Alternatif Finansal Kiralama A.Ş.

Financial Statements As at and for the Year Ended 31 December 2022 With Independent Auditors' Report Thereon

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

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INDEPENDENT AUDITOR'S REPORT

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

To the General Assembly of Alternatif Finansal Kiralama Anonim Şirketi

Independent Auditors' Report on Audit of Financial Statements

Unqualified Opinion

We have audited the accompanying statement of financial position of Alternatif Finansal Kiralama A.Ş. ("the Company"), which comprise the statement of financial position as at December 31, 2022 and the statement of profit or loss, the statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and its financial performance and cash flows for the year then ended in accordance with the Communique on Financial Leasing, Factoring and Uniform chart of Accounts which shall be applied by Finance Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communique and Circular on Accounting Policies of Financial Leasing, Factoring and Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority ("BRSA") together referred as "BRSA Accounting and Financial Reporting Legislation" which includes provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by the aforementioned regulations.

Basis for opinion

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

Key audit matters

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

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Key audit matter	How our audit addressed the key audit matter
Financial impact of TFRS 9 "Financial Instruments" standard and recognition of impairment on financial assets and related important disclosures	
As presented in disclosure 2.3, the Company recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered transition of TFRS9 and impairment of financial assets as a key audit matter since: ▪ Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements ▪ The applications TFRS 9 are complex and comprehensive ▪ In accordance with the TFRS 9 standard, classification of financial instruments is made according to the business model used by the Company and the characteristics of the contractual cash flows, and important judgments can be used in determining this business model and determining the cash flow characteristics of complex contracts. ▪ Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses ▪ Estimations and assumptions used in expected credit losses are new, important and complex ▪ Complex and comprehensive disclosure requirements of TFRS 9.	Our audit procedures in addition to our current audit procedures: ▪ Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Company's past performance, and local and global practices ▪ Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices ▪ Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Company's historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis ▪ Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses ▪ Detailed testing of mathematical verification of expected credit losses' calculation on a sample basis ▪ Evaluating the necessity and accuracy of the updates made or required updates after the modeling process

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

Company Management is responsible for the preparation and fair presentation of the financial statements in accordance with "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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2022 are not in compliance with the TCC and provisions of the Company's articles of association in relation to financial reporting.

2. In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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



Fatma Ebru Yücel, SMMM
Partner

January 31, 2023
Istanbul, Turkey

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ALTERNATİF FİNANSAL KİRALAMA A.Ş.
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

	ASSETS	Notes	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
I.	**CASH, CASH EQUİVALENTS AND CENTRAL BANK**	**3**	**94.974**	**303.227**	**398.201**	**5.331**	**480.500**	**485.831**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)**		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL ASSETS**	**9**	**4.651**		**4.651**	-	-	-
IV.	**FINANCIAL ASSETS AT FAİR VALUE THROUGH OTHER COMPREHENSİVE INCOME (NET)**		-	-	-	-	-	-
V.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**1.119.012**	**1.463.234**	**2.582.246**	**704.968**	**1.134.433**	**1.839.401**
5.1	**Factoring Receivables**		-	-	-	-	-	-
5.1.1	Discounted Factoring Receivables		-	-	-	-	-	-
5.1.2	Other Factoring Receivables		-	-	-	-	-	-
5.2	**Finance Loans**		-	-	-	-	-	-
5.2.1	Consumer Loans		-	-	-	-	-	-
5.2.2	Credit Cards		-	-	-	-	-	-
5.2.3	Installment Commercial Loans		-	-	-	-	-	-
5.3	**Lease Receivables (Net)**	**4**	**1.114.466**	**1.458.385**	**2.572.851**	**819.976**	**1.082.529**	**1.902.505**
5.3.1	Financial Lease Receivables		1.503.549	1.583.149	3.086.698	1.013.368	1.172.193	2.185.561
5.3.2	Operating Lease Receivables		-	-	-	-	-	-
5.3.3	Unearned Income (-)		389.083	124.764	513.847	193.392	89.664	283.056
5.4	**Other Financial Assets Measured at Amortized Costs**		-	-	-	-	-	-
5.5	**Non-performing factoring receivables**	**4**	**20.559**	**120.828**	**141.387**	**38.807**	**154.825**	**193.632**
5.6	**Expected Credit Losses/Specific Provisions (-)**	**4**	**16.013**	**115.979**	**131.992**	**153.815**	**102.921**	**256.736**
VI.	**INVESTMENTS**		-	-	-	-	-	-
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	**TANGIBLE ASSETS (Net)**	**5**	**59.189**	-	**59.189**	**23.203**	-	**23.203**
VIII.	**INTANGIBLE ASSETS (Net)**	**6**	**2.113**	-	**2.113**	**1.418**	-	**1.418**
IX	**INVESTMENT PROPERTY (Net)**		-	-	-	-	-	-
X.	**CURRENT TAX ASSETS (Net)**		-	-	-	-	-	-
XI.	**DEFERRED TAX ASSETS (NET)**	**7**	**34.686**	-	**34.686**	**51.705**	-	**51.705**
XII.	**OTHER ASSETS**	**8**	**94.937**	**71.590**	**166.527**	**45.902**	**69.224**	**115.126**
	SUBTOTAL		**1.409.562**	**1.838.051**	**3.247.613**	**832.527**	**1.684.157**	**2.516.684**
XIII.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Held for sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		**1.409.562**	**1.838.051**	**3.247.613**	**832.527**	**1.684.157**	**2.516.684**

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

ALTERNATİF FİNANSAL KİRALAMA A.Ş.
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

	LIABİLİTİES	Notes	Audited Current Period 31 December 2022			Audited Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
I.	**FUNDS BORROWED**	**10**	**980.133**	**1.780.613**	**2.760.746**	**751.719**	**1.368.489**	**2.120.208**
II.	**FACTORİNG PAYABLES**		-	-	-	-	-	-
III.	**LEASING TRANSACTIONS PAYABLES**		-	-	-	-	-	-
IV.	**DEBT SECURITIES ISSUED (Net)**	**11**	-	-	-	-	-	-
V.	**FINANCIAL LIABİLİTİES AT FAİR VALUE THROUGH PROFIT LOSS**		-	-	-	-	-	-
VI.	**DERİVATİVE FINANCIAL LİABİLİTİES**	**9**	**2.884**	-	**2.884**	**65.800**	-	**65.800**
VII.	**PROVISIONS**	**12-13**	**5.410**	-	**5.410**	**4.030**	-	**4.030**
7.1	Restructuring Provisions		-	-	-	-	-	-
7.2	Reserves for Employee Benefits	12	4.549		4.549	2.947	-	2.947
7.3	General Provision		-	-	-	-	-	-
7.4	Other Provisions	13	861	-	861	1.083	-	1.083
VIII.	**CURRENT TAX LIABILITY**	**7**	**812**	-	**812**	**27.771**	-	**27.771**
IX.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
X.	**SUBORDINATED LOANS**		-	-	-	-	-	-
XI.	**OTHER LIABLITIES**	**14**	**44.959**	**62.233**	**107.192**	**35.571**	**67.576**	**103.147**
	SUBTOTAL		**1.034.198**	**1.842.846**	**2.877.044**	**884.891**	**1.436.065**	**2.320.956**
XII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS (Net)**		-	-	-	-	-	-
12.1	Held for sale purpose		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
XIII.	**SHAREHOLDERS' EQUITY**		**370.569**	-	**370.569**	**195.728**	-	**195.728**
13.1	Paid-in Capital	15	200.000	-	200.000	100.000	-	100.000
13.2	Capital Reserves	15	(14.080)	-	(14.080)	(14.080)	-	(14.080)
13.2.1	Share Premiums		-	-	-	-	-	-
13.2.2	Share Cancellation Profits		-	-	-	-	-	-
13.2.3	Other Capital Reserves		(14.080)	-	(14.080)	(14.080)	-	(14.080)
13.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	5	29.858	-	29.858	4.465	-	4.465
13.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		3.132	-	3.132	(11.090)	-	(11.090)
13.5	Profit Reserves		151.674	-	151.674	150.408	-	150.408
13.5.1	Legal Reserves		10.146	-	10.146	8.881	-	8.881
13.5.2	Status Reserves		-	-	-	-	-	-
13.5.3	Extraordinary Reserves		141.528	-	141.528	141.527	-	141.527
13.5.4	Other Profit Reserves		-	-	-	-	-	-
13.6	Profit or Loss		(15)	-	(15)	(33.975)	-	(33.975)
13.6.1	Previous Years Profit or Loss		(35.241)	-	(35.241)	(59.278)	-	(59.278)
13.6.2	Period Net Profit or Loss		35.226	-	35.226	25.303	-	25.303
	TOTAL LIABILITY		**1.404.767**	**1.842.846**	**3.247.613**	**1.080.619**	**1.436.065**	**2.516.684**

