3,410,633 | 3,446,486 | 19 |

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (CONTINUED)

(I) Fair value hierarchy

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

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

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

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

| 31 December 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|----------------|---------|------------------|
| Financial Assets at Fair Value Through Profit or Loss | - | 24,328 | - | 24,328 |
| Derivative financial assets | - | 83,917 | - | 83,917 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 2,220,926 | - | - | 2,220,926 |
| | 2,220,926 | 108,245 | - | 2,329,171 |
| Derivative financial liabilities | | | | |
| Total financial liabilities carried at fair value | | | | |

| 31 December 2022 | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|---------------|---------|------------------|
| Financial Assets at Fair Value Through Profit or Loss | - | - | - | - |
| Derivative financial assets | - | 4,207 | - | 4,207 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 1,080,752 | - | - | 1,080,752 |
| | 1,080,752 | 4,207 | - | 1,084,959 |
| Derivative financial liabilities | - | 67,840 | - | 67,840 |
| Total financial liabilities carried at fair value | - | 67,840 | - | 67,840 |

39. INFORMATION ON SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRMS

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

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

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