

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

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

**Consolidated Financial Statements as at and for the
year ended 31 December 2024**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH
INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of İş Finansal Kiralama A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of İş Finansal Kiralama A.Ş. and its subsidiary (together referred to as the "Group"), which comprise the statement of consolidated financial position as at 31 December 2024, the consolidated statement of profit and loss, consolidated statement of profit or loss and consolidated other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the consolidated notes to the financial statements and a summary of consolidated significant accounting policies and consolidated financial statement notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing, and Savings Finance Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861, as well as the regulations, communiqués, circulars, and announcements issued by the Banking Regulation and Supervision Agency ("BRSA"); and to the extent not regulated by them, the "BRSA Accounting and Financial Reporting Regulations", which incorporate the provisions of the Turkish Financial Reporting Standards.

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (Including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. 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 of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for financial lease receivables and factoring receivables</p> <p>The Group's financial statements as of 31 December 2024, include a significant portion of assets consisting of financial lease and factoring receivables, amounting to a total of 62,862,982 thousand TL. Additionally, a total impairment provision of 1,404,785 thousand TL has been established for these receivables. Further details and notes regarding the impairment provision for financial lease and factoring receivables are disclosed in the attached financial statements in notes 3-g, 8, and 9 as of 31 December 2024.</p> <p>According to the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing, and Savings Finance Companies" published in the Official Gazette dated 24 December 2013, and numbered 28861, the Group recognizes provision for impairment of financial lease receivables in accordance with the "IFRS 9 Financial Instruments Standard" ("IFRS 9"). IFRS 9 is a complex accounting standard that requires a significant degree of judgment and interpretation in practice. These judgments and interpretations are key in developing financial models used to measure expected credit losses on financial lease receivables measured at amortized cost. Additionally, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans.</p>	<p>Within the scope of our audit procedures, we evaluated the Group' policies, procedures, and management principles regarding the classification of financial lease receivables by their characteristics and the determination of impairment calculations in accordance with relevant legislation.</p> <p>We evaluated and tested, together with our financial risk experts, the methods used in the Group's models for determining provisions for significant financial lease receivables to ensure compliance with the policies, procedures, and principles established by the Group and in accordance with IFRS 9 principles. We also assessed the calculations contained in these models with our financial risk experts. The approaches used in the models, including segmentation, lifetime expected default probabilities, default loss rates, and the reflection of macroeconomic expectations, were independently reviewed by our relevant experts.</p> <p>We conducted loan review procedures for a sample of selected credits to determine whether the classification of financial lease receivables according to current regulations is reasonable, to ascertain whether they are impaired, and to verify whether impairment provisions for these receivables have been established in a timely manner and in accordance with legislative provisions.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Provisions for expected losses on financial lease receivables are allocated collectively for similar financial lease receivables as of the balance sheet date, incorporating management's best estimates and past loss experience. For significant financial lease receivables, the provisions are evaluated on an individual basis.</p> <p>The reason for our focus on this area during our audit is the complexity involved in determining provisions for expected credit losses, including past loss experience, current conditions, and the creation and weighting of forward-looking macroeconomic scenarios; the size of the existing financial lease receivables; and the importance of correctly classifying these receivables based on their characteristics (stages) under current regulations and determining the provision for these receivables. The accurate and timely identification of default in financial lease receivables and other judgments and estimates made by management significantly impact the amount of provision for impairment recognized in the balance sheet, and therefore, this area has been considered a key audit matter.</p>	<p>Furthermore, we verified the consistency and reasonableness of provisions established for individually assessed financial lease receivables impaired according to the Group's practice using supportable data. We also assessed whether the key assumptions and other judgments underlying impairment calculations, which are based on discussions with the Group's management, are reasonable.</p> <p>We checked the consistency and adequacy of the notes to the financial statements relating to financial lease receivables and their impairment in the Group's financial statements.</p>

4. Other Matter

The consolidated financial statements of the Group for the fiscal year ended 31 December 2023, have been fully audited by another independent audit firm. The independent audit firm issued an unqualified opinion in its full audit report dated 31 January 2024.



5. Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the 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 are responsible for overseeing the Group's financial reporting process

6. Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the 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.



- Assess the 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 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 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 independent 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.



B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Group's bookkeeping activities concerning the period from 1 January to 31 December 2024 period are not in compliance with the TCC and provisions of the Group's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Two differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2024. Accordingly, the accompanying financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

A handwritten signature in blue ink, consisting of a stylized, cursive script.

Gökçe Yaşar Temel, SMMM
Sorumlu Denetçi

İstanbul, 3 February 2025

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İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(BALANCE SHEET) AS AT 31 DECEMBER 2024

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

	ASSETS	Notes	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH, CASH EQUIVALENTS and CENTRAL BANK	4	847.496	318.655	1.166.151	940.853	1.572.058	2.512.911
II	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5	-	-	-	24.328	-	24.328
III.	DERIVATIVE FINANCIAL ASSETS	6	2.864	587.495	590.359	-	83.917	83.917
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	7	3.468.578	-	3.468.578	2.228.384	-	2.228.384
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		31.984.665	29.473.532	61.458.197	25.132.703	20.180.155	45.312.858
5.1	Factoring Receivables	8	25.976.932	9.147.468	35.124.400	18.941.882	3.213.355	22.155.237
5.1.1	Discounted Factoring Receivables (Net)		12.651.698	303.308	12.955.006	7.815.427	194.938	8.010.365
5.1.2	Other Factoring Receivables		13.325.234	8.844.160	22.169.394	11.126.455	3.018.417	14.144.872
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	6.129.108	20.531.359	26.660.467	6.181.132	17.130.631	23.311.763
5.4.1	Finance Lease Receivables		8.988.326	22.856.852	31.845.178	8.658.729	18.947.202	27.605.931
5.4.2	Operational Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		2.859.218	2.325.493	5.184.711	2.477.597	1.816.571	4.294.168
5.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6	Non-Performing Loans	8,9	674.518	403.597	1.078.115	746.915	462.802	1.209.717
5.7	Expected Credit Loss (-) / Specific Provisions (-)		795.893	608.892	1.404.785	737.226	626.633	1.363.859
VI.	EQUITY INVESTMENTS		-	-	-	-	-	-
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	TANGIBLE ASSETS (Net)	11	42.413	-	42.413	34.179	-	34.179
VIII.	INTANGIBLE ASSETS (Net)	12	53.109	-	53.109	28.420	-	28.420
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSET	21	2.487	-	2.487	239	-	239
XI.	DEFERRED TAX ASSET	13	28.492	-	28.492	257.835	-	257.835
XII.	OTHER ASSETS	15	571.166	2.363.921	2.935.087	282.978	789.065	1.072.043
	SUBTOTAL		37.001.270	32.743.603	69.744.873	28.929.919	22.625.195	51.555.114
XIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	2.432	-	2.432	2.432	-	2,432
13.1	Held for Sale		2.432	-	2.432	2.432	-	2,432
13.2	Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		37.003.702	32.743.603	69.747.305	28.932.351	22.625.195	51.557.546

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 2024

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

	LIABILITIES	Notes	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	FUNDS BORROWED	16	22.909.198	29.453.121	52.362.319	18.482.860	20.978.447	39.461.307
II.	FACTORING PAYABLES		-	-	-	-	-	-
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES	18	27.396	-	27.396	6.455	-	6.455
V.	SECURITIES ISSUED (Net)	19	4.816.406	-	4.816.406	3.745.276	-	3.745.276
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITY	6	217.019	37.174	254.193	-	5.837	5.837
VIII.	PROVISIONS	20	107.162	30.495	137.657	72.394	27.191	99.585
	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		102.390	-	102.390	65.998	-	65.998
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		4.772	30.495	35.267	6.396	27.191	33.587
IX.	CURRENT PERIOD TAX LIABILITY	21	302.537	-	302.537	297.849	-	297.849
X.	DEFERRED TAX LIABILITY		212.492	-	212.492	-	-	-
XI.	SUBORDINATED LOANS		-	-	-	-	-	-
XII.	OTHER LIABILITY	17	485.100	1.307.023	1.792.123	418.235	753.102	1.171.337
	SUBTOTAL		29.077.310	30.827.813	59.905.123	23.023.069	21.764.577	44.787.646
XIII.	PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	SHAREHOLDER'S EQUITY		9.842.182	-	9.842.182	6.769.900	-	6.769.900
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	2.672.131	-	2.672.131	1.843.962	-	1.843.962
14.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	-	-	-
14.5	Profit Reserves	24	3.550.541	-	3.550.541	1.783.089	-	1.783.089
14.5.1	Legal Reserves		154.907	-	154.907	111.904	-	111.904
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		3.395.634	-	3.395.634	1.671.185	-	1.671.185
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		1.930.669	-	1.930.669	1.772.928	-	1.772.928
14.6.1	Prior Periods Profit/Loss	25	5.476	-	5.476	5.868	-	5.868
14.6.2	Current Period Profit/Loss		1.925.193	-	1.925.193	1.767.060	-	1.767.060
	Non-Controlling Interests	22	991.775	-	991.775	672.855	-	672.855
	TOTAL LIABILITIES		38.919.492	30.827.813	69.747.305	29.792.969	21.764.577	51.557.546

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED OF OFF BALANCE SHEET ITEMS AS AT 31 DECEMBER 2024
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	OFF-BALANCE SHEET ITEMS	Notes	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	IRREVOCABLE FACTORING TRANSACTIONS		216.341	2.069.809	2.286.150	363.240	1.804.641	2.167.881
II.	REVOCABLE FACTORING TRANSACTIONS		3.173.559	627.910	3.801.469	1.235.817	323.520	1.559.337
III.	SAVING FINANCE AGREEMENTS TRANSACTIONS		-	-	-	-	-	-
IV.	COLLATERALS RECEIVED	38	181.071.767	391.746.558	572.818.325	123.287.938	326.072.036	449.359.974
V.	COLLATERALS GIVEN	26	13.093.352	13.033	13.106.385	8.700.586	11	8.700.597
VI.	COMMITMENTS		709.433	4.068.035	4.777.468	549.975	977.643	1.527.618
6.1	Irrevocable Commitments		-	237.864	237.864	-	181.806	181.806
6.2	Revocable Commitments		709.433	3.830.171	4.539.604	549.975	795.837	1.345.812
6.2.1	Lease Commitments		709.433	3.830.171	4.539.604	549.975	795.837	1.345.812
6.2.1.1	Finance Lease Commitments		709.433	3.830.171	4.539.604	549.975	795.837	1.345.812
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS	26	4.610.780	23.580.205	28.190.985	-	12.829.346	12.829.346
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		4.610.780	23.580.205	28.190.985	-	12.829.346	12.829.346
7.2.1	Forward Foreign Currency Purchases/Sales		1.701.031	2.089.259	3.790.290	-	407.597	407.597
7.2.2	Swap Purchases/Sales		2.909.749	21.490.946	24.400.695	-	12.421.749	12.421.749
7.2.3	Put/call options		-	-	-	-	-	-
7.2.4	Futures purchases/sales		-	-	-	-	-	-
7.2.5	Others		-	-	-	-	-	-
VIII.	ITEMS HELD IN CUSTODY		7.022.372	648.120	7.670.492	3.675.476	514.948	4.190.424
	TOTAL OFF BALANCE SHEET ITEMS		209.897.604	422.753.670	632.651.274	137.813.032	342.522.145	480.335.177