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

ALTERNATİF FİNANSAL KİRALAMA A.Ş.
STATEMENT OF OFF-BALANCE SHEET ITEMS
FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

			Audited Current Period			Audited Prior Period		
	OFF BALANCE SHEET ITEMS		31 December 2022			31 December 2021		
		Notes	TL	FC	Total	TL	FC	Total
I.	**RECOURSE FACTORING TRANSACTIONS**		**-**	**-**	**-**	**-**	**-**	**-**
II.	**NON-RECOURSE FACTORING TRANSACTIONS**		**-**	**-**	**-**	**-**	**-**	**-**
III.	**GUARANTEES RECEIVED**	**4**	**7.505.123**	**11.688.978**	**19.194.101**	**4.380.407**	**10.545.195**	**14.925.602**
IV.	**GUARANTEES GIVEN**	**16**	**115.438**	**-**	**115.438**	**94.981**	**-**	**94.981**
V.	**COMMITMENTS**		**261.222**	**123.477**	**384.699**	**149.373**	**478.152**	**627.525**
5.1	Irrevocable Commitments	16	-	34.778	34.778	-	105.140	105.140
5.2	Revocable Commitments		261.222	88.699	349.921	149.373	373.012	522.385
5.2.1	Lease Commitments		261.222	88.699	349.921	149.373	373.012	522.385
5.2.1.1	Financial Lease Commitments		261.222	88.699	349.921	149.373	373.012	522.385
5.2.1.2	Operating Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**250.000**	**409.639**	**659.639**	**202.321**	**235.988**	**438.309**
6.1	Hedging Derivative Financial Instruments	9	250.000	-	250.000	200.331	233.265	433.596
6.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
6.1.2	Transactions for Cash Flow Hedge		250.000	-	250.000	200.331	233.265	433.596
6.1.3	Transactions for Foreign Net Investment		-	-		-	-	-
6.2	Trading Transactions	9	-	409.639	409.639	1.990	2.723	4.713
6.2.1	Forward Foreign Currency Purchases/Sales		-	409.639	409.639	1.990	2.723	4.713
6.2.2	Swap Purchases/Sales		-	-	-	-	-	-
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Other		-	-	-	-	-	-
VII.	**ITEMS HELD IN CUSTODY**		**3.905.058**	**13.904.561**	**17.809.619**	**3.064.978**	**10.522.237**	**13.587.215**
	TOTAL OFF BALANCE SHEET		**12.036.841**	**26.126.655**	**38.163.496**	**7.892.060**	**21.781.572**	**29.673.632**

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

ALTERNATİF FİNANSAL KİRALAMA A.Ş.
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

	PROFIT OR LOSS ITEMS	Notes	Audited Current Period 1 January - 31 December 2022	Audited Prior Period 1 January - 31 December 2021
I.	**OPERATING INCOME**		**331.392**	**195.406**
	FACTORING INCOME		-	-
1.1	Interests Received from Factoring Receivables		-	-
1.1.1	Discounted		-	-
1.1.2	Other		-	-
1.2	Factoring Commission Income		-	-
1.2.1	Discounted		-	-
1.2.2	Other		-	-
	FINANCE LOAN INCOME		-	-
1.3	Interests Received from Financing Loans		-	-
1.4	Fees and Commissions from Financing Loans		-	-
	LEASE INCOME	**17**	**331.392**	**195.406**
1.5	Financial Leasing Income		330.428	194.712
1.6	Operating Lease Revenues		-	-
1.7	Fees and Commissions from Leasing Transactions		964	694
II.	**FINANCIAL EXPENSES (-)**	**19**	**281.850**	**137.800**
2.1	Interest Paid for Borrowings		275.054	136.024
2.2	Interest Paid for Factoring Transactions		-	-
2.3	Financial Leasing Expenses		-	-
2.4	Interests Paid on Securities		-	-
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions		6.796	1.776
III.	**GROSS PROFIT/LOSS (I+II)**		**49.542**	**57.606**
IV.	**OPERATING EXPENSES (-)**	**18**	**32.984**	**19.645**
4.1	Personnel Expenses		16.885	9.036
4.2	Provision Expense for Employment Termination Benefits		759	91
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		8.129	4.781
4.5	Other		7.211	5.737
V.	**GROSS OPERATING PROFIT/LOSS (II+IV)**		**16.558**	**37.961**
VI.	**OTHER OPERATING INCOME**	**20**	**797.194**	**911.398**
6.1	Interest Received from Banks		5.574	1.949
6.2	Interest Received from Reverse Repo Transactions		-	-
6.3	Interest Received from Securities		-	-
6.3.1	Fair Value Through Profit and Loss		-	-
6.3.2	Fair Value Through Other Comprehensive Income		-	-
6.3.4	Measured by Amortized Cost		-	-
6.4	Dividend Income		-	-
6.5	Capital Market Transactions Profit		-	-
6.6	Derivative Financial Transactions Profit		1.282	14.654
6.7	Foreign Exchange Gain/Losses		774.530	886.455
6.8	Other		15.808	8.340
VII.	**PROVISIONS**		**66.437**	**65.988**
7.1	Specific Provisions	4	-	-
7.2	Expected Loss Provisions		66.437	65.988
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	**OTHER OPERATING EXPENSES (-)**	**21**	**707.891**	**847.973**
8.1	Securities Impairment Expense		-	-
8.1.1	Fair Value Through Profit/Loss		-	-
8.1.2	Fair Value Through Other Comprehensive Income		-	-
8.2	Fixed Assets Impairment Expenses		-	-
8.2.1	Tangible Assets Impairment Expenses		-	-
8.2.2	Assets Held for Sale and Discontinued Operations Impairment		-	-
8.2.3	Intangible Assets Impairment Expenses		-	-
8.2.4	Impairment Losses on Subsidiaries, Associates and Joint Ventures		-	-
8.3	Loss from Derivative Financial Transactions		36.451	67.154
8.4	Foreign Exchange Transaction Loss		671.440	780.819
8.5	Other		-	-
IX.	**NET OPERATING INCOME/EXPENSE**		**39.424**	**35.398**
X.	**MERGER PROFIT**			-
XI.	**SURPLUS WRITTEN AS GAIN AFTER MERGER PROFIT / LOSS FROM INVESTMENTS ACCOUNTED FOR UNDER**			-
XII.	**NET MONETARY POSITION GAIN/LOSS**			-
XIII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (IX+…+XII)**		**39.424**	**35.398**
XIV.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**7**	**(4.198)**	**(10.095)**
14.1	Current Tax Provision		-	(25.950)
14.2	Deferred Tax Expense Effect (+)		(4.198)	(3.313)
14.3	Deferred Tax Income Effect (-)		-	19.168
XV.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS**		**35.226**	**25.303**
XVI.	**INCOME FROM TERMINATED OPERATIONS**		-	-
16.1	Income from Fixed Assets Held for Sale		-	-
16.2	Profits from the Sales of Subsidiaries, Affilitiates		-	-
16.3	Other Discounted Operating Income		-	-
XVII.	**EXPENSES FROM TERMINATED OPERATIONS (-)**		-	-
17.1	Expenses on Fixed Assets Held Resale		-	-
17.2	Loss on Investment and Associates, Subsidiaries and Joint		-	-
17.3	Other Expenses		-	-
XVIII.	**PROFIT/LOSS BEFORE TAX FROM TERMINATED**		-	-
XIX.	**TAXATION ON INCOME FROM TERMINATED**		-	-
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Expense Effect (+)		-	-
19.3	Deferred Tax Income Effect (-)		-	-
XX.	**DISCONTINUED OPERATIONS PERIOD NET P/L**		-	-
XXI.	**NET P/L FOR THE PERIOD (XV+XX)**		**35.226**	**25.303**
	EARNINGS PER SHARE		**0,00176**	**0,00253**
	Earnings Per Share from Continuing Operations		0,00176	0,00253
	Earnings Per Share from Discontinued Operations		-	-
	DILUTED EARNINGS PER SHARE		-	-
	Earnings Per Share from Continuing Operations		-	-
	Earnings Per Share from Discontinued Operations		-	-