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 2024

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

PROFIT OR LOSS STATEMENT		Notes	Audited Current Period 01.01-31.12.2024	Audited Prior Period 01.01-31.12.2023
I.	OPERATING INCOME	29	11.702.678	8.181.327
	FAKTORING INCOME		7.321.243	5.180.595
1.1	Factoring Interest Income		7.026.458	4.277.748
1.1.1	Discounted		3.868.339	2.028.718
1.1.2	Other		3.158.119	2.249.030
1.2	Factoring Commission Income		294.785	902.847
1.2.1	Discounted		142.429	486.972
1.2.2	Other		152.356	415.875
	INCOME FROM FINANCING LOANS		-	-
1.3	Interest income from Financing Loans		-	-
1.4	Fees and Commission Income from Financing Loans		-	-
	LEASE INCOME		4.381.435	3.000.732
1.5	Finance Lease Income		4.378.043	2.996.662
1.6	Operational Lease Income		3.392	4.070
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	(8.883.947)	(5.712.957)
2.1	Interest Expense on Funds Borrowed		(7.545.841)	(4.499.880)
2.2	Interest Expense on Factoring Payables		-	-
2.3	Interest Expense of Finance Leasing Expenses		(13.544)	(1.914)
2.4	Interest Expense on Securities Issued		(1.097.065)	(615.602)
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Paid		(227.497)	(595.561)
III.	GROSS PROFIT / LOSS (I+II)		2.818.731	2.468.370
IV.	OPERATING EXPENSES (-)	30	(788.511)	(416.767)
4.1	Personal Expenses		(577.565)	(269.317)
4.2	Employee Severance Indemnity Expense		(14.386)	(15.683)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(196.560)	(131.767)
4.5	Other		-	-
V.	GROSS OPERATING PROFIT / LOSS (III+IV)		2.030.220	2.051.603
VI.	OTHER OPERATING INCOME	31	2.099.675	1.569.842
6.1	Interest Income on Bank Deposits		274.428	18.324
6.2	Interest Income on Marketable Securities Portfolio		-	-
6.3	Dividend Income		77.849	36.730
6.4	Gains on Securities Trading		111.576	1.823
6.5	Income From Derivative Financial Instruments		870.378	241.637
6.6	Foreign Exchange Gains		-	781.063
6.7	Other		765.444	490.265
VII.	PROVISION EXPENSES (-)	33	(506.283)	(446.263)
7.1	Specific Provisions		-	-
7.2	Expected Credit Losses		(506.283)	(446.263)
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	OTHER OPERATING EXPENSES (-)	34	(531.445)	(318.215)
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		(377.683)	(264.170)
8.5	Foreign Exchange Losses		(119.701)	-
8.6	Other		(34.061)	(54.045)
IX.	NET OPERATING PROFIT (V+...+VIII)		3.092.167	2.856.967
X.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		-	-
XI.	NET MONETARY POSITION GAIN/LOSS		-	-
XII.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)		3.092.167	2.856.967
XIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	35	(949.189)	(837.515)
14.1	Current Tax Provision		(804.618)	(1.062.283)
14.2	Deferred Tax Income Effect (+)		(144.571)	-
14.3	Deferred Tax Expense Effect (-)		-	224.768
XV.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII+XIV)		2.142.978	2.019.452
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	(217.785)	(252.392)
XXI.	NET PROFIT FOR THE PERIOD (XV+XX)		1.925.193	1.767.060
	EARNINGS PER SHARE (**)	36	0,0277	0,0254
	Earnings Per Share from Continued Operations		0,0277	0,0254
	Earnings Per Share from Discontinued Operations		-	-
	DILUTED EARNINGS PER SHARE	36	0,0277	0,0254
	Earnings Per Share from Continued Operations		0,0277	0,0254
	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 2024

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

PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT		Audited Current Period 01.01-31.12.2024	Audited Prior Period 01.01- 31.12.2023
I.	CURRENT PERIOD PROFIT/LOSS	2.142.978	2.019.452
II.	OTHER COMPREHENSIVE INCOME	929.304	1.006.403
2.1	Items that will not be Reclassified to Profit or Loss	929.304	1.006.403
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	(7.912)	(1.461)
2.1.4	Other Comprehensive Income that will not be Reclassified to Profit or Loss	1.234.480	1.140.177
2.1.5	Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss	(297.264)	(132.313)
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	<u>Value Increases or Decreases on Assets Held for Sales</u>	-	-
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	3.072.282	3.025.855

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 2024

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

CHANGES IN EQUITY	Notes	Paid in Capital	Share in Premium	Share Cancellation Profits	Other Capital Reserves.	Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss			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
						1	2	3	4	5	6					
Prior Period (01.01.2023 - 31.12.2023)																
Audited																
I. Balance at the Beginning of the Period		695.303	-	-	1.763	-	(2.107)	948.916	-	-	-	954.367	7.824	826.766	311.213	3.744.045
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	-	-	-	954.367	7.824	826.766	311.213	3.744.045
IV. Total Comprehensive Income		-	-	-	-	-	(911)	898.064	-	-	-	-	-	1.767.060	361.642	3.025.855
V. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from internal reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Increases / Decreases due to other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. New Balance (I-II)		-	-	-	-	-	-	-	-	-	-	828.722	(1.956)	(826.766)	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	828.722	(1.956)	(826.766)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+...+XI)		695.303	-	-	1.763	-	(3.018)	1.846.980	-	-	-	1.783.089	5.868	1.767.060	672.855	6.769.900
Current Period (01.01.2024 - 31.12.2024)																
Audited																
I. Balance at the Beginning of the Period		695.303	-	-	1.763	-	(3.018)	1.846.980	-	-	-	1.783.089	5.868	1.767.060	672.855	6.769.900
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	-	(3.018)	1.846.980	-	-	-	1.783.089	5.868	1.767.060	672.855	6.769.900
IV. Total Comprehensive Income		-	-	-	-	-	(4.814)	832.983	-	-	-	-	-	1.925.193	318.920	3.072.282
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		-	-	-	-	-	-	-	-	-	-	1.767.452	(392)	(1.767.060)	-	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	1.767.452	(392)	(1.767.060)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+...+XI+XII)		695.303	-	-	1.763	-	(7.832)	2.679.963	-	-	-	3.550.541	5.476	1.925.193	991.775	9.842.182

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)
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 2024

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

			Audited Current Period	Audited Prior Period
		Notes	01.01 - 31.12.2024	01.01 - 31.12.2023
A.	CASH FLOWS FROM OPERATING ACTIVITIES			
1.1	Operating Profit Before Changes In Operating Assets And Liabilities		3.621.316	2.637.664
1.1.1	Interests Received/Lease Income		11.887.932	7.003.977
1.1.2	Interest Paid / Lease Expenses		(8.932.659)	(3.923.082)
1.1.3	Dividends Received		77.849	36.730
1.1.4	Fees and Commissions Received		294.785	902.847
1.1.5	Other Income		285.917	221.744
1.1.6	Collections from Non-performing Receivables	31	479.527	268.521
1.1.7	Payments to Personnel and Service Suppliers		(520.480)	(240.610)
1.1.8	Taxes Paid	21	(812.164)	(902.244)
1.1.9	Others		860.609	(730.219)
1.2	Changes in Operating Assets and Liabilities		(5.772.274)	(608.379)
1.2.1	Net (Increase) Decrease in Factoring Receivables		(12.807.084)	(5.586.659)
1.2.2	Net (Increase) Decrease in Financing Loans		-	-
1.2.3	Net (Increase) Decrease in Lease Receivables		(1.138.001)	1.163.310
1.2.4	Net (Increase) Decrease in Savings Financing Receivables		-	-
1.2.5	Net (Increase) Decrease in Other Assets		(3.152.022)	(269.146)
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		20.941	1.886
1.2.9	Net Increase (Decrease) in Funds Borrowed		9.272.980	3.009.774
1.2.10	Net Increase (Decrease) in Due Payables		-	-
1.2.11	Net Increase (Decrease) in Other Liabilities		2.030.912	1.072.456
I.	Net Cash Provided from / (Used in) Operating Activities		(2.150.958)	2.029.285
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
2.1	Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		(5.714)	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3	Purchases of Tangible and Intangible Assets		-	-
2.4	Proceeds From Sale of Tangible and Intangible Assets	11,12	(169.137)	(115.319)
2.5	Cash Paid for Purchase of Financial Assets Available for Sale	11,12	102.035	88.593
2.6	Proceeds From Sale of Financial Assets Available for Sale		-	-
2.7	Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8	Proceeds from Sale of Held-to-Maturity Investment Securities		-	-
2.9	Other		-	-
2.9	Net Cash Provided from / (Used in) Operating Activities		(212.493)	-
II.	Net cash used in investing activities		(285.309)	(26.726)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
3.1	Cash obtained from funds borrowed and securities issued		6.809.524	6.645.041
3.2	Cash used for repayment of funds borrowed and securities issued		(5.717.914)	(6.503.753)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		-	-
3.6	Other		-	-
3.6	Net Cash Used in Financing Activities		-	-
III.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		1.091.610	141.288
IV.	Net Increase / (Decrease) in Cash and Cash Equivalents		67	4.163
V.	Cash and Cash Equivalents at the Beginning of the Period		(1.344.590)	2.148.010
VI.	Net cash used in investing activities	4	2.510.720	362.710
VII.	Operating Profit Before Changes In Operating Assets And Liabilities	4	1.166.130	2.510.720

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2024

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

İŞ FİNANSAL KİRALAMA A.Ş. PROFIT DISTRIBUTION TABLE		Current Period 31 December 2024	Prior Period 31 December 2023
I.	DISTRIBUTION OF CURRENT YEAR INCOME (*)		
1.1	Current Year Income	2.874.382	2.604.575
1.2	Taxes And Duties Payable(-)	(949.189)	(837.515)
1.2.1	Corporate Tax (Income tax)	(804.618)	(1.062.283)
1.2.2	Income Withholding Tax		
1.2.3	Other Taxes And Duties(**)	(144.571)	224.768
A.	NET INCOME FOR THE YEAR (1.1-1.2)	1.925.193	1.767.060
1.3	Prior Year Losses(-)	-	-
1.4	First Legal Reserves (-)	-	(43.002)
1.5	Other Statutory Reserves(-)	-	-
B	NET INCOME AVAILABLE FOR DISTRIBUTION [(a-(1.3+1.4+1.5)]	1.925.193	1.724.058
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	-	(1.724.058)
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	2,77	2,54
3.1	To Owners Of Ordinary Shares	2,77	2,54
3.2	To Owners Of Ordinary Shares (%)	2,77	2,54
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 2024 profit distribution table of 2024.

(**) The relevant amounts are deferred tax expense/income items.

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 2024

(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 30,43% and Türkiye Sınai Kalkınma Bankası A.Ş. (“TSKB”) with 29,46% participation. The Company’s 39,18% of shares are publicly traded and listed on the Borsa İstanbul.

As at 31 December 2024, the Company and its subsidiary (“the Group”) have 260 employees (31 December 2023: 257 employees).

Dividend Payable

As at 31 December 2024, 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 2024 have been approved by the Board of Directors of the Group and authorized for issue as at 3 February 2025. 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 2024

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

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

Although BRSA first stated that banks, financial leasing, factoring, financing, savings finance and asset management companies would switch to inflation accounting as of 1 January 2025, in accordance with the board decision dated 11 January 2024, on 5 December 2024, the Board decided that these companies would not apply inflation accounting in 2025.

In this context, "TMS 29 Financial Reporting Standard in High Inflation Economies" was not applied in the Group's financial statements dated 31 December 2024.

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 2024 and 31 December 2023 are as follows:

<u>Subsidiary</u>	<u>Establishment and operation location</u>	<u>Shareholding rate %</u>	<u>Voting right rate %</u>	<u>Core business</u>
İş Faktoring A.Ş.	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.

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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 2024 and 31 December 2023, the Company owns 78,23% of İş Faktoring A.Ş.

As the Company has the power to control the operations of the İş Faktoring A.Ş., the financial statements of İş Faktoring A.Ş. have been fully consolidated in the accompanying consolidated financial statements.

(ii) Transactions eliminated on consolidation

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

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

(iii) Non-controlling interests

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

Offsetting

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

2.2 Changes in Accounting Policies

Accounting policies taken as the basis in preparing the financial statements of the accounting periods ended on 31 December 2024 are applied consistently with the financial statements prepared as of 31 December 2023.

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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 31 December 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2024. 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 1 January 2024 are as follows:

● Amendment to IFRS 16 – Leases on sale and leaseback

Effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

● Amendment to IAS 1 – Non-current liabilities with covenants

Effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements

Effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;

Effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

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2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

i) The new standards, amendments and interpretations which are effective as at 1 January 2024 are as follows (Continued)

IFRS S2, ‘Climate-related disclosures’

Effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

"Furthermore, it has been stated in the Board Decision published in the Official Gazette on December 29, 2023, that certain businesses will be subject to mandatory sustainability reporting starting from 1 January 2024. In accordance with the "Board Decision on the Scope of Application of the Turkey Sustainability Reporting Standards (TSRS)" published on 5 January 2024, businesses falling within the scope of sustainability practices are identified. On the other hand, according to the "Board Decision on the Scope of Application of the Turkey Sustainability Reporting Standards (TSRS)" dated 16 December 2024, changes were made regarding the businesses subject to sustainability reporting."

ii) Standards, amendments and interpretations that have been published but have not yet entered into force as of 31 December 2024

IFRS codification has been preserved in the standards newly published by the International Accounting Standards Board but not yet brought into legislation by the POA.

IFRS 17, ‘Insurance Agreements’

It is applicable for annual reporting periods starting on or after 1 January 2023. This standard replaces TFRS 4, which currently allows a wide range of practices. TFRS 17 will fundamentally change the accounting for all businesses that regulate insurance contracts and investment contracts with discretionary participation features.

However, in a letter sent by KGK to the Turkey Insurance, Reinsurance, and Pension Companies Association on 6 April 2023, it was stated that it was deemed appropriate for TFRS 17 to be applied to the consolidated and individual financial statements of insurance companies, reinsurance companies, pension companies, banks with stakes/investments in these companies, and other companies with stakes/investments in these companies, starting from 1 January 2024.

On the other hand, according to Article 13, Paragraph 1(a) of the "Regulation on Amendments to the Regulation on the Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued by the Insurance and Private Pension Regulatory and Supervisory Authority (SEDDK), due to the change in the effective date of TFRS 17 from "1 January 2024" to "1 January 2025," in a letter sent by KGK to the Banks Association of Turkey on February 15, 2024, it was stated that the application date of TFRS 17 for the consolidated and individual financial statements of insurance companies, reinsurance companies, pension companies, banks with stakes/investments in these companies, and other companies with stakes/investments in these companies has been postponed to 1 January 2025.

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2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

ii) Standards, amendments and interpretations that have been published but have not yet entered into force as of 31 December 2024 (continued)

However, due to the change in the effective date of TFRS 17 from "1 January 2025" to "1 January 2026" in accordance with Article 13, Paragraph 1(a) of the "Regulation on Amendments to the Regulation on the Financial Reporting of Insurance and Reinsurance Companies and Pension Companies" issued by the Insurance and Private Pension Regulatory and Supervisory Authority (SEDDK), in a letter sent by KGK to the Banks Association of Turkey on 14 January 2025, it was stated that the application date of TFRS 17 for the consolidated and individual financial statements of insurance companies, reinsurance companies, pension companies, banks with stakes/investments in these companies, and other companies with stakes/investments in these companies has been postponed to 1 January 2026.

Amendments to IAS 21 - Lack of Exchangeability

Effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available). These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI)

Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

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2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

ii) Standards, amendments and interpretations that have been published but have not yet entered into force as of 31 December 2024

IFRS 18 Presentation and Disclosure in Financial Statements

Effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss,
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

Effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19’s reduced disclosure requirements balance the information needs of the users of eligible subsidiaries’ financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

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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:

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Tangible Assets (Continued)

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 tangible assets are reviewed at each reporting period and corrected if necessary.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

g. Financial Instruments

Financial Assets

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

Financial Assets at Fair Value Through Profit or Loss

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

Financial Assets Measured at Amortised Cost

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

Financial Assets at Fair Value Through Other Comprehensive Income

The Group has equity investments and debt securities quoted on an active market and investments in fair values are classified as financial assets carried at fair value through other comprehensive income.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

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.

The Group has no hedge accounting transactions as of 31 December 2024 and 31 December 2023.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Effects of Changes in Exchange Rates(Continued)

The foreign currency exchange rates used by the Group as at 31 December 2024 and 31 December 2023 are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
USD	35,2233	29,4382
EUR	36,7429	32,5739
GBP	44,2458	37,4417
CHF	38,9510	34,9666
100 JPY	22,2634	20,7467
AUD	21,9039	20,0213

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.

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. Subsequent Events

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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)

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Taxes on Income (Continued)

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.

Taxes arising from financial system fair value measurements are recognized as other comprehensive income and are subsequently recognized in profit or loss along with the realization of other recognized deferred gains.

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Employee Benefits / Reserve for Employee Termination Benefits (Continued)

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

	<u>31 December 2024</u>	<u>31 December 2023</u>
Discount rate	3,98%	3,26%
Expected rate of salary/limit increase	21,85%	21,10%
Probability of retirement	93,11%	94,76%

The basic assumptions are that the ceiling liability in force as of January 1, 2006 will be increased for each year of service in proportion to inflation. Thus, the discount rate applied represents the real rate, adjusted for the expected effects of inflation.

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 2024 and 31 December 2023, the details of the banks are as follows:

	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Demand Deposits	834.262	275.564	434.486	116.892
Time Deposits	13.218	43.086	504.180	1.455.162
Interest accrual	16	5	2.187	4
	847.496	318.655	940.853	1.572.058

The details of the time deposits as at 31 December 2024 are as follows:

<u>Currency</u>	<u>Interest Rate</u> %	<u>Maturity</u>	<u>31 December</u> <u>2024</u>
TL	43,96%	02.01.2025	13.234
EUR	0,15%	06.01.2025	43.091
			56.325

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

<u>Currency</u>	<u>Interest Rate</u> %	<u>Maturity</u>	<u>31 December</u> <u>2023</u>
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

As at 31 December 2024, TL 293.519 portion of total foreign currency deposits (31 December 2023: TL 1.558,294) and TL 14.847 portion of total TL deposits (31 December 2023: TL 39.781) 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 2024	31 December 2023
Demand deposits	1.109.826	551.378
Time deposits (1-3 months) (excluding accrual)	56.304	1.959.342
Cash and cash equivalents	1.166.130	2.510.720

As at 31 December 2024 and 31 December 2023, 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

As at 31 December 2024 and 31 December 2023, details of financial assets at fair value through profit or loss are as follows:

	31 December 2024	
	TL	FC
Debt securities issued by private sector	-	-
Specific provisions/ Expected Credit Loss	-	-
Mutual funds	-	-
	-	-
	31 December 2023	
	TL	FC
Debt securities issued by private sector	-	-
Specific provisions/ Expected Credit Loss	-	-
Mutual funds	24.328	-
	24.328	-

The Group has no mutual funds in Türkiye İş Bankası A.Ş. mutual funds (31 December 2023: 24.328 TL).

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 2024		31 December 2023	
	TL	FC	TL	FC
Swap Transactions	2.864	525.470	-	80.232
Futures Transactions	-	62.025	-	3.685
	2.864	587.495	-	83.917

Derivative Financial Liabilities

	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Swap Transactions	-	36.444	-	5.837
Futures Transactions	217.019	730	-	-
	217.019	37.174	-	5.837

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7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2024 and 31 December 2023, 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 2024	31 December 2023	31 December 2024	31 December 2023
<u>Quoted Investments:</u>							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	3.455.406	2.220.926
<u>Unquoted investments:</u>							
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	13.143	7.429
TOTAL						3.468.578	2.228.384

8. FACTORING RECEIVABLES

As at 31 December 2024 and 31 December 2023 details of factoring receivables are as follows:

	31 December 2024	31 December 2023
Factoring receivables	35.699.938	22.884.104
Factoring interest income accrual (-)	(575.538)	(728.867)
Subtotal	35.124.400	22.155.237
Stage 1 (Expected Credit Loss)	(99.625)	(110.523)
Stage 2 (Expected Credit Loss)	(82.514)	(56.510)
Total factoring receivables	34.942.261	21.988.204
Non-performing factoring receivables	386.217	336.848
Specific provisions- Stage 3	(293.854)	(232.908)
Factoring receivables, net	35.034.624	22.092.144

As at 31 December 2024, the rating of factoring receivables are as follows:

Ratings – December 2024	Stage 1.	Stage 2.	Stage 3.	Total
Total portfolio	34.824.258	300.142	386.217	35.510.617
Very good	23.309.089	-	-	23.309.089
Standard	11.515.169	-	-	11.515.169
Substandard	-	300.142	386.217	686.359
Expected credit losses	(99.625)	(82.514)	(293.854)	(475.993)
Factoring receivables, net	34.724.633	217.628	92.363	35.034.624

(*) Companies in the corporate segment with integrated degrees of 1, 2 and 3 are included.

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8. FACTORING RECEIVABLES (Continued)

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

(*) Companies in the corporate segment with integrated degrees of 1, 2 and 3 are included.

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

Expected Loss Provision Movement Table:	1 January- 31 December 2024	1 January- 31 December 2023
Provision at the beginning of the period	(399.941)	(377.699)
Additions	(289.663)	(177.091)
Collections	227.782	164.662
Exchange difference income/expense	(14.171)	(26.426)
Write-off (*)	-	16.613
Provision at the end of the period	(475.993)	(399.941)

(*) 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 2024, the average interest rates applicable for the factoring receivables are 51,32% for TL, for 8,68% USD, 7,39% for EUR and 9,20% for GBP (31 December 2023: 44,99% for TL, 11,60% for USD, 8,37% for EUR and 9,33% for GBP).

As at 31 December 2024 TL 3.589.262, EUR 77.213 thousand, USD 57.944 thousand and GBP 5.287 thousand factoring receivables have variable interest rates, (31 December 2023: TL 568.865, EUR 24,757. thousand, USD 10.286 thousand, GBP 2.922 thousand) TL 22.285.602 thousand, EUR 44.848 thousand, USD 72.123 thousand and GBP 3.000 thousand factoring receivable have stabil interest rates (31 December 2023: TL 18.263.351 thousand, EUR 15.914 thousand, USD 51.723 thousand and GBP 7 thousand).

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8. FACTORING RECEIVABLES (Continued)

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

	31 December 2024	31 December 2023
Domestic irrevocable	16.100.592	11.168.949
Foreign irrevocable	2.454.104	1.193.331
Domestic revocable	13.568.889	9.120.106
Foreign revocable	2.911.039	609.758
	35.034.624	22.092.144

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

	31 December 2024	31 December 2023
Up to 90 days	8.689	19.298
Between 90 – 180 days	25.598	32
Between 180 – 360 days	19.779	2.973
Over 360 days	332.151	314.545
	386.217	336.848

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

As at 31 December 2024, standard and close monitoring factoring receivables and the close monitoring factoring receivable amendments made related to the extension of the payment plan as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan		143.117
Extended for 1 or 2 Times	-	1.012
Extended for 3,4 or 5 Times	-	142.105
Extended for More than 5 Times	-	-

	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan		143.117
0-6 Months	-	-
6 Months – 12 Months	-	1.012
1 – 2 Years	-	-
2 –5 Years	-	142.105
5 Years and More	-	-

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8. FACTORING RECEIVABLES (Continued)

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:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan	-	142.655
Extended for 1 or 2 Times	-	142.655
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-
	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan	-	142.655
0-6 Months	-	-
6 Months – 12 Months	-	142.655
1 – 2 Years	-	-
2 –5 Years	-	-
5 Years and More	-	-

9. LEASE RECEIVABLES

A. Financial Lease Receivables

As at 31 December 2024, details of finance lease receivables are as follows:

	Short Term	Long Term	Total
Financial Lease Receivables	16.888.549	14.956.629	31.845.178
Unearned interest income (-)	(3.223.892)	(1.960.819)	(5.184.711)
Subtotal	13.664.657	12.995.810	26.660.467
Expected Credit Loss– Stage 1	(44.096)	(35.932)	(80.028)
Expected Credit Loss – Stage 2	(160.510)	(287.211)	(447.721)
Total Financial Lease Receivables	13.460.051	12.672.667	26.132.718
Non- Performing Lease Receivables	541.583	150.315	691.898
Specific provision– Stage 3	(313.917)	(87.126)	(401.043)
Net finance lease receivables	13.687.717	12.735.856	26.423.573

	Carried value			Expected credit loss and specific provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial Assets	1.166.151	-	-	(50)	-	-
Financial Lease Receivables	25.127.152	1.533.315	691.898	(80.028)	(447.721)	(401.043)