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

ALTERNATİF FİNANSAL KİRALAMA A.Ş.
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

	PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME	Notes	Audited 1 January – 31 December 2022	Audited 1 January – 31 December 2021
I.	**PERIOD INCOME/LOSS**		**35.226**	**25.303**
II.	**OTHER COMPREHENSIVE INCOME**		**28.797**	**-**
2.1	**ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS**		**-**	**-**
2.1.1	Gains/(losses) on revaluation of tangible assets		33.857	-
2.1.2	Gains/(losses) on revaluation of intangible assets		-	-
2.1.3	Gains/(losses) on remeasurement of defined benefit pension plans		-	-
2.1.4	Other items that will not be reclassified to profit or loss		4.539	-
2.1.5	Taxation on comprehensive income that will not be reclassified to profit or loss		-	-
2.1.5.1	Period Tax Expense/Income		-	-
2.1.5.2	Deferred Tax Expense/Income		(9.599)	-
2.2	**ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS**	**7**	**3.132**	**(11.090)**
2.2.1	Translation differences for transactions in foreign currencies		-	-
2.2.2	Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.2.3	Gains/(losses) from cash flow hedges		4.176	(14.403)
2.2.4	Gains/(losses) from net investment hedges		-	-
2.2.5	Other items that will be reclassified to profit or loss		-	-
2.2.6	Taxation on comprehensive income that will be reclassified to profit or loss	7	(1.044)	3.313
2.2.6.1	Period Tax Expenses/Incomes		-	-
2.2.6.2	Deferred Tax Expenses/Incomes		(1.044)	3.313
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**		**67.155**	**14.213**

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

ALTERNATİF FİNANSAL KİRALAMA A.Ş.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

CHANGES IN SHAREHOLDER'S EQUITY						Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss			Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss						
	Notes	Paid-in Capital	Share Premium	Stock Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/Loss	Net Current Period Profit/Loss	Total Equity
PRIOR PERIOD (31 December 2021)															
I. Balance at the Beginning of the Period		**100.000**	-	-	**(14.080)**	**4.465**	-	-	-	-	-	**115.917**	**37.865**	**31.088**	**275.255**
II. Corrections Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Correction Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(93.740)	-	(93.740)
III. New Balance (I+II)		**100.000**	-	-	**(14.080)**	**4.465**	-	-	-	-	-	**115.917**	**(55.875)**	**31.088**	**181.515**
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	-	**(11.090)**	-	-	**25.303**	**14.213**
V. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease Due to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Net Profit or Loss for the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Profit Distribution		-	-	-	-	-	-	-	-	-	-	**31.088**	-	**(31.088)**	-
12.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Transfer to Reserves	15	-	-	-	-	-	-	-	-	-	-	**31.088**	-	**(31.088)**	-
12.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	15	**100.000**	-	-	**(14.080)**	**4.465**	-	-	-	-	**(11.090)**	**147.005**	**(55.875)**	**25.303**	**195.728**
CURRENT PERIOD (31 December 2022)															
I. Balance at the Beginning of the Period		**100.000**	-	-	**(14.080)**	**4.465**	-	-	-	-	**(11.090)**	**147.005**	**(55.875)**	**25.303**	**195.728**
II. Corrections Made According to TAS 8		-	-	-	-	-	-	-	-	-	**11.090**	-	-	-	**11.090**
2.1 Effect of Correction Errors												-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	11.090	-	-	-	11.090
III. New Balance(I+II)		**100.000**	-	-	**(14.080)**	**4.465**	-	-	-	-		**147.005**	**(55.875)**	**25.303**	**206.818**
IV. Total Comprehensive Income		-	-	-	-	**25.393**	-	-	-	-	**3.132**	**3.404**	-	**35.226**	**67.155**
V. Cash Capital Increase		**100.000**	-	-	-	-	-	-	-	-	-	-	-	-	**100.000**
VI. Capital Increase from Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease Due to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Net Profit or Loss for the Period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Profit Distribution		-	-	-	-	-	-	-	-	-	-	**1.265**	**20.634**	**(25.303)**	**(3.404)**
12.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Transfer to Reserves	15	-	-	-	-	-	-	-	-	-	-	1.265	20.634	**(25.303)**	(3.404)
12.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+XI+XII)	**15**	**200.000**	-	-	**(14.080)**	**29.858**	-	-	-	-	**3.132**	**151.674**	**(35.241)**	**35.226**	**370.569**

(1) Accumulated revaluation surplus / impairment of fixed assets,
(2) Accumulated repeat measurement gains / losses of defined benefit plans,
(3) Other (Accumulated amounts of investments accounted for by the equity method that are not reclassified from income to profit or loss to others, and other items that are not reclassified to impair others or others)
(4) Foreign currency translation differences,
(5) Accumulated revaluation and / or classification gains / losses on available for sale financial assets,
(6) Other (Cash flow hedging gains / investments accounted for by the equity method cumulative gains / (losses) to be classified as profit / loss to others and accumulated amounts of other comprehensive income to be reclassified to others or others).

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

ALTERNATİF FİNANSAL KİRALAMA A.Ş.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

		Notes	Audited 1 January – 31 December 2022	Audited 1 January – 31 December 2021
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**		28.780	3.202
1.1.1	Interests received/Lease income		338.692	205.822
1.1.2	Interest Paid/Lease Expense		(265.656)	(124.121)
1.1.3	Dividens Received		-	-
1.1.4	Fees and Commissions Received		964	694
1.1.5	Other Income		(450)	-
1.1.6	Collections From Previously Written-Off Receivables		6.254	1.921
1.1.7	Payments to Personnel and Service Suppliers		(24.171)	(15.121)
1.1.8	Taxed Paid		25.950	-
1.1.9	Other		(52.803)	(65.993)
1.2	**Changes in Operating Assets and Liabilities**		(234.424)	307.064
1.2.1	Net (Increase) Decrease in Factoring Reciavables		-	-
1.2.1	Net (Increase) Decrease in Finance Loans		-	-
1.2.1	Net (Increase) Decrease in Lease Receivables		(626.365)	(508.301)
1.2.2	Net Increase (Decrease) in Other Assets		(163.777)	97.578
1.2.3	Net Increase (Decrease) in Factoring Payables		-	-
1.2.3	Net (Increase) Decrease in Lease Payables		-	-
1.2.4	Net Increase (Decrease) in Funds Borrowed		624.344	695.113
1.2.5	Net Increase (Decrease) in Matured Payables		-	-
1.2.6	Net Increase (Decrease) in Other Liabilities		(68.626)	22.674
I.	**Net Cash Flow from Operating Activities**		**(205.644)**	**310.266**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures		-	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3	Purchases of Tangible and Intangible Assets	**5, 6**	(3.875)	(2.372)
2.4	Sales of Tangible and Intangible Assets	**5**	448	251
2.5	Cash Paid for Purchase of Financial Assets Available-for-Sale		-	-
2.6	Cash Obtained From Sale of Financial Assets Available-for-Sale		-	-
2.7	Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8	Cash obtained from Sale of Held-to-Maturity Investment Securities		-	-
2.9	Other		(1.398)	(485)
II.	**Net Cash Flow From Investing Activities**		**(4.825)**	**(2.606)**
C.	**CAS FLOW FROM FINANCING ACTIVITIES**			
3.1	Cash Obtained from Funds Borrowed and Debt Securities Issued		-	-
3.2	Cash Used for Repayment of Funds Borrowed and Debt Securities Issued		-	-
3.3	Equity Instruments Issued		-	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		-	-
3.6	Other		100.000	-
III.	**Net Cash Generated from in Financing Activities**		**100.000**	**-**
IV.	**Effect of Change in Foreign Exchange Rates on Cash and Cash Equivalents**		**22.414**	**46.608**
V.	**Net Increase/(Decrease) in Cash and Cash Equivalents**		**(88.074)**	**354.268**
VI.	**Cash and Cash Equivalents at the Beginning of the Year**	**3**	**485.826**	**131.558**
VII.	**Cash and Cash Equivalents at the End of the Year**	**3**	**397.752**	**485.826**