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

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		
	Stage 1	Stage 2	Stage 3	Stage 2	Stage 2	Stage 3
Financial Lease Receivables	2.512.911	-	-	(235)	-	-
Financial Assets	21.879.732	1.432.031	872.869	(99.321)	(353.467)	(511.130)

As at 31 December 2024, the rating of finance lease receivables are as follows:

Ratings	Stage 1	Stage 2	Stage 3	Total
Internal ratings				
A+ (Excellent)	26.225	-	-	26.225
A (Very good))	442.179	2.271	247.348	691.798
A- (Good)	630.715	15.175	884	646.774
B+ (Enough)	2.112.344	585.493	37.060	2.734.897
B (Reasonable)	4.355.982	259.201	26.318	4.641.501
B- (Close Monitoring)	5.581.122	157.705	183.065	5.921.892
C+ (Insufficient)	4.364.017	107.513	93.742	4.565.272
C (Suspicious)	2.086.528	82.263	87.980	2.256.771
Scoring				
Y (High)	2.929.784	262.094	2.911	3.194.789
O (medium)	2.227.214	45.246	5.740	2.278.200
D (Low)	371.042	16.354	6.850	394.246
Expected Loss Provisions	(80.028)	(447.721)	(401.043)	(928.792)
Leasing receivables	25.047.124	1.085.594	290.855	26.423.573

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

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)
Net finance lease receivables	21.780.411	1.078.564	361.739	23.220.714

As at 31 December 2024, the rating of finance lease receivables are as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan	-	574.535
Extended for 1 or 2 Times	-	574.535
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-
	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan	-	574.535
0-6 Months	-	-
6 Months – 12 Months	-	574.535
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 2023, the rating of finance lease receivables are as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan	-	932.422
Extended for 1 or 2 Times	-	932.422
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-

	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan	-	932.422
0-6 Months	-	-
6 Months – 12 Months	-	932.422
1 – 2 Years	-	-
2 –5 Years	-	-
5 Years and More	-	-

As at 31 December 2024, analysis of finance lease receivables according to their maturities is as follows:

	2025	2026	2027	2028	2029	2030 and beyond	Total
Finance lease receivables (gross)	16.501.339	8.857.272	4.096.186	1.495.047	518.311	140.129	31.608.284
Unearned interest	(3.223.892)	(1.297.322)	(444.597)	(137.122)	(49.007)	(32.771)	(5.184.711)
Finance lease receivables (net)	13.277.447	7.559.950	3.651.589	1.357.925	469.304	107.358	26.423.573

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

	2024	2025	2026	2027	2028	2029 and beyond	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 2024, the average compound interest rates applicable for the finance lease receivables are 56,71% for TL, 9,38% for USD, 7,34% for EUR (31 December 2023: 44,92% for TL, 9,00% for USD, 5,83% for EUR).

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables (Continued)

As at 31 December 2024, details of finance lease receivables in terms of currency types are as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principal (Net) (TL)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest (TL)</u>
USD	90.177.913	3.176.364	8.669.812	305.379
EUR	466.414.145	17.137.408	54.979.703	2.020.114
TL		6.109.801		2.859.218
Total		26.423.573		5.184.711

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

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principal (Net) (TL)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest (TL)</u>
USD	100.226.610	2.950.491	14.869.586	437.734
EUR	428.862.905	13.969.737	42.329.496	1.378.837
TL		6.300.486		2.477.597
Total		23.220.714		4.294.168

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

<u>Collateral type:</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Mortgages	653.064	576.701
Pledged equity	102.638	189.598
Sureties of credit guarantee fund	58.854	139.858
Pledged shares	23.013	32.032
Letters of guarantee	21.025	18.425
Pledged movable	2.376	2.083
Cash blockages	1.500	1.500
Mortgages	2	-
	862.472	960.197

In addition to collaterals above, the Group also has sureties amounting to TL 24.544.451 pledged vehicles amounting to TL 573.764, pledged accounts receivable to TL 348,872 (31 December 2023: sureties amounting to TL 21.339.679, pledged vehicles amounting to TL 314.595, pledged accounts receivable to TL 429.008).

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables (Continued)

As at 31 December 2024 and 31 December 2023 details of overdue finance lease receivables are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Up to 30 days	152.487	184.468
Between 30 – 60 days	41.193	26.625
Between 60 – 90 days	380.208	204
	<u>573.888</u>	<u>211.297</u>

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

<u>Collateral type</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Mortgages	167.471	116.256
Letters of guarantee	7.320	4.662
Pledged movable	2.376	2.084
Pledged equity	-	48.991
	<u>177.167</u>	<u>171.993</u>

In addition to above guarantees, the Group also has sureties amounting to TL 1.647.496, pledged vehicles amounting to TL 51.380, (31 December 2023: sureties amounting to TL 865.941, pledged vehicles amounting to TL 7.358).

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 2024 and 31 December 2023, the aging of non-performing finance lease receivables is as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Between 90 – 240 days	39.200	20.169
Between 240 – 360 days	3.058	144
Over 360 days	269.957	491.110
Uninvoiced non-performing finance lease receivables	653.706	596.819
Unearned interest of non-performing finance lease receivables	(274.023)	(235.373)
	<u>691.898</u>	<u>872.869</u>

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables (Continued)

Collaterals obtained for non-performing finance lease receivables as at 31 December 2024 and 31 December 2023 are as follows:

<u>Guarantee type:</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Mortgages	2.553	3.967
	<u>2.553</u>	<u>3.967</u>

In addition to the above collaterals, the Group also has sureties amounting to TL 401.043, pledged vehicles amounting to TL 134 and leased equipments amounting to TL 288.167 (31 December 2023: sureties amounting to TL 511.130, pledged vehicles amounting to TL 510 and leased equipments amounting to TL 357.262).

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

<u>Movement of expected credit losses:</u>	<u>1 January- 31 December 2024</u>	<u>1 January- 31 December 2023</u>
Provision at the beginning of the period	(963.918)	(798.605)
Provision set during the period	(216.620)	(269.172)
Collections	251.746	103.859
Provision at the end of the period	<u>(928.792)</u>	<u>(963.918)</u>

B. Operating Lease Receivables

As at 31 December 2024 and 31 December 2023 analysis of time lease receivables occurred from operating lease receivables according to their maturities is as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
2024 Year	-	3.947
2025 Year	2.322	2.316
2026 Year	1.926	1.926
	<u>4.248</u>	<u>8.189</u>

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10. RELATED PARTIES

As at 31 December 2024 and 31 December 2023, details of related party receivables and payables are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>Finance lease receivables from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	24.657	12.947
Türkiye Sınai Kalkınma Bankası A.Ş.	4.267	3.527
Total	<u>28.924</u>	<u>16.474</u>
<u>Factoring receivables from related parties</u>		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	6.098.153	-
İş Enerji Yatırımları A.Ş.	37.854	-
Enaş Enerji Yatırımları A.Ş.	10.886	-
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş.	7.274	20.999
Bayek Tedavi Sağlık Hizm. İşlt. A.Ş.	-	190.792
Total	<u>6.154.167</u>	<u>211.791</u>
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Insurance Premium)	212.282	135.047
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	1.256	1.627
Softtech Yazılım Teknolojileri	841	143
İş Merkezleri Yönetim ve İşletim A.Ş.	606	546
Türkiye İş Bankası A.Ş.	150	56
Topkapı Danışmanlık Elektronik Hiz. Paz ve Tic. A.Ş.	81	-
KKB Kredi Kayıt Bürosu A.Ş.	31	8
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	7	59
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	430
Anadolu Hayat Emeklilik A.Ş.	-	41
Total	<u>215.254</u>	<u>137.957</u>
<u>Deposits placed to related parties</u>		
Türkiye İş Bankası A.Ş. Demand Deposits	265.275	142.910
Türkiye İş Bankası A.Ş. Demand Deposits	43.091	1.455.165
Türkiye Sınai Kalkınma Bankası A.Ş.	515	246
İşbank AG Demand Deposits	109	106
Total	<u>308.990</u>	<u>1.598.427</u>
<u>Investment Fund</u>		
Türkiye İş Bankası A.Ş.	-	24.328
Total	<u>-</u>	<u>24.328</u>

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10. RELATED PARTIES (Continued)

	31 December 2024	31 December 2023
<u>Derivative financial assets held for trading from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	491.101	563.567
Türkiye İş Bankası A.Ş.	3.210.590	1.388.601
Total	3.701.691	1.952.168
<u>Derivative financial liabilities held for trading from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	477.157	552.665
Türkiye İş Bankası A.Ş.	3.532.433	1.385.700
Total	4.009.590	1.938.365

As at 31 December 2024 and 31 December 2023, details of borrowings from related parties are as follows:

Borrowings from related parties

Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2024</u>
TL	18,51%-49,00%	02.01.2025-07.04.2025	2.307.250
USD	6,90%	31.03.2025	721.627
EUR	5,10%-8,51%	03.02.2025-19.03.2026	3.257.115
GBP	6,59%-7,76%	07.01.2025-11.02.2026	9.378.350
			15.664.342
<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2023</u>
TL	18,51%-48,00%	04.01.2024-07.04.2025	7.723.509
USD	6,00%-10,10%	02.01.2024-08.04.2024	954.504
EUR	4,50%-8,51%	02.01.2024-19.03.2026	3.997.992
GBP	6,43%-7,76%	04.01.2024-17.12.2024	6.167.576
			18.843.581

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

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2024</u>
USD	6,59%-7,90%	28.05.2025-11.02.2026	1.350.574
EUR	2,97%-7,29%	09.05.2025-01.06.2026	701.413
			2.051.987

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2023</u>
USD	8,44%	29.06.2026	374.580
EUR	2,97%-10,20%	25.03.2024-29.06.2026	1.958.075
			2.332.655

İş Bank AG

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2024</u>
EUR	4,59%-5,83%	13.01.2025-06.11.2025	862.315
TL	47,00%	02.01.2025	212.395
			1.074.710

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2023</u>
EUR	2,42%-8,54%	20.06.2024-18.12.2024	328.098
			328.098

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10. RELATED PARTIES (Continued)

For the periods ended 31 December 2024 and 31 December 2023, finance income and expenses from related parties are as follows:

	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
<u>Finance lease interest income from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş	9.409	4.718
Türkiye Sınai Kalkınma Bankası A.Ş.	1.791	282
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	19
Total	11.200	5.019
<u>Operating Lease Income from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	3.392	3.981
TSKB Gayrimenkul Değerleme A.Ş.	-	89
Total	3.392	4.070
<u>Interest income from related parties</u>		
Türkiye İş Bankası A.Ş.	7.513	161
Total	7.513	161
<u>Dividend income from related parties</u>		
İş Yatırım Menkul Değerler A.Ş.	77.838	36.730
Yatırım Finansman Menkul Değerler A.Ş.	11	-
Total	77.849	36.730
<u>Finance expense</u>		
Türkiye İş Bankası A.Ş.	1.670.691	1.858.582
Türkiye Sınai Kalkınma Bankası A.Ş.	173.314	158.430
İş Yatırım Menkul Değerler A.Ş.	9.880	12.812
İşbank AG	39.389	8.896
Total	1.893.274	2.038.720
<u>Rent expense</u>		
Türkiye İş Bankası A.Ş.	10.281	6.673
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	316	96
Total	10.597	6.769

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10. RELATED PARTIES (Continued)

	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
<u>Factoring commission income from related parties</u>		
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	430	848
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	517	422
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	-	33
Total	947	1.303
<u>Factoring interest income from related parties</u>		
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	23.810	18.316
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	3.224	2.135
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	-	407
Türkiye Şişe ve Cam Fabrikaları A.Ş.	70.275	-
Total	97.309	20.858
<u>Insurance Commission income</u>		
Anadolu Anonim Türk Sigorta Şirketi	63.838	34.826
Total	63.838	34.826
<u>Finance lease liability to related parties</u>		
Türkiye İş Bankası A.Ş.	409	4.395
Total	409	4.395
<u>Mutual funds income</u>		
Türkiye İş Bankası A.Ş.	111.576	1.823
Total	111.576	1.823

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10. RELATED PARTIES (Continued)

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

For the periods ended 31 December 2024 and 31 December 2023, total salary and benefits paid to the key management during year comprised the following:

	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Salaries and other short-term benefits (**)	93.990	47.110
	93.990	47.110

(*) 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 2024 and 31 December 2023, total salary and benefits paid to tangible assets during year comprised the following:

	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 2024	39.859	6.653	5.657	-	1.456	15.899	-	69.524
Additions	101.653	224	-	-	-	32.874	-	134.751
Transfer	(103.464)	-	(1.830)	-	-	(8.643)	-	(113.937)
Closing balance at 31 December 2024	38.048	6.877	3.827	-	1.456	40.130	-	90.338
Accumulated depreciation								
Opening balance at 1 January 2024	(18.012)	(5.083)	(834)	-	(1.456)	(9.960)	-	(35.345)
Depreciation for the period	(6.749)	(514)	(1.519)	-	-	(16.325)	-	(25.107)
Transfer	-	-	-	-	-	-	-	-
Disposals	2.108	-	1.830	-	-	8.589	-	12.527
Closing balance at 31 December 2024	(22.653)	(5.597)	(523)	-	(1.456)	(17.696)	-	(47.925)
Carrying amounts at 31 December 2024	15.395	1.280	3.304	-	-	22.434	-	42.413
Carrying amounts at 1 January 2024	21.847	1.570	4.823	-	-	5.939	-	34.179
Cost								
Opening balance at 1 January 2023	41.616	5.979	4.872	183	1.456	9.023	8.750	71.879
Additions	78.617	674	2.878	-	-	11.587	1.310	95.066
Transfer	-	-	-	-	-	-	-	-
Disposals	(80.374)	-	(2.093)	(183)	-	(4.711)	(10.060)	(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

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12. INTANGIBLE ASSETS

For the periods ended 31 December 2024 and 31 December 2023, movements in intangible assets except goodwill are as follows:

	31 December 2024	31 December 2023
<u>Cost</u>		
Opening balance at 1 January	45.971	25.718
Additions	34.385	20.253
Disposals	(2.063)	-
Closing balance at the end of the period	78.293	45.971
<u>Amortization</u>		
Opening balance at 1 January	(17.717)	(12.676)
Amortization for the period	(9.071)	(5.041)
Transfer	-	-
Disposals	1.438	-
Closing balance at the end of the period	(25.350)	(17.717)
Carrying amounts (*)	52.943	28.254

(*) 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 2024, net amount of goodwill is TL 166 (31 December 2023: 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 2024 and 31 December 2023 details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

<u>Temporary time differences subject to deferred tax</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Provision for lawsuit	32.323	28.379
Deferred Income	1.263	739
Financial assets valuation difference	(324.688)	(45.777)
Finance lease adjustment	(26.888)	(20.252)
Finance lease income accruals	(465.805)	(343.899)
Expected Credit Losses for Doubtful Receivables	775.389	704.657
Financial Asset Expected Loss Provision	2.345	4.688
Expense Accruals	118	26
IFRS-16 Adjustment	27.396	6.455
Unearned factoring income	575.538	728.867
Actuarial Difference for severance pay	2.482	2.482
Reserve for employee benefits	32.406	29.706
Unused vacation provision	23.747	10.416
Tax base differences in tangible and intangible assets	73.481	66.449
Employee bonus accrual	43.755	23.393
Prepaid expenses	(3.024)	(9.443)
Deferred Factoring Commission Income	14.063	24.936
Tax procedure law subsidiary inflation valuation difference	(2.883.335)	(1.771.498)
Other	43.614	90.503
Prepaid Expenses Inflation Difference	819	-
Timing Differences Forming the Basis for Deferred Tax	(2.055.001)	(469.173)
<u>Deferred Tax Assets</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Provision for lawsuit	-	8.514
Deferred Income	-	222
Financial assets valuation difference	3.444	(13.733)
Finance lease adjustment	-	(6.076)
Finance lease income accruals	-	(103.170)
Expected Credit Losses for Doubtful Receivables	54.642	211.397
Financial Asset Expected Loss Provision	677	1.406
Expense Accruals	35	7
IFRS-16 Adjustment	2.601	1.937
Unearned factoring income	172.662	218.660
Actuarial Difference for severance pay	745	745
Reserve for employee benefits	2.432	8.912
Unused vacation provision	2.914	3.125
Tax base differences in tangible and intangible assets	(6.061)	19.935
Employee bonus accrual	7.726	7.018
Prepaid expenses	(1.695)	(2.833)
Deferred Factoring Commission Income	4.039	7.481
Tax procedure law subsidiary inflation valuation difference	(215.803)	(132.862)
Other	(112.000)	27.150
Prepaid Expenses Inflation Difference	246	-
Deferred Tax Asset	<u>28.492</u>	<u>257.835</u>

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13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)**Deferred Tax Liabilities**

	31 December 2024	31 December 2023
Financial assets valuation difference	(100.850)	-
Finance lease adjustment	(8.066)	-
Reserve for employee benefits	7.290	-
Actuarial Difference for severance pay	-	-
Unused vacation provision	4.210	-
Prepaid expenses	788	-
Employee bonus accrual	5.400	-
Provision for lawsuit	9.697	-
Finance lease income accruals	(139.741)	-
Unearned factoring income	-	-
IFRS-16 Adjustment	5.618	-
Tax base differences in tangible and intangible assets	28.105	-
Expected Credit Losses for Doubtful Receivables	-	-
Financial assets valuation difference	-	-
Expense Accruals	180	-
Expected Credit Losses for Doubtful Receivables	177.975	-
Deferred Income	379	-
Financial Asset Expected Loss Provision	26	-
Tax procedure law subsidiary inflation valuation difference	(216.697)	-
Other	13.194	-
Deferred Tax Liability	(212.492)	-

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13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

The corporate tax rate is 30% as of 31 December 2024 (31 December 2023: %30). With the Law proposed to the Turkish Grand National Assembly on 5 July 2023 and published in the Official Gazette dated 15 July 2023, amendments were made to the Corporate Tax Law No. 5520. According to this; Starting from the declarations that must be submitted as of 1 October 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 1 October 2023; It entered into force on 15 July 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 has started to 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 2024	31 December 2023
Opening balance at 1 January	257.835	165.380
Deferred tax income / (expense) (Net)	(144.571)	224.768
Classified in Equity	(297.264)	(132.313)
Deferred Tax Assets	28.492	257.835
Deferred Tax Liabilities	(212.492)	-

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2024 and 31 December 2023, details of assets held for sale and discontinued operations are as follows:

	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Assets held for sale (*)	2.432	-	2.432	-
	2.432	-	2.432	-

(*) 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 2024 and 31 December 2023, details of other assets are as follows:

	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Leasing Contracts in Progress	281.435	878.952	127.280	114.435
Advances Given for Lease Transactions	53.481	1.417.681	8.969	637.669
Amounts to be invoiced	30.197	313	22.005	23
Commissions expense on debt securities issued and funds borrowed	19.659	-	15.048	-
Other Finance Lease Receivables	50.501	65.804	34.606	35.587
Refundable VAT	56.244	-	-	-
Advanced given	360	-	327	-
Deposits given	140	-	139	-
Others	79.149	1.171	74.604	1.351
	571.166	2.363.921	282.978	789.065

16. FUNDS BORROWED

As at 31 December 2024 and 31 December 2023, details of funds borrowed are as follows:

	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Short-term borrowings	22.909.198	23.198.151	18.232.860	16.380.907
Short-term portion of long-term borrowings	-	1.082.180	-	1.374.854
Total short-term borrowings	22.909.198	24.280.331	18.232.860	17.755.761
Long-term borrowings	-	5.172.790	250.000	3.222.686
Total long-term borrowings	-	5.172.790	250.000	3.222.686
Total	22.909.198	29.453.121	18.482.860	20.978.447

As at 31 December 2024 and 31 December 2023, borrowings has no collateral.

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16. FUNDS BORROWED (Continued)

As at 31 December 2024 and 31 December 2023, details of short term borrowings based on types of currency are as follows:

<u>Currency</u>	<u>Interest Rate %</u>	<u>Currency Amount</u>	<u>31 December 2024</u>
TL	18,51%-63,05%	22.489.475	22.489.475
USD	6,15%-9,76%	127.792.693	4.507.327
EUR	4,20%- 7,76%	274.114.844	10.071.033
GBP	6,59%-7,76%	179.618.437	7.947.145
Interest accruals			1.092.369
TOTAL			46.107.349

<u>Currency</u>	<u>Interest Rate %</u>	<u>Currency Amount</u>	<u>31 December 2023</u>
TL	14,01%-57,05%	17.304.531	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

As at 31 December 2024 and 31 December 2023, details of long-term borrowings and short-term portion of long-term borrowings based on types of currency are as follows:

<u>Currency</u>	<u>Interest Rate %</u>	<u>Currency Amount</u>	<u>31 December 2024</u>
USD	6,49% - 10,77%	58.515.238	2.061.962
EUR	2,97% - 9,66%	76.185.211	2.799.266
GBP	6,64%	31.500.000	1.393.742
TOTAL			6.254.970

<u>Currency</u>	<u>Interest Rate %</u>	<u>Currency Amount</u>	<u>31 December 2023</u>
TL	18,51%-19,11%	250.000	250.000
USD	6,64%-8,19%	20.361.299	599.400
EUR	2,97%-9,86%	122.740.603	3.998.140
TOTAL			4.847.540

As at 31 December 2024 and 31 December 2023, compounded interest rates have been presented

As 31 December 2024 and 31 December 2023, details of borrowings based on types of interest rate are as follows:

	<u>31 December 2024</u>		<u>31 December 2023</u>	
	<u>TL</u>	<u>FC</u>	<u>TL</u>	<u>FC</u>
Fixed rate	22.909.198	18.416.231	16.645.370	14.943.616
Variable rate	-	11.036.890	1.837.490	6.034.831
	22.909.198	29.453.121	18.482.860	20.978.447

Fair values of the funds borrowed are presented in Note 38. As at 31 December 2024 the Group has available credit limit of TL 54.967.465 which has fulfilled all necessary conditions but has not been used. (31 December 2023: TL 40.751.979).

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17. OTHER LIABILITIES

As at 31 December 2024 and 31 December 2023, details of miscellaneous payables are as follows:

	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Advances received (**)	322.266	661.282	201.185	289.291
Banking and Insurance Transaction Tax	40.955	-	43.865	-
Social Security Premium Liability	9.321	-	9.250	-
Income Tax Liability	9.165	-	3.948	-
Payables to suppliers for lease transactions	10.280	441.512	5.546	330.771
Deferred Income	1.263	-	739	-
Other Tax and Liabilities	1.313	-	224	-
Value Added Tax	1.004	-	14.078	-
Other(*)	89.533	204.229	139.400	133.040
	485.100	1.307.023	418.235	753.102

(*) 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.

(**) 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.

18. LEASE PAYABLES

	31 December 2024	31 December 2023
Lease Payables	27.396	6.455
	27.396	6.455

As of 31 December 2024, and 31 December 2023, the group's forward-looking debt arising from leasing transactions is as follows:

	31 December 2024	31 December 2023
2024 Years	-	3.376
2025 Years	9.846	2.042
2026 Years	12.726	1.037
2027 Years	4.824	-
	27.396	6.455

19. DEBT SECURITIES ISSUED

	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Bills bonds	4.535.752	-	3.444.142	-
Interest accruals	280.654	-	301.134	-
	4.816.406	-	3.745.276	-

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19. DEBT SECURITIES ISSUED (Continued)

As of 31 December 2024, The characteristics of financing bills issued by the group are as follows:

<u>ISIN CODE</u>	<u>Maturity Starting Date</u>	<u>Nominal Value of Capital Market Instrument Sold</u>	<u>Maturity Date</u>	<u>Sale Type</u>	<u>Coupon Period</u>
TRFISFN52517	22.05.2024	100.000.000	21.05.2025	Qualified Investor	1 in 3 months
TRFISFN62516	4.06.2024	400.000.000	3.06.2025	Qualified Investor	1 in 3 months
TRFISFN72515	4.07.2024	300.000.000	3.07.2025	Qualified Investor	1 in 3 months
TRFISFN72617	9.07.2024	100.000.000	9.07.2026	Qualified Investor	1 in 3 months
TRFISFN82514	16.08.2024	400.000.000	15.08.2025	Qualified Investor	1 in 3 months
TRFISFN82522	21.08.2024	300.000.000	20.08.2025	Qualified Investor	1 in 3 months
TRFISFN22510	22.08.2024	300.000.000	17.02.2025	Qualified Investor	Payment at maturity
TRFISFN82548	28.08.2024	400.000.000	27.08.2025	Qualified Investor	1 in 3 months
TRFISFN52525	29.08.2024	300.000.000	26.05.2025	Qualified Investor	1 in 3 months
TRFISFAE2412	26.06.2024	838.500.000	4.10.2024	Qualified Investor	Payment at maturity
TRFISFA32516	11.09.2024	115.000.000	10.03.2025	Qualified Investor	Payment at maturity
TRFISFA32524	13.09.2024	100.000.000	12.03.2025	Qualified Investor	Payment at maturity
TRFISFA92510	17.09.2024	200.000.000	16.09.2025	Qualified Investor	Payment at maturity
TRFISFA42515	07.10.2024	150.000.000	07.04.2025	Qualified Investor	Payment at maturity
TRFISFA62513	13.12.2024	1.000.000.000	11.06.2025	Qualified Investor	Payment at maturity
TRFISFA62521	26.12.2024	500.000.000	24.06.2025	Qualified Investor	Payment at maturity

20. PROVISIONS

As at 31 December 2024 and 31 December 2023, reserve for employee benefits are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Reserve for employee severance indemnity	34.888	32.188
Provision for employee bonus	43.755	23.394
Vacation pay provision	23.747	10.416
	102.390	65.998

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 2024 and 31 December 2023, the following actuarial assumptions are used in the calculation of the total liability:

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20. PROVISIONS (Continued)

	31 December 2024	31 December 2023
Discount rate	3,98%	3,26%
Inflation	21,85%	21,10%
Estimated probability of retirement	93,11%	94,76%

For the periods ended 31 December 2024 and 31 December 2023, movements in reserve for employee severance indemnity are as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	32.188	19.035
Service cost	5.449	11.334
Actuarial difference	8.936	4.706
Interest cost	7.912	1.461
Reversed severance indemnity provision	-	(357)
Amounts paid to employee severance indemnity	(19.597)	(3.991)
Balance at the end of the year	34.888	32.188

The movement of the vacation pay liability for the periods ended 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	10.416	5.103
Increase during the period	13.331	5.313
Balance at the end of the year	23.747	10.416

The movement of the provision for employee bonus for the periods ended 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	23.394	10.135
Increase during the period	43.754	23.394
Payment made during the period	(23.393)	(10.135)
Balance at the end of the year	43.755	23.394

As at 31 December 2024 and 31 December 2023, other provisions are as follows:

	31 December 2024	31 December 2023
Provision for lawsuits	32.323	28.379
Provision for general administrative expenses	2.344	4.688
Expected Credit Loss for Financial Assets	600	520
	35.267	33.587

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20. PROVISIONS (Continued)

Movements in other provisions for the periods ended 31 December 2024 and 31 December 2023 are as follows:

	General provision for financial lease receivables	Provisio n for lawsuits	Provision for administrative expenses	Expected Credit Loss for Financial Assets
31 December 2024				
At the beginning of the year	-	28.379	520	4.688
Period Expense	-	31.330	80	2.344
Payments	-	-	-	-
Cancellations	-	(27.386)	-	(4.688)
At the end of the period	-	32.323	600	2.344
31 December 2023				
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

21. CURRENT PERIOD TAX ASSET AND PAYABLE

The current years tax asset as at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Income taxes withheld (*)	2.487	239
Total	2.487	239

As at 31 December 2024 and 31 December 2023, details of current year tax liability are as follows:

	31 December 2024	31 December 2023
Current period corporate tax provision (Note:35)	804.618	1.062.283
Previous period corporate tax provision	-	-
Taxes paid for the current period	12.234	21.162
Payments During the Term	(514.315)	(785.596)
Corporate tax payable	302.537	297.849

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21. CURRENT PERIOD TAX ASSET AND PAYABLE(Continued)

For the periods ended 31 December 2024 and 31 December 2023, movements of corporate tax payable are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Corporate Tax Payable at the Beginning of the Term	297.849	1.062.283
Current Period Expense	804.618	-
Corporate Tax to be offset	-	-
Tax Payable	12.234	21.162
Previous period corporate tax provision	-	116.648
Payments During the Term	(812.164)	(902.244)
Corporate tax payable	302.537	297.849

22. NON-CONTROLLING INTERESTS

The Company owns 78,23 % of İş Faktoring A.Ş. As at 31 December 2024, the non-controlling interests amounting to TL 991.775 (31 December 2023: TL 672.855) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TL 217.785 (31 December 2023: TL 252.392) have been calculated on the net profit of the subsidiary.

The movements of non-controlling interests for the periods ended 31 December 2024 and 31 December 2023 are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Balance at the beginning of the year	672.855	311.213
From the Profit. Loss of the year	217.785	252.392
Fair value changes of marketable securities	101.135	109.628
Prior Year Adjustment	-	(378)
Balance at the end of the year	991.775	672.855

23. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 31 December 2024 nominal capital of the Company is TL 695.303, the share capital of the Company consists 69.530.264.500 of shares Kurus 1 price.

As at 31 December 2024 and 31 December 2023, shareholders and their ownership percentages are as follows:

<u>Shareholders</u>	<u>31 December</u>		<u>31 December</u>	
	(%)	<u>2024</u>	(%)	<u>2023</u>
Türkiye İş Bankası A.Ş.	30,43%	211.581	27,79	193.253
Türkiye Sınai Kalkınma Bankası A.Ş.	29,46%	204.850	29,46	204.850
Trakya Yatırım Holding A.Ş.	0,93%	6.483	0,93	6.483
Publicly traded	39,18%	272.389	41,82	290.717
Total	100,00%	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;

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23. PAID-IN CAPITAL AND CAPITAL RESERVES(Continued)

<u>Shareholders</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Türkiye İş Bankası A.Ş.	300.000.000	300.000.000
Türkiye Sınai Kalkınma Bankası A.Ş.	255.000.000	255.000.000
Trakya Yatırım Holding A.Ş.	45.000.000	45.000.000
Total	600.000.000	600.000.000

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

Capital Reserves

	<u>31 December 2024</u>	<u>31 December 2023</u>
Other Capital Reserves(*)	1.763	1.763
Accumulated Other Comprehensive Income.Expenditure Not Reclassified in Profit.Loss	2.672.131	1.843.962
<i>Accumulated Other Comprehensive Income.Expenditure Reclassified in Profit.Loss</i>	<i>(4.814)</i>	<i>(3.018)</i>
Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss(**)	2.676.945	1.846.980
Total	2.673.894	1.845.725

(*) 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.

24. PROFIT RESERVES

As at 31 December 2024 and 31 December 2023, details of profit reserves are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Legal reserves	154.907	111.904
Extraordinary reserves	3.395.634	1.671.185
Total	3.550.541	1.783.089

(*) 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 107.131 classified in extraordinary tax income reserves which will not be considered in profit distribution and capital increase as at 31 December 2024 (31 December 2023: TL 60.401).

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 43.003 calculated on legal profit has been transferred to legal reserves by a decision of the Company’s Board of Directors.

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25. PRIOR YEARS’ PROFIT LOSS

The group has profit amounting to TL 5.476 as at December 31, 2024 (31 December 2023: TL 5.868).

26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2024, TL 13.106.385 of letters of guarantee are given to customs, authorities and banks (31 December 2023: TL 8.700.597).

As at 31 December 2024, the total risk of litigations filed and currently pending against the Group amounting to approximately TL 39.520 (31 December 2023: TL 35.218). The Group has provided a provision amounting to TL 32.323 for litigations (31 December 2023: TL 28.379) 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 2024, the Group has letter of credit commitments of USD 1.560.625, EUR 4.977.650 (Total TL 237.864) (31 December 2023: USD 3.217.130, EUR 2.673.902, (Total TL 181.806).

As at 31 December 2024 and 31 December 2023 has no factoring commitment

As at 31 December 2024, the Group has lease commitments of USD 17.078.881, EUR 87.869.931 and full TL 709.433 (Total TL 4.539.604) (31 December 2023: USD 3.869.598, EUR 20.934.644 and full TL 549.975 (Total TL 1.345.812).

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 2024 details of derivatives are as follows:

	31 December 2024	
	Amount as Original Currency	TL
Currency Swap Purchases		
GBP	210.210.665	9.300.938
EUR	2.397.622	88.096
USD	21.923.000	772.200
TL	2.909.749	2.909.749
		<u>13.070.983</u>
Currency Swap Sales:		
USD	55.713.081	1.962.399
EUR	254.942.116	9.367.313
		<u>11.329.712</u>
	31 December 2024	
	Amount as Original Currency	TL
Currency Futures Purchases:		
GBP	8.471.426	374.824
USD	6.835.232	240.759
EUR	21.288.195	782.190
TL	370.987	370.987
		<u>1.768.760</u>
Currency Futures Sales		
USD	1.701.692	59.940
EUR	17.188.240	631.546
TL	1.330.044	1.330.044
		<u>2.021.530</u>

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26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As at 31 December 2023 details of derivatives transactions are as follows:

	31 December 2023	
	Amount as Original Currency	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	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

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 254.193 and there is an unrealized gain amounting to TL 590.359 (Note 6) consisting of changes in the fair value of derivative contracts and associated with profit and loss (31 December 2023: TL 5.837 unrealized loss and TL 83.917 unrealized gain).

As at 31 December 2024 analysis of derivative transactions according to their maturities is as follows:

	Short Term	Long Term	Total
Currency Swap Purchases	11.625.020	1.445.963	13.070.983
Currency Swap Sales	9.915.385	1.414.327	11.329.712
Currency Futures Purchases	1.718.007	50.753	1.768.760
Currency Futures Sales	1.971.748	49.782	2.021.530

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

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27. SEGMENT REPORTING

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

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

Business segments

The Group comprises the following main business segments:

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

<u>31 December 2024</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
Total assets	32.000.494	37.800.577	(53.766)	69.747.305
Total liabilities	26.660.515	33.244.608	-	59.905.123
Net profit for the year	1.142.528	1.000.450	(217.785)	1.925.193
<u>31 December 2023</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
Total assets	27.606.958	24.004.354	(53.766)	51.557.546
Total liabilities	23.874.221	20.913.425	-	44.787.646
Net profit for the year	860.027	1.159.425	(252.392)	1.767.060

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27. SEGMENT REPORTING (Continued)

<u>31 December 2024</u>	Leasing	Factoring	Consolidation Adjustments	Total
Operating Income	4.381.435	7.321.243	-	11.702.678
Financial Expenses (-)	(3.001.372)	(5.882.575)	-	(8.883.947)
Gross Profit . Loss	1.380.063	1.438.668	-	2.818.731
Operating Expense (-)	(448.918)	(339.593)	-	(788.511)
Gross Operating Profit.Loss	931.145	1.099.075	-	2.030.220
Other Operating Income	1.548.525	1.608.300	(1.057.150)	2.099.675
Provisions (-)	(216.620)	(289.663)	-	(506.283)
Other operating Expenses (-)	(581.324)	(1.007.271)	1.057.150	(531.445)
Net Operating Profit . Loss	1.681.726	1.410.441	-	3.092.167
Profit or Loss from Continuing Operations before tax	1.681.726	1.410.441	-	3.092.167
Provision for Taxes from Continuing Operations (±)	(539.198)	(409.991)	-	(949.189)
Net Profit or Loss from Continuing Operations	1.142.528	1.000.450	-	2.142.978
Non-controlling Interests	-	-	(217.785)	(217.785)
Net Profit or Loss for the Period	1.142.528	1.000.450	(217.785)	1.925.193
Fixed Asset Additions	140.870	28.267	-	169.137
Depreciation and Amortisation	(16.597)	(17.581)	-	(34.178)

<u>31 December 2023</u>	Leasing	Factoring	Consolidation Adjustments	Total
Operating Income	3.000.733	5.180.594	-	8.181.327
Financial Expenses (-)	(2.147.074)	(3.565.883)	-	(5.712.957)
Gross Profit . Loss	853.659	1.614.711	-	2.468.370
Operating Expense (-)	(239.758)	(177.009)	-	(416.767)
Gross Operating Profit.Loss	613.901	1.437.702	-	2.051.603
Other Operating Income	1.195.240	374.602	-	1.569.842
Provisions (-)	(269.172)	(177.091)	-	(446.263)
Other operating Expenses (-)	(297.048)	(21.167)	-	(318.215)
Net Operating Profit . Loss	1.242.921	1.614.046	-	2.856.967
Profit or Loss from Continuing Operations Before Tax	1.242.921	1.614.046	-	2.856.967
Provision for Taxes from Continuing Operations (±)	(382.894)	(454.621)	-	(837.515)
Net Profit or Loss from Continuing Operations	860.027	1.159.425	-	2.019.452
Non-controlling Interests	-	-	(252.392)	(252.392)
Net Profit or Loss for the Period	860.027	1.159.425	(252.392)	1.767.060
Fixed Asset Additions	93.321	21.998	-	115.319
Depreciation and Amortisation	(12.825)	(11.057)	-	(23.882)

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28. EVENTS AFTER THE REPORTING PERIOD

İş Finansal Kiralama A.Ş. within the scope of the Board of Directors' decision dated 20.08.2024 regarding the issuance of debt instruments, financial bills with a nominal value of TL 350.000 and bonds with a nominal value of TL 500.000 were issued after 31.12.2024.