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

ALTERNATİF FİNANSAL KİRALAMA A.Ş.
STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

ALTERNATIF FİNANSAL KİRALAMA A.Ş. PROFIT DISTRUBUTION TABLE			
		31 December 2022	31 December 2021 (**)
I.	**DISTRIBUTION OF CURRENT YEAR PROFIT**		
1.1	PROFIT FOR THE YEAR	39.424	35.398
1.2	TAX PAYABLE AND DUTIES PAYABLE (-)	(4.198)	(10.095)
1.2.1	Corporate Tax (Income Tax)	-	(25.950)
1.2.2	Withholding Tax	-	-
1.2.3	Other Tax and Duties (***)	(4.198)	15.855
A.	**NET PROFIT FOR THE PERIOD (1.1 - 1.2)**	**35.226**	**25.303**
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FİRST LEGAL RESERVES (-)	-	1.265
1.5	OTHER STATUTORY RESERVES (-)	-	-
B	**DISTRUBUTABLE NET PROFIT FOR THE YEAR [(A-1.3+1.4+1.5)] (*)**	**35.226**	**24.038**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Redeemed Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	DIVIDEND TO PERSONNEL (-)	-	-
1.8	DIVIDEND TO THE BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privilieged Shares	-	-
1.9.3	To Owners of Redeemed Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	SECOND SERIES LEGAL REVERSE MONEY (-)	-	-
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	**DISTRUBUTION FROM RESERVES**	-	-
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND SERIES LEGAL RESERVES (-)	-	-
2.3	DIVIDENTS TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares	-	-
2.3.3	To Owners of Redeemed Shares	-	-
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	DIVIDENS TO BOARD OF DIRECTORS (-)	-	-
III.	**PROFIT PER SHARE**		
3.1	TO SHAREHOLDERS	0,00176	0,00240
3.2	TO SHAREHOLDERS (%)	%1,76	%2,40
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	**EARNINGS PER SHARE**		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) The authorized body regarding the distribution of profits for the current period is the General Assembly. As at the report date, the General Assembly Meeting has not been held.

(**) Statement of profit distribution related to prior period has been approved in accordance with General Assembly Decision as of 29 March 2022 after the release of the audited financial statements on 31 December 2021.

(***) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore the part of the period profit arising from the said assets should not be subject to profit distribution and capital increase.

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Alternatif Finansal Kirlama Anonim Şirketi ("Company" or "Alternatif Leasing") was established in 1997 to operate in Turkey, following the permission obtained from the Undersecretariat of Treasury and Foreign Trade within the framework of the provisions of the Financial Leasing Law No.3226.With the permission of the Banking Regulation and Supervision Agency dated October 24, 2013 and numbered 5558, Alternatifbank A.Ş. held 95% of Anadolu Endüstri Holding A.Ş., the Company's main shareholder, on November 8,2013.It increased its share to 100% by purchasing 2,727,259,500 shares, corresponding to 0.8, and a total of 118,990,100 shares from other shareholders.

The registered address of the company is Vadistanbul Bulvar, Azerbaycan Caddesi, 2D Blok, No: 3M/1, Kat: 3, Sarıyer-İstanbul / Türkiye.

The Company's main shareholder is Alternatifbank A.Ş. and the ultimate shareholder is the Commercial Bank (P.S.Q.C.). Anadolu Endüstri Holding A.Ş. decided to use to right to share sales on 18 July 2013 according to "Shareholder's Agreement" which was signed with The Commercial Bank (P.S.Q.C.), and Anadolu Endüstri Holding A.Ş. sold their 25% of the shares of Alternatifbank A.Ş. to The Commercial Bank (P.S.Q.C.) on 19 December 2016. After this transaction the Commercial Bank (P.S.Q.C.) has become 100% indirect shareholder of Alternatif Finansal Kiralama A.Ş.

All activity of the company are mainly carried out in a single geographical region (Turkey) and in a single commercial area (financial leasing). The company is engaged in all kinds of financial leasing activities.

The number of personnel employed by the Company, according to their categories, is as follows:

	31 December 2022	**31 December 2021**
Senior Staff	3	3
Mid-level Staff	25	23
Officer Staff	16	15
Total	**44**	**41**

2. BASIS OF THE FINANCIAL STATEMENTS

2.1 BASIS OF PRESENTATION

2.1.1 Accounting Standards Applied

The Company has prepared its financial statements in Thousand Turkish Lira ("TL"), with the Communique on the Uniform Chart of Accounts and Prospects to be Implemented by Financial Leasing, Factoring and Financing Companies, published in the official newspaper dated 24 December 2013 and numbered 28861, and Accounting for Leasing, Factoring and Financing Companies. Containing the regulations, communiques and circulars on its applications and financial statements made by the Banking Regulation and Supervision Agency (BRSA), and the provision of Turkish Accounting Standards on matters not regulated by these; It has been prepared in accordance with the "BRSA Accounting and Financial Reporting Legislation." Financial statements of financial leasing, factoring and financing companies are prepared in accordance with the formats determined for the companies mentioned by BRSA and announced to the public.

The financial statements are prepared on the historical cost basis, except for derivate financial instruments held for trading at fair value through profit or loss.

Approval of financial statements:

The financial statements have been approved by the Board of Directors and authorized to be published on January 31, 2023. The General Assembly has the authority to change the financial statements.

2.1.2. Functional and Reporting Currency

The financial statements of the company are presented in the currency (functional currency) valid in the main economic environment in which it operates. The financial position and operating results of the business are expressed in Turkish Lira ("TL"), which is the functional currency of the company and the presentation currency for the financial statements.

2.1.3. Adjustment of Financial Statements in High Inflation Periods

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 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2022.

2.1.4. Clarification/Offset

Financial assets and liabilities are offset and the net amount is reported in the balance sheet 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.

2.1.5. Going Concern

The financial statements have been prepared based on the going concern assumption.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. CHANGES IN ACCOUNTING POLICIES

2.2.1 Comparative Information and Correction of Prior Period's Financial Statements

In accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the official newspaper dated February 1,2019 and numbered 30673, the relevant financial statements have been disclosed comparatively. However, in order to comply with presentation of the current period financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

Thefinancial statements of the company are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. The company has prepared the financial position statement as of 31 December 2022, with the financial position statement prepared as of 31 December 2021; The profit or loss statement, profit or loss and other comprehensive income statement, cash flow statement and statement of changes in shareholders' equity for the accounting period 1 January – 31 December 2022 are compared with the 1 January – 31 December 2021 accounting period has arranged.

Accounting policies and valuation principles for the 2022 and 2021 periods are presented separately in the accompanying notes.

2.2.2. Change 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 Company in the current period. Material accounting errors are adjusted retrospectively and prior periods' financial statements are restated.

2.2.3 Significant Accounting Evaluations, Estimates and Assumptions

In the preparation of the financial statements, the company management is required to make assumptions and estimates that will affect the amounts of assets and liabilities reported as of the balance sheet date, determine the probable liabilities and commitments as of the balance sheet date, and the income and expense amounts as of the reporting period. Although these estimates and assumptions are based on the company's management's best knowledge of current events and transactions, actual results may differ from the assumptions. Estimates are regularly reviewed, necessary adjustments are made and reflected in the income statement for the period in which they are realized. The main notes using estimates are as follows:

Note 7 – Tax assets and liabilitie
Note 12 – Employee rights obligation
Note 4 – Leasing transactions and non-performing receivables

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. CHANGES IN ACCOUNTING POLICIES (Continued)

2.2.4 Changes in Standards and Interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022. The effects of these standards and interpretations on the Company'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 2022 are as follows:

Amendments to TFRS 3 – Reference to the Conceptual Framework

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

The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 16 – Proceeds before intended use

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

The amendments did not have a significant impact on the financial position or performance of the Company.

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

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

The amendments did not have a significant impact on the financial position or performance of the Company.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. CHANGES IN ACCOUNTING POLICIES (Continued)

2.2.4 Changes in Standards and Interpretations (Continued)

Annual Improvements – 2018–2020 Cycle

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

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

The amendments did not have a significant impact on the financial position or performance of the Company.

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

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

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

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

The Company will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. CHANGES IN ACCOUNTING POLICIES (Continued)

2.2.4 Changes in Standards and Interpretations (Continued)

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

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

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

Amendments to TAS 1 - Disclosure of Accounting Policies

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. CHANGES IN ACCOUNTING POLICIES (Continued)

2.2.4 Changes in Standards and Interpretations (Continued)

Amendments to TAS 8 - Definition of Accounting Estimates

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

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

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. CHANGES IN ACCOUNTING POLICIES (Continued)

2.2.4 Changes in Standards and Interpretations (Continued)

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES

Revenues

Financial leasing income: The value of the assets subject to leasing within the scope of the Financial Leasing Law at the beginning of the lease transaction is shown in the balance sheet as financial leasing receivables. The interest income generated by the difference between the total financial leasing receivable and the investment value of the leased asset is recorded in the income statement of the period during the leasing period by distributing the receivables for each accounting period with a fixed interest rate. Unearned interest income in the relevant period is followed in the unearned interest income account.

Other interest income is accrued in the relevant period in proportion to the effective interest rate that reduces the remaining principal balance and the estimated cash inflows to be obtained during its expected life to the book value of the asset in question.

Tangible Fixed Assets

Property, plant and equipment, excluding buildings accounted for at fair value, are carried at cost less accumulated depreciation and accumulated impairment losses. Cost amounts of property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. The useful lives, residual values and depreciation methods of property, plant and equipment are reviewed at the end of each reporting period.

Leasehold improvements are depreciated on a straight-line basis over the lease term. Vehicles subject to operating leases are depreciated over the term of the lease agreement, reducing to their residual values.

Expenses incurred to replace any part of tangible assets are capitalized. Subsequent expenditures can be capitalized if they increase the future economic benefit of the asset. All other expense items are recognized in the statement of profit or loss on an accrual basis. Depreciation periods reflecting the average useful lives of property, plant and equipment are given below:

Definition	***Year***
Buildings	50 years
Equipment, furniture and fixtures	5 years

Gains and losses resulting from the disposal of a property, plant and equipment are determined by comparing the amount obtained on disposal of the property, plant and equipment with its book value and are recognized in other operating income/expenses in the profit or loss statement.

The company applies revaluation model within the framework of TAS 16 "Recognition of Tangible Fixed Assets", which is included in tangible fixed assets.

On 31 December 2018, for the new head office building with the address Vadiistanbul Bulvar, Azerbaijan Caddesi, 2D Blok, No:3M/1, Floor:3, Sarıyer-İstanbul, which was purchased on May 4, 2018, which was tracked under tangible fixed assets, the company has entered into the following "TMS 16 Material Fixed Assets" on December 31, 2018. It has started to be accounted with the revalued amount instead of the cost amount within the scope of the "Standard on Assets". As of 31 December 2022, the revaluation difference resulting from the valuation made by the Capital Markets Board (CMB") and the appraisal firms authorized by BRSA has been accounted for under the revaluation increases/decreases of tangible fixed assets items under shareholder's equity.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Intangible Fixed Assets

Intangible assets consist of computer software and licenses. Computer software and licenses are reflected at their acquisition cost less accumulated amortization and permanent impairment. Amortization of intangible assets is calculated using the straight-line method over the estimated useful lives of the related assets, provided that they do not exceed the economic life years from the date of purchase. The company's computer software and licenses have a useful life of 5 years.

Impairment of Non-Financial Assets

For non-financial assets subject to amortization, an impairment test is applied in cases where it is not possible to recover their carrying value. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. The recoverable amount is the higher of fair value less costs to sell or value in use. For assessment of impairment, assets are grouped at the lowest level with separately identifiable cash flows (cash generating units). Non-financial assets that are subject to impairment are reviewed at the end of each reporting period for possible reversal of impairment.

Borrowing Costs

All borrowing costs are recorded in the profit or loss statement in the period in which they are incurred.

Financial Instruments

Financial Assets

Financial assets, other than those at fair value through profit or loss and recognized at fair value, are accounted for at their fair market value and the total amount of expenses directly attributable to the purchase. As a result of the purchase or sale of financial assets subject to a contract with the condition of delivery of investment instruments in accordance with the period determined by the relevant market, the relevant assets are recorded or derecognized on the transaction date.

Financial assets classified as "financial assets at fair value through profit or loss", "financial assets measured at amortized cost", "financial assets at fair value through other comprehensive income" and "loans and receivables". Classification is determined during initial recognition, depending on the purpose and nature of the financial asset.

Effective Interest Method

The effective interest method is the method of valuing the financial asset at amortized cost and allocating the related interest income to the related period. Effective interest rate; It is the rate that discounts the estimated total cash to be collected during the expected life of the financial instrument or, if appropriate, a shorter period of time, to the net present value of the relevant financial asset.

Income related to financial assets classified other than financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are calculated using the effective interest method.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Financial assets at fair value through profit or loss:

Financial Assets at Fair Value Through Profit/Loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

Financial assets measured at amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

Financial assets at fair value through other comprehensive income:

In addition to Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income. Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are measured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other comprehensive income/expense items to recycled to profit loss" under shareholders' equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value.

Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

Finance lease receivables, operating lease receivables and other receivables

Financial lease receivables, operating lease receivables and other receivables are accounted for with their fair values on the first recording date, and in the reporting periods after the first recording date, they are shown at their amortized cost using the effective interest method.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Impairment of Financial Assets

The company allocates a provision for expected loss for its financial assets measured at amortized cost and at fair value through other comprehensive income.

The company assesses expected credit losses on a financial instrument, a probability-weighted and neutral amount determined by considering possible outcomes, the time value of money, and estimates of past events, current conditions and future economic conditions that can be obtained without undue cost or effort at the end of the reporting period measures in a way that reflects reasonable and supportable information.

The company calculates the expected loss provisions collectively by grouping financial assets with common credit risk characteristics or individually according to the risk level determined by the parent bank.

Within the scope of the company's internal policies, the loans that meet certain criteria are subject to individual evaluation based on the expert's opinion in the calculation of the loan loss made in accordance with TFRS 9.In this context, in the calculation of expected credit loss, the scenario probabilities of realization or non-realization of the relevant credit loss are estimated and taken into account according to their weights, and the expected cash flows are reduced to the reporting date with the effective interest rate.

The company uses three basic parameters in the calculation of expected credit loss, which are the default rate, loss given default and default amount. The calculation is also based on the time value of money, current and historically observed data, and scenarios created to the future macroeconomic situation.