29. OPERATING INCOME

For the periods ended 31 December 2024 and 31 December 2023, details of operating income are as follows:

	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Finance Lease income	4.378.043	2.996.662
Operating lease income	3.392	4.070
Factoring income	7.321.243	5.180.595
	11.702.678	8.181.327

30. OPERATING EXPENSES

For the periods ended 31 December 2024 and 31 December 2023, operating expenses are as follows:

	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
Personal expenses	(577.565)	(269.317)
Depreciation and amortization expenses	(34.178)	(23.882)
Information technology expenses	(37.917)	(19.245)
Provision for employee severance	(14.386)	(15.683)
Office rent expenses	(25.450)	(14.082)
Taxes, duties and charges	(16.052)	(11.082)
BRSA participation fee	(15.484)	(10.916)
Board of Directors attendance fee	(17.672)	(10.139)
Consultancy expenses	(12.986)	(5.694)
Travel and car expenses	(8.194)	(3.680)
Advertising expense	(2.337)	(1.975)
Capital increase expense	(2.650)	(869)
Communication expense	(1.263)	(771)
Insurance expense	(643)	(418)
Expenses of Keeping on the Rank	(30)	(19)
Other general administrative expenses	(21.704)	(28.995)
	(788.511)	(416.767)

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31. OTHER OPERATING INCOME

For the periods ended 31 December 2024 and 31 December 2023, details of other operating income are as follows:

	<u>01.01.2024-</u> <u>31.12.2024</u>	<u>01.01.2023-</u> <u>31.12.2023</u>
Foreign Exchange Incomes	-	781.063
Profits from Derivative Financial	870.378	241.637
Collection and Cancellation Income from Doubtful	479.527	268.521
Dividend Income	77.849	36.730
Commission Income	63.838	34.826
Interest Income	274.428	18.324
Capital Market Transactions Profit	111.576	1.823
Other	222.079	186.918
	<u>2.099.675</u>	<u>1.569.842</u>

32. FINANCE EXPENSES

For the periods ended 31 December 2024 and 31 December 2023, details of finance expenses are as follows:

	<u>01.01.2024-</u> <u>31.12.2024</u>	<u>01.01.2023-</u> <u>31.12.2023</u>
Interest expense on funds borrowed	(7.545.841)	(4.499.880)
Interest expense on debt securities issued	(1.097.065)	(615.602)
Fees and commissions expense	(227.497)	(595.561)
Interest expense related to rents	(13.544)	(1.914)
	<u>(8.883.947)</u>	<u>(5.712.957)</u>

33. PROVISIONS

For the periods ended 31 December 2024 and 31 December 2023, details of provision for non-performing receivables are as follows:

	<u>01.01.2024-</u> <u>31.12.2024</u>	<u>01.01.2023-</u> <u>31.12.2023</u>
Specific Provisions	(506.283)	(446.263)
	<u>(506.283)</u>	<u>(446.263)</u>

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34. OTHER OPERATING EXPENSES

For the periods ended 31 December 2024 and 31 December 2023, details of other operating expenses are as follows:

	<u>01.01.2024-</u> <u>31.12.2024</u>	<u>01.01.2023-</u> <u>31.12.2023</u>
Losses From Derivative Financial Instruments	(377.683)	(264.170)
Foreign exchange loss	(119.701)	-
Other	(34.061)	(54.045)
	<u>(531.445)</u>	<u>(318.215)</u>

Derivative financial instruments with a view to direct the Group’s financial risks (forward and currency swap contracts) consist of combination of more than one sub-transaction as time or spot. Entire such transactions are not trading and are preferred due to economic worth occurred at the maturity. Although, entire such transactions do not cover all conditions for hedge accounting, buy-sell spot transactions at the transaction date are recorded at initial amounts, buy-sell transactions that held to maturity date are recorded in fair values. Measurement differences of such sub-transactions which are integrated and fixed by the initial date economic worth at the maturity date on initial measurement of buy-sell transactions and measurement at the maturity date of buy-sell transactions cause the differences on income.expense components in the inperiods.

35. TAXATION

For the periods ended 31 December 2024 and 31 December 2023, details of tax expense are as follows:

	<u>01.01.2024-</u> <u>31.12.2024</u>	<u>01.01.2023-</u> <u>31.12.2023</u>
Current corporate tax charge	(804.618)	(1.062.283)
Deffered tax income. (expense)	(144.571)	224.768
	<u>(949.189)</u>	<u>(837.515)</u>

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

	<u>%</u>	<u>1 January-</u> <u>31 December 2024</u>	<u>%</u>	<u>1 January-</u> <u>31 December 2023</u>
Net profit for the period		2.142.978		2.019.452
Total tax expense		949.189		837.515
Profit before tax		3.092.167		2.856.967
Income tax using the Group's tax rate	30,00	927.650	30,00	857.090
Non-deductible expenses	0,87	26.857	1,99	56.829
Tax exempt income	(0,76)	(23.355)	(0,39)	(11.065)
Other	0,58	18.037	(2,29)	(65.339)
Total income tax expense	30,69	<u>949.189</u>	29,31	<u>837.515</u>

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35. TAXATION (Continued)

Corporate Tax

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

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

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

The corporate tax rate is 30% as of 31 December 2024 (31 December 2023: 30%). 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 2024 corporate earnings as of the provisional tax periods is 30% for 31.12.2024. (December 31, 2023: 30%). 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.

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 2024 and 31 December 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Weighted average number of outstanding shares (*)	69.530.264.500	69.530.264.500
Net profit for the year (TL)	1.925.193	1.767.060
Basic earnings per share (full TL)	0,0277	0,0254

(*) As at 31 December 2024, the share capital of the Company consists 69.530.264.500 of shares having Kurus 1 nominal price.

	31 December 2024	31 December 2023
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

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

None.

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 2024, the debt.equity ratio is 21% (31 December 2023: 16 %). As at 31 December 2024 and 31 December 2023, the leverage ratios are as follows:

	31 December 2024	31 December 2023
Funds borrowed	52.362.319	39.461.307
Debt securities issued	4.816.406	3.745.276
Other liabilities	1.792.123	1.171.337
Total liabilities	58.970.848	44.377.920
Cash and Cash Equivalents (-)	(1.166.151)	(2.512.911)
Net liabilities	57.804.697	41.865.009
Total shareholders' equity	9.842.182	6.769.900
Shareholders' equity . liabilities	17%	16%

According to the credit rating reports of Fitch issued at 17.09.2024 credit ratings of the Company are as follows:

Foreign Currency

Long term	BB-
Short term	B
Outlook	Stable

TL

Long term	BB-
Short term	B
Outlook	Stable

National

Long term	AA-(tur)
Outlook	Stable
Sharehold Support	bb-

(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

	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>Financial Assets:</u>		
Cash and Cash Equivalents	1.166.151	2.512.911
Derivative Financial Assets	590.359	83.917
Finance lease receivables and non-performing receivables, net	26.423.573	23.220.714
Leasing Contracts in Progress	1.160.387	241.715
Advances Given for Lease Transactions	1.471.162	646.638
Other Finance Lease Receivables	116.305	70.193
Factoring receivables and non-performing factoring receivables, Net	35.034.624	22.092.144
Financial Assets at Fair Value Through Other Comprehensive Income	3.468.578	2.228.384
Financial assets at fair value through profit or loss	-	24.328
<u>Financial Liabilities:</u>		
Derivative financial liabilities at fair value	(254.193)	(5.837)
Finance Lease Obligations	(27.396)	(6.455)
Other liabilities	(1.792.123)	(1.171.337)
Funds borrowed	(52.362.319)	(39.461.307)
Debt securities issued	(4.816.406)	(3.745.276)

(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 2024 and 31 December 2023, details of foreign currency denominated assets and liabilities are as follows:

31 December 2024	USD (000)	EUR (000)	CHF (000)	GBP (000)	JPY (000)	AUD (000)	CNY (000)	TL Equivalent
Banks	1.293	6.539	3	739	28	2	5	318.655
Finance lease receivables	90.178	466.414	-	-	-	-	-	20.313.772
Factoring receivables(*)	130.067	118.061	-	5.290	-	-	-	9.159.760
Advances given for lease transactions	18.164	20.867	270	-	-	-	-	1.417.681
Leasing contracts in progress	617	23.330	-	-	-	-	-	878.952
Other receivables from leasing transactions	261	1.541	-	-	-	-	-	65.804
Other assets	3	38	-	-	-	-	-	1.483
Total assets (**)	240.583	636.790	273	6.029	28	2	5	32.156.107
Funds borrowed(*)	(189.980)	(357.295)	-	(217.587)	-	-	-	(29.453.121)
Lease Obligations	-	-	-	-	-	-	-	-
Other provisions	-	(829)	-	(1)	-	-	-	(30.495)
Other Liabilities	(6.420)	(29.370)	(1)	(40)	-	-	-	(1.307.023)
Total liabilities (**)	(196.400)	(387.494)	(1)	(217.628)	-	-	-	(30.790.639)
Balance sheet position	44.183	249.296	272	(211.599)	28	2	5	1.365.468
Off balance sheet position	(28.657)	(248.445)	-	218.682	-	-	-	(462.187)
Net foreign currency position	15.526	851	272	7.083	28	2	5	903.281

(*) As at 31 December 2024, derivative financial assets amounting to TL 336.166 are not included

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

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
Leasing contracts in progress	7.961	12.362	-	-	-	-	-	637.669
Other receivables from leasing transactions	70	3.450	-	-	-	-	-	114.435
Other assets	207	905	-	-	-	-	-	35.587
Other Assets	26	18	-	-	-	-	-	1.374
Total Assets (*)	170.966	533.065	3	3.833	28	2	5	22.541.278
Funds borrowed(*)	(77.002)	(381.157)	-	(3.427)	-	-	-	(20.978.447)
Lease Obligations	-	-	-	-	-	-	-	-
Other provisions	(1)	(833)	-	(1)	-	-	-	(27.191)
Other Liabilities	(4.868)	(18.451)	(1)	(233)	-	-	-	(753.102)
Total liabilities (**)	(81.871)	(400.441)	(1)	(3.661)	-	-	-	(21.758.740)
Balance sheet position	89.095	132.624	-	172	28	2	5	782.538
Off balance sheet position	(54.339)	(110.830)	-	141.030	-	-	-	77.746
Net foreign currency position	34.756	21.794	2	141.202	28	2	5	860.284

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

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

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)

	Profit/ (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2024				
15% change of the USD against TL				
1- Net USD asset. Liability	233.441	(233.441)	233.441	(233.441)
2- Hedged portion of TL against USD risk (-)	(151.409)	151.409	(151.409)	151.409
3- Net effect of USD (1+ 2)	82.032	(82.032)	82.032	(82.032)
15% change of the Euro against TL				
4- Net Euro asset. Liability	1.373.979	(1.373.979)	1.373.979	(1.373.979)
5- Hedged portion of TL against Euro risk (-)	(1.369.288)	1.369.288	(1.369.288)	1.369.288
6- Net effect of Euro (4+5)	4.691	(4.691)	4.691	(4.691)
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset. Liability	48.601	(48.601)	48.601	(48.601)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	48.601	(48.601)	48.601	(48.601)
TOTAL (3+6+9)	135.324	(135.324)	135.324	(135.324)

(*) Includes profit.loss effect.