The company includes prospective macroeconomic information in the credit risk parameters in the calculation of expected credit losses. In this context, economic models based on the relationship of credit risk parameters with macroeconomic variables are established on a multi-scenario basis, and especially Gross Domestic Product (GDP) and unemployment rates, which are the main macroeconomic variables, are taken into account in the models. The effectiveness and adequacy of the models used in calculating credit losses are reviewed at regular intervals. In this context, the company calculated the possible effects of th COVID-19 epidemic as of 31 December 2021, using the best estimations and judgements used in the calculation of expected credit losses. In the light of the aforementioned data, future macroeconomic indicators are revised in the company's expected credit loss calculation.

Financial assets within the scope of TFRS 9 are divided into three stages according to the change in credit quality after initial recognition and the expected credit loss is calculated according to the stage:

- Stage 1: These are financial assets that do not have a significant increase in credit risk when they are first included in the financial statements or after they are first included in the financial statements. The provision for impairment for these financial assets is recognized in the amount of 12-month expected credit losses.

- Stage 2: Financial assets that have a significant increase in credit risk after they are first included in the financial statements are transferred to the stage 2. Lifetime expected credit losses are recognized for these financial assets.

- Stage 3: Stage 3 includes financial assets that have sufficient and objective evidence that they are impaired as of the reporting date. Lifetime expected credit losses are recognized for these financial assets.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Impairment of Financial Assets (Continued)

-Definition of Default:

It is the situation where the debtor delays its payment obligations to the company for more than 90 days from the due dates, in whole or in part, or it is believed that it will not be paid regardless of this period.

-Situations considered as significant increase in credit risk:

- Receivables overdue more than 30 days
- Receivables followed in the close monitoring portfolio
- Restructured receivables due to insolvency
- Receivables whose differences between the default probabilities measured at the date of initial recognition and the default probabilities observed at the reporting date exceed the specified threshold values

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand and time deposits with a maturity period of three months or less. Time deposits are measured at amortized cost using the effective interest method, less any impairment losses.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Financial liabilities including borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, financial liabilities are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the financial liability using the effective yield method. All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are recorded with their fair value and are revalued with their fair value at the end of the reporting period in each reporting period.The change in their fair value is recognized in the income statement.Net gains or losses recognized in the income statement also include the interest paid for the financial liability.

Other Financial Liabilities

Other financial liabilities, including financial liabilities, are initially recognized at fair value net of transaction costs. Other financial liabilities are subsequently accounted for at amortized cost using the effective interest method, together with the interest expense calculated over the effective interest rate.

Derivative Financial Instruments

The company's activities expose the business to financial risks, mainly due to changes in foreign exchange rates and interest rates. The company uses derivative financial instruments (mainly foreign exchange forward and currency swap contracts) from time to time in order to manage its financial risks associated with exchange rate and interest rate fluctuation related to future foreign exchange and credit transaction. Derivative financial instruments are recorded with their fair values at the contract date and are revalued with their fair values in the following reporting periods. In cases where all the necessary conditions are not met for derivative transactions to be economically hedged, but defined as a hedge accounting item, they are accounted for as derivative financial instruments at fair value through profit or loss, and the resulting gin from these instruments or loss is associated with the statement of profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Derivative Financial Instruments (Continued)

The company applies cash flow hedge accounting in accordance with TAS 39 through currency swap transactions in its derivative portfolio in order to hedge its foreign currency finance lease receivables from cash flow risk arising from changes in foreign exchange rates. Financial lease receivables in foreign currency in the company's current portfolio are designated as "hedging items" and currency swap transactions are designated as "hedging instruments". The company applies effectiveness test for cash flow hedge accounting at each balance sheet date, the effective parts are accounted for in the "Other Comprehensive Income or Expenses" account item to be reclassified in profit or loss in the financial statements, as defined in TAS 39, while the amount related to the ineffective part is accounted for associated with the income statement.

In the initial design of a derivative financial instrument as a hedge, the company discloses in wring the relationship between the hedged item and the hedging instrument, the risk management objectives and strategies of the relevant hedge, and the methods used to measure the hedge's effectiveness. The company evaluates whether the hedging method is effective on the changes n the expected fair values of the related instruments during the period in which method is applied, or whether the effectiveness of each hedge in the actual results is in the range of 80% - 125%, at the beginning of mentioned association and during the ongoing process.

The fair value changes of derivative transactions determined as cash flow hedges are classified under other comprehensive income until the cash flows related to the hedged item are realized.

The difference in the fair value of derivative transactions for cash flow hedging is followed under other comprehensive income under "losses/gains on cash flow hedges". In cases where the hedge no longer fulfils the hedge accounting requirements, the "cash flow hedge losses/gains" classified under other comprehensive income are reflected in the "Profit/(loss) from derivate financial transactions" account in the income statement with the straight-line depreciation method over the period to maturity. In cases where it is certain that the hedged items will not materialize, all of the "losses/gains on cash flow hedges" classified under other comprehensive income are reflected in the profit/(loss) from derivative financial transactions" account in the income statement.

Derivative products of the company are classified as "Far Value of Derivative Financial Assets at Fair Value through Profit and Loss" or "Fair Value of Derivative Financial Assets at Fair Value through other Comprehensive Income" in accordance with "TFRS 9 Financial Instruments" (TFRS 9). TFRS 9 provides the option to defer the adoption of hedge accounting of TFRS 9 and continue with TAS 39 "Hedge accounting" in the choice of accounting policy. In this context, the Company continued to apply the TAS 39 standard for hedge accounting.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Effect of Currency Change

The individual financial statements of each business of the company are presented in the currency of the main economic environment in which they operate. The financial position and operating results of each business are expressed in TL, which is the company's functional currency and the reporting unit for the financial statements.

The exchange rates of 31 December 2022 and 31 December 2021 used by the company are as follows:

	31 December 2022	31 December 2021
USD	18,6983	12,9775
EUR	19,9349	14,6823

During the preparation of the financial statements of each enterprise, transactions in foreign currencies (currencies other than TL) are recorded based on the exchange rates on the date of the transaction. Foreign currency and foreign currency indexed monetary assets and liabilities in the balance sheet are translated into TL using the exchange rates prevailing at the end the reporting period. Among the non-monetary items that are accounted for at fair value, those recorded in foreign currency are translated into TL based on the exchange rates on the date their fair value was determined. Foreign currency non-monetary items measured on a historical cost basis are not reconverted.

Earnings Per Share

Earning per share stated in the profit or loss statement is calculated by dividing the net profit or loss for the period by the weighted average number of shares outstanding during the period.

Companies in Tukey can increase their capital through "bonus shares" that they distribute to their shareholders from retained earnings. Such "bonus share" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

	31 December 2022	31 December 2021
Net Profit/(Loss) Distributable to Ordinary Shareholders	35.226	25.303
Weighted Average Number of Issued Ordinary Shares (Thousands)	20.000.000	10.000.000
Earnings Per Share (Shown with full TL amount)	**0.00176**	**0.00253**

Events After Reporting Period

It represents events that occur in favor of or against the entity between the end of the reporting period and the date of authorization for the issue of the financial statements. In accordance with the provisions of TAS 10 "Events After the Reporting Period", if there is new evidence that the said events exist as of the end of the reporting period or if the related events occur after the reporting and these events after the reporting period and these events require the financial statements to be adjusted, the company adjusts its financial statements in accordance with the new situation. If the aforementioned events do not require the correction of the financial statements, the company explains the said issues in the related notes.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Provisions, Contingent Liabilities and Assets

As stated in TAS 37 "Provisions, Contingent Liabilities and Assets", for any provision amount to be included in the financial statements; the company must have a present legal or contractual obligation arising from past events, it must be probable that an outflow of resources containing economic benefits will be required to settle this obligation and the amount of the obligation can be reliably estimated. If the said criteria are not met, the company explains the said issues in the explanatory notes to the related financial statements. Where the effect of the time value of money is material, the amount of the provision; It is determined as the present value of the cash outflows expected to be necessary to settle the obligation. In determining discount rate to be used in reducing the provisions to their present values, the interest rate in the relevant markets and the risk related to the said liability are taken into account.

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

Taxes Calculated on Corporate Income

The tax income or expense of the period includes current period tax and deferred tax income and expenses. Tax income or expense for the period is recognized in profit or loss, except for those relating to business combinations or items recognized directly under other comprehensive income or equity.

Current period tax includes the tax liability or receivable calculated on the taxable portion of the profit or loss for the period and with the tax rates enacted at the reporting date, as well as any adjustments to the tax liability of previous years.

Deferred tax is determined by calculating the tax effects of the temporary differences between the recorded values of the assets and liabilities in the financial statements and the values used in the tax base, taking into account the enacted tax rates. Deferred tax is calculated based on the laws in effect at the end of the reporting period, with the tax rates expected to apply when temporary differences are reserved. Deferred tax asset and deferred tax liability can be set off if there is a legal right to set off tax assets and tax liabilities and if taxes are subject to the same financial authority and the acquisition of tax assets and the fulfilment of tax liabilities are simultaneous.

Deferred tax assets calculated on unused tax losses, investment incentives, tax deductions and deductible temporary differences are recognized to the extent that it is probable that taxable profits will be realized in the future that will enable the temporary differences to be used. The deferred tax asset is reviewed in each reporting period and its carrying amount is reduced to the extent that it is unlikely that the tax benefit will be realized.

Taxes resulting the fair value measurement of financial assets at fair value through other comprehensive income are recognized in equity and subsequently recognized in profit or loss upon realization of other recognized deferred gains.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Employee Benefits

Reserve for employee severance payments represents the present value of the estimated total provision of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. It is calculated on an accrual basis as it is earned by employees and is accounted for in the financial statements. The liability amount is calculated based on the severance pay ceiling announced by the government.

TAS 19 "Employee Benefits" requires companies to calculate the present value of their probable liabilities using actuarial valuation methods. Therefore, the present value of the company's probable liability has been calculated using the assumptions in the table below.

	31 December 2022	31 December 2021
Net discount rate	%4,09	%4,09
Expected rate of salary/limit increase		-
Probability of retirement	%95,75	%97,45

The basic assumption is that the ceiling provision for each year of service will increase in proportion to inflation.

Statement of Cash Flows

In the statement of cash flows, cash flows are reported as classifying according to operating, investing and financing activities.

Cash flows from operating activities reflect cash flows mainly generated from leasing operations of the Company.

Cash flows from investing activities express cash used in investing activities (direct investments and financial investments) and cash flows generated from investing activities of the Company.

Cash flows relating to financing activities express sources of financial activities and payment schedules of the Company.

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.

Related Parties

In accordance with TAS 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 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 22).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Reporting of Financial Information by Segments

Since the financial performances of the company are followed separately by the authorized decision-making authority regarding its activities, reporting according to operating segments has not been made.

Cash Flow Hedge Accounting

Within the scope of currency risk management, the company started to apply cash flow hedge accounting as of 29 June 2021 by fixing the contractual future operating lease receivables in Euro ("EUR","EURO") in Turkish Lira by forward purchase and sale transaction.

The cash flow hedge accounting that the company has started to implement; future operating lease receivables have been determined as the hedged item, and forward trading in EUR has been taken into account as hedging instrument.

As of 31 December 2022, the company's total post-tax loss recognized in equity through cash flow hedge accounting is TL 3.132 (31 December 2021; TL 11,090post-tax loss).

	31 December 2022			**31 December 2021**		
	Principal (*)	**Assets**	**Liabilities**	**Principal (*)**	**Assets**	**Liabilities**
Derivative financial instruments						
Forward Foreign Currency Purchases/Sales	250.000	4.651	-	433.596	-	65.800
Total	**250.000**	**4.651**	**-**	**433.596**	**-**	**65.800**

(*) It is the sum of the buy and sells.

3. CASH AND CASH EQUIVALENTS

As of 31 December 2022 and 31 December 2021, the details of cash and cash equivalents are as follows:

	31 December 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Time Deposit	93.341	300.915	4.614	472.024
Demand Deposit	1.633	2.312	717	8.476
Total	**94.974**	**303.227**	**5.331**	**480.500**

As of 31 December 2022, the expected loss provision calculated over cash and cash equivalents is TL 1.

As of 31 December 2022, the amount of cash and cash equivalents used in the preparation of the cash flow statement, excluding interest income accruals of time deposits and expected loss provisions, is TL 397.747 (31 December 2021: TL 485.826).

As of 31 December 2021, the company's time deposits have a maturity of less than three months, and the effective interest rates for time deposits in Turkish Lira, USD and EUR are %14,89, %0,40 and 0.3% respectively (31 December 2021: Turkish Lira, US Dollar and Euro %15, %0,50 and %0,15)

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

4. LEASE RECEIVABLES

	31 December 2022	31 December 2021
Financial leasing receivables	3.076.806	2.094.686
Invoiced leasing receivables	9.892	90.875
Gross leasing receivables	**3.086.698**	**2.185.561**
Unearned interest income	(513.847)	(283.056)
Finance lease receivables	**2.572.851**	**1.902.505**
Expected credit losses - Stage 1	(7.663)	(2.096)
Expected credit losses- Stage 2	(25.155)	(142.217)
Total leasing receivables	**2.540.033**	**1.758.192**
Non-performing financial lease receivables	141.387	193.632
Specific provision	-	-
Expected credit losses- Stage 3	(99.174)	(112.423)
Finance lease receivables, (net)	**2.582.246**	**1.839.401**

As of 31 December 2022 and 31 December 2021, the interest profile of financial lease receivables is as follows:

	31 December 2022	31 December 2021
Fixed Rate	2.541.371	1.874.060
Floating Rate	31.480	28.445
Receivables from Lease Transactions	**2.572.851**	**1.902.505**

As of 31 December 2022, interest rates for financial leasing transactions are for USD and EUR %7,57 – %6,00 (31 December 2021: %6,86 – %5,45), for TL it is 34,7% (31 December 2021: 22,14%).

4. LEASE RECEIVABLES (Continued)

The distribution of financial lease receivables according to their maturities is as follows:

Period end	31 December 2022 Gross	31 December 2022 Net
	1.491.201	1.175.328
31 December 2022		
31 December 2023	943.084	796.412
31 December 2024	461.343	417.551
31 December 2025	160.023	153.178
31 December 2026 and after	31.047	30.382
	3.086.698	**2.572.851**

Period end	31 December 2021 Gross	31 December 2021 Net
31 December 2021	1.131.241	952.366
31 December 2022	606.922	536.260
31 December 2023	306.885	280.344
31 December 2024	108.699	102.633
31 December 2025 and after	31.814	30.901
	2.185.561	**1.902.505**

Net finance lease receivables are as follows:

	31 December 2022	31 December 2021
Not overdue and not impaired	2.562.959	1.811.630
Past due but not impaired	9.892	90.875
Impaired	141.387	193.632
	2.714.238	**2.096.137**
Expected credit losses	(131.992)	(256.736)
Net finance lease receivables	**2.582.246**	**1.839.401**

	31 December 2021
Finance lease receivables - Stage 1	1.416.701
Finance lease receivables - Stage 2	485.804
Finance lease receivables - Stage 3	193.632
	2.096.137
Expected credit losses – Stage 1	(2.096)
Expected credit losses – Stage 2	(142.217)
Expected credit losses – Stage 3	(112.423)
	(256.736)
Net finance lease receivables	**1.839.401**

4. LEASE RECEIVABLES (Continued)

	31 December 2022
Finance lease receivables - Stage 1	2.417.203
Finance lease receivables - Stage 2	155.648
Finance lease receivables - Stage 3	141.387
	2.714.238
Expected credit losses – Stage 1	(7.663)
Expected credit losses – Stage 2	(25.155)
Expected credit losses – Stage 3	(99.174)
Net finance lease receivables	**2.582.246**