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

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Forward foreign exchange contracts and currency swaps (Forward contracts, 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 2024 and 31 December 2023, the interest rate profile of the Group’s interest-bearing financial instruments is as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>Fixed rate instruments</u>		
Financial Assets:		
Cash and Cash Equivalents	56.325	1.961.533
Finance Lease Receivables Net	26.174.309	23.193.312
Factoring Receivables Net	26.330.846	20.304.633
Financial Liabilities:		
Funds Borrowed	41.325.429	31.588.986
Securities Issued	3.423.123	3.745.276
<u>Variable rate instruments</u>		
Financial Assets:		
Finance Lease Receivables Net	249.264	27.402
Factoring Receivables Net	8.703.778	1.787.511
Financial Liabilities:		
Funds Borrowed	11.036.890	7.872.321
Securities Issued	1.393.283	-

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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 4.326 (31 December 2023: TL 392).

Interest income from factoring transactions with variable interest rates would be higher at an amount of TL 85.845 (31 December 2023: TL 17.630).

Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 103.967 (31 December 2023: TL 76.238).

(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 259.156 (31 December 2023: TL 351.160).

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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 2024	31 December 2023
	(%)	(%)
Construction	30,47	19,48
Textile Construction	12,37	17,73
Metal industry	9,53	10,82
Transportation	9,67	8,92
Mining	3,95	5,90
Real estate	5,53	5,09
Forestry products and paper	3,06	3,92
Food and beverage	3,55	2,88
Agriculture and forestry	2,81	2,94
Machinery and Equipment	2,13	2,79
Energy	3,33	2,64
Rubber, Plastic	1,95	1,83
Healthcare	1,08	1,17
Wholesale	1,08	1,32
Finance	0,11	0,26
Tourism	0,37	0,46
Other	9,01	11,85
	100,00	100,00

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2024, exposure to credit risk based on categories of financial instruments is as follows:

	<u>Receivables</u>				<u>Cash and Cash Equivalents</u>	<u>Financial Assets atFair value through profit.loss</u>	<u>Financial Assets at Fair Value Through Other Comprehensive Income (***)</u>	<u>Derivative Financial Assets</u>
	<u>Related party</u>	<u>Third party</u>	<u>Related party</u>	<u>Third party</u>				
31 December 2024								
Exposure to maximum credit risk as at reporting date (*)	28.924	26.394.638	-	35.034.624	1.166.151	-	3.468.578	590.359
	-	865.025	-	4.903.547	-	-	-	-
- The portion of maximum risk covered by guarantee	28.924	26.057.656	-	34.938.908	1.166.151	-	3.468.578	590.359
A. Net carrying value of financial assets which are neither impaired nor overdue	-	685.305	-	4.834.547	-	-	-	-
- The portion covered by guarantee				2.144	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired		573.888		1.209	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired		177.167		69.000	-	-	-	-
- The portion covered by guarantee		(236.895)		92.363	-	-	-	-
D. Net carrying value of impaired assets		386.013		386.217	-	-	-	-
- Overdue (gross book value)		(925.192)		(293.854)	-	-	-	-
- Impairment (-)		2.553		-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)		305.884		-	-	-	-	-
- Not past due (gross book value)		(2.016)		-	-	-	-	-
- Impairment (-)				-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)				-	-	-	-	-

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

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

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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:

	<u>Receivables</u>				<u>Cash and Cash Equivalents</u>	<u>Financial Assets at Fair value through profit/loss</u>	<u>Financial Assets at Fair Value Through Other Comprehensive Income (***)</u>	<u>Derivative Financial Assets</u>
	<u>Related party</u>	<u>Third party</u>	<u>Related party</u>	<u>Third party</u>				
31 December 2023								
Exposure to maximum credit risk as at reporting date (*)	16.474	23.204.240	211.790	21.880.354	24.328	14.228.789	2.228.384	22.155.237
	-	964.164	-	3.329.656	-	-	-	-
- The portion of maximum risk covered by guarantee	16.474	22.246.020	211.790	21.541.145	24.328	14.228.789	2.228.384	22.155.237
A. Net carrying value of financial assets which are neither impaired nor overdue	-	784.227	-	3.105.756	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	60	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	1.049.269	-	2.301	-	-	-	-
- The portion covered by guarantee	-	175.970	-	223.900	-	-	-	-
	-	(91.049)	-	336.848	-	-	-	-
D. Net carrying value of impaired assets	-	615.275	-	336.848	-	-	-	-
- Impairment (-)	-	(911.447)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	3.967	-	-	-	-	-	-
- Not past due (gross book value)	-	257.594	-	-	-	-	-	-
- Impairment (-)	-	(52.471)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

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

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

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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 2024		31 December 2023	
	Nominal Value	Authentic Value (*)	Nominal Value	Authentic Value (*)
Sureties	475.334.665	55.076.574	370.618.752	40.613.297
Collaterals of factoring transaction	57.605.551	4.807.904	45.348.004	3.287.380
Mortgage	16.454.848	751.260	14.310.737	622.944
Pledged shares	14.649.417	-	11.790.263	-
Guaranties of factoring transaction	3.473.375	23.013	3.106.503	32.032
Share certificates	2.203.162	348.872	1.807.287	429.008
Pledged commercial	1.023.868	102.638	946.871	189.598
Pledged vehicles	1.125.335	573.898	635.998	315.105
Sureties of credit guarantee fund	450.731	58.854	398.722	139.858
Guarantors	189.064	-	171.772	-
Securities Received For Collateral Purposes	112.643	-	99.153	-
Collaterals given by vendors	88.058	-	73.596	-
Cash blockages	29.750	21.025	29.427	18.425
Ship mortgage	54.110	-	1.475	-
Funds bonds as collateral	11.974	1.500	10.758	1.500
Collaterals of leasing transaction	8.767	-	7.942	-
Letters of guarantee	2.375	2.376	2.082	2.083
Pledged machines	502	-	502	-
Account Pledge	130	-	130	-
	572.818.325	61.767.914	449.359.974	45.651.230

(*) 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)

Liquidity risk table (Continued)

31 December 2024

<u>Contractual Maturities</u>	<u>Carrying Amount</u>	<u>Contractual Cash Flows (I+II+III+IV)</u>	<u>Less than 3 Months (I)</u>	<u>3-12 Months (II)</u>	<u>1-5 Years (III)</u>	<u>More than 5 Years (IV)</u>
Non-derivative Financial Assets:						
Banks	1.166.151	1.166.172	1.109.869	56.303	-	-
Financial Assets at Fair value through profit and Loss	-	-	-	-	-	-
Lease Receivables (*)	26.423.573	31.142.478	5.889.580	11.134.419	14.118.479	-
Factoring Receivables	35.034.624	36.666.861	30.780.423	5.737.335	149.103	-
Other Lease Receivables	111.349	111.349	111.349	-	-	-
Non-derivative Financial Assets:	4.956	4.956	4.956	-	-	-
Total Assets	62.740.653	69.091.816	37.896.177	16.928.057	14.267.582	-
Non-derivative Financial Liabilities:						
Funds Borrowed	52.362.319	54.594.351	38.548.817	11.010.212	4.985.184	50.138
Debt Securities Issued	4.816.406	4.946.656	215.000	4.618.363	113.293	-
Lease Obligations	27.396	46.256	3.323	22.065	20.868	-
Other Liabilities	1.792.123	1.792.123	1.792.022	-	101	-
Total Liabilities	58.998.244	61.379.386	40.559.162	15.650.640	5.119.446	50.138

31 December 2023

<u>Contractual Maturities</u>	<u>Carrying Amount</u>	<u>Contractual Cash Flows (I+II+III+IV)</u>	<u>Less than 3 Months (I)</u>	<u>3-12 Months (II)</u>	<u>1-5 Years (III)</u>	<u>More than 5 Years (IV)</u>
Non-derivative Financial Assets:						
Banks	2.512.911	2.515.323	2.515.323	-	-	-
Financial Assets at Fair value through profit and Loss	24.328	24.328	24.328	-	-	-
Lease Receivables (*)	23.220.714	27.170.982	3.483.679	9.558.002	13.823.696	305.605
Factoring Receivables	22.092.144	23.607.975	18.625.857	4.981.112	1.006	-
Other Lease Receivables	65.970	65.970	65.970	-	-	-
Non-derivative Financial Assets:	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	-

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

Liquidity risk table (Continued)

The following table details the maturities of derivative financial assets and liabilities as at 31 December 2024 and 31 December 2023.

31 December 2024						
<u>Contractual</u>	Carrying	Contractual	Less than 3	3-12 Months	1-5 Years	More
<u>Maturities</u>	Amount	Cash Flows	Months (I)	(II)	(III)	than 5
		(I+II+III+IV)				Years
						(IV)
Cash inflows from derivatives	1.488.505	14.839.744	2.453.253	10.672.594	1.713.897	-
Cash outflows from derivatives	-	13.351.241	1.832.678	9.828.089	1.690.474	-
31 December 2023						
<u>Contractual</u>	Carrying	Contractual	Less than 3	3-12 Months	1-5 Years	More
<u>Maturities</u>	Amount	Cash Flows	Months (I)	(II)	(III)	than 5
		(I+II+III+IV)				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	-	-

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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 2024	Financial assets and liabilities	Financial assets Measured at amortized cost	Loans and receivables	Financial Assets at Fair Value Through Other Comprehensive Income	Financial liabilities Measured at amortized cost	Carrying amount	Fair value	Notes
<u>Financial Assets</u>								
Cash and Cash Equivalents	-	1.166.151	-	-	-	1.166.151	1.166.151	4
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	3.468.578	-	3.468.578	3.468.578	7
Derivative financial assets	590.359	-	-	-	-	590.359	590.359	6
Finance lease receivables and non-performing lease receivables	-	-	26.423.573	-	-	26.423.573	27.615.050	9
Factoring receivables and non-performing factoring receivables	-	-	35.034.624	-	-	35.034.624	35.034.624	8
<u>Financial liabilities</u>								
Derivative financial Liabilities	254.193	-	-	-	-	254.193	254.193	6
Other liabilities	-	-	-	-	1.792.122	1.792.122	1.792.123	17
Lease Payables	-	-	-	-	4.816.406	4.816.406	4.228.457	19
Funds borrowed	-	-	-	-	52.362.319	52.362.319	55.672.967	16
Debt securities issued	-	-	-	-	27.396	27.396	27.396	18

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments (Continued)

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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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(1) Fair value hierarchy

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

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

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

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

31 December 2024	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Derivative financial assets	-	590.359	-	590.359
Financial Assets at Fair Value Through Other Comprehensive Income	3.455.406	-	13.172	3.468.578
Total financial assets carried at fair value	3.455.406	590.359	13.172	4.058.937
Derivative financial liabilities	-	254.193	-	-
Total financial liabilities carried at fair value	-	254.193	-	254.193
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	-	7.458	2.228.384
Total financial assets carried at fair value	2.220.926	108.245	7.458	2.336.629
Derivative financial liabilities	-	5.837	-	5.837
Total financial liabilities carried at fair value	-	5.837	-	5.837

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2024

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

39. INFORMATION ON SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRMS

As at 31 December 2023, The Group’s independent audit fee is TL 3.343 (2023, TL 1.050)

As at 31 December 2024, The Group’s tax audit fee is TL 910 (2023, TL 365).

	1 January – 31 December 2024	1 January – 31 December 2023
Independent audit fee for the reporting period	2.125	828
Fees for tax consultancy services	910	365
Fee for other assurance services	1.218	222
Fee for other services other than independent audit	-	-
	4.253	1.415