The aging table of the impaired financial lease receivables including the invoiced amount and principal is as followed :

	31 December 2022
90-180 days	14.139
181-365 days	-
Over 365 days	127.248
	141.387

	31 December 2021
151-240 days	13.025
241-365 days	11.118
Over 365 days	169.489
	193.632

4. LEASE RECEIVABLES (Continued)

The aging table of overdue but not impaired finance lease receivables based on the invoiced amount and remaining principal is as follows:

	31 December 2022		31 December 2021	
	Invoiced	**Remaining**	**Invoiced**	**Remaining**
0 – 30 days	2.435	46.941	86.478	249.053
31 - 60 days	2.603	14.735	1.950	14.241
61 - 90 days	4.854	9.322	2.447	8.770
	9.892	**70.998**	**90.875**	**272.064**

The movement table of the company's financial lease expected loss provision is as follows:

	31 December 2022	31 December 2021
Expected credit losses at the beginning of the period	**256.736**	**48.110**
Current period provision loss	66.437	65.988
Collections from receivables accounted for as a loss	(6.254)	(1.921)
Provision of Write-Offs (*)	(184.927)	-
TFRS 9 transition impact	-	144.559
Provision at the end of the period	**131.992**	**256.736**

(*) According to the decision of the board of directors taken in 2022, the company has deducted its non-performing receivables amounting to TL 184,927, all of which have been reserved. The effect of these transactions on the NPL ratio is 6.1%.

As of 31 December 2022, the company's mortgages, repurchase agreements, pledged assets amounting to TL 26.750 (31 December 2021: TL 21,824) in addition to the fair values of the goods subject to financial lease related to overdue financial lease receivables. There are receivables The details of these guarantees are as follows:

	31 December 2022	31 December 2021
Mortgage (*)	16.297	12.289
Pledged assets	7.620	6.599
Repurchase agreements	2.833	2.936
	26.750	**21.824**

(*) The appraisal costs of the mortgages have been taken into account.

4. LEASE RECEIVABLES (Continued)

Guarantees received from customers for financial lease receivables, except for the tangible fixed assets subject to financial lease, are as follows (including guarantees received for NPL):

	31 December 2022	31 December 2021
Indemnification	18.258.334	14.110.095
Mortgages	332.379	272.412
Capital share transfer	239.076	167.935
Repurchase agreements	191.165	136.899
Pledged assets	90.776	140.081
Receivable assignments	46.586	64.132
Guarantee checks	24.682	17.424
Guarantee letters	9.381	11.751
Cash hold	1.685	4.836
Security bonds	37	37
	19.194.101	**14.925.602**

As of 31 December 2022, financial leasing receivables amounting to TL 27.230 not overdue and not impaired yet (31 December 2021: TL 289.099) and overdue and impaired receivables amounting to TL 89.866 (31 December 2021: TL 120.677) have been rescheduled, revised seen or reconstructed.

The sectoral distribution of net financial leasing receivables is as follows:

	2022(*)	%	2021(*)	%
Metal Processing	609.441	24	373.556	20
Other Production Industry	491.452	19	355.657	19
Textile	390.728	15	339.736	18
Construction	300.495	12	136.745	7
Transportation	179.405	7	92.018	5
Other Community Services	173.915	7	86.720	5
Wholesaling and Retailing	169.154	6	306.926	16
Mining	108.436	4	92.524	5
Energy	51.712	2	49.061	3
Health	44.827	2	38.787	1
Food	30.949	1	3.840	-
Agriculture	14.429	1	18.637	1
Real Estate Brokerage	7.773	-	7.138	-
Tourism	135	-	1.160	-
Total	**2.572.851**	**100**	**1.902.505**	**100**

(*) Non-performing lease receivables are not included.

Financial leasing receivables consist of rents to be collected during the leasing period. Pursuant to the lease agreements made with the lessees, the ownership of the leased items is handed over to the lessees at the end of the lease term.

4. LEASE RECEIVABLES (Continued)

As of 31 December 2021, the distribution of financial lease receivables by foreign currency is as follows:

31 December 2022	Principal (Currency amount)	Principal (TL amount)	Unearned Income (Currency amount)	Unearned Income (TL amount)
Currency				
EURO	66.082	1.317.338	5.669	113.012
USD	7.543	141.046	628	11.752
TL	1.114.467	1.114.467	389.083	389.083
Total		**2.572.851**		**513.847**

As of 31 December 2021, the distribution of financial lease receivables by foreign currency is as follows:

31 December 2021	Principal (Currency amount)	Principal (TL amount)	Unearned Income (Currency amount)	Unearned Income (TL amount)
Currency				
EURO	63.721	935.563	5.061	74.308
USD	11.325	146.966	1.183	15.356
TL	819.976	819.976	193.392	193.392
Total		**1.902.505**		**283.056**

5. TANGIBLE ASSETS

	1 January 2022	Additional	Value Increase	Disposal	31 December 2022
Cost					
Land and Buildings (*)	22.471	34.404	-	(403)	56.472
Equipment, Furniture and	3.383	3.326	-	(45)	6.664
	25.854	**37.730**	**-**	**(448)**	**63.136**
Accumulated Depreciation					
Land and Buildings	(1.448)	(411)		-	(1.859)
Equipment, Furniture and	(1.203)	(915)		30	(2.089)
	(2.651)	**(1.326)**	**-**	**30**	**(3.947)**
Net book value	**23.203**	**36.404**	**-**	**(418)**	**59.189**

	1 January 2021	Additional	Value Increase	Disposal	31 December 2021
Cost					
Land and Buildings(*)	21.688	1.023	-	(240)	22.471
Equipment, Furniture and	2.045	1.349	-	(11)	3.383
	23.733	**2.372**	**-**	**(251)**	**25.854**
Accumulated Depreciation					
Land and Buildings	(992)	(456)	-	-	(1.448)
Equipment, Furniture and	(697)	(511)	-	5	(1.203)
	(1.689)	**(967)**	**-**	**5**	**(2.651)**
Net book value	**22.044**	**1.405**	**-**	**(246)**	**23.203**

(*) The company applies a revaluation model for buildings within the framework of TAS 16 "Recognition of Tangible Fixed Assets".For this purpose, the fair value of the purchased headquartes has been determined by an independent valuation firm authorized by the BDDK and the Capital Markets Board.The increase in the book value of the building as a result of the revaluation study is reflected in the Other Comprehensive Income or Expenses Accumulated Not to be Reclassified in Profit or Loss in the equity account group. As a result of the valuation of the building, there is a pre-tax value increase of TL 33.857 in the Propery, Plant and Equipment item as of 31 December 2022.

6. INTANGIBLE ASSETS

	1 January 2021	Additions	Disposals	31 December 2021
Cost				
Rights	5.265	1.396	-	6.661
	5.265	**1.396**	**-**	**6.661**
Accumulated amortization (-)				
Rights	(3.847)	(701)	-	(4.548)
Net book value	**1.418**	**695**	**-**	**2.113**

	1 January 2021	Additions	Disposals	31 December 2021
Cost				
Rights	4.780	485	-	5.265
	4.780	**485**	**-**	**5.265**
Accumulated amortization				
Rights	(3.226)	(621)	-	(3.847)
	(3.226)	(621)	-	(3.847)
Net book value	**1.554**	**(136)**	**-**	**1.418**

7. TAXATION

For the accounting periods ending on 31 December 2022 and 31 December 2021, the tax liability and tax provision are as follows:

Tax Assets / Liabilities	31 December 2022	31 December 2021
Current tax liability	812	27.771
Total	**812**	**27.771**

Tax Income / Expense	31 December 2022	31 December 2021
Deferred tax income/(expense)	(4.198)	15.855
Current period tax expense	-	(25.950)
Total	**(4.198)**	**(10.095)**

7. TAXATION (Continued)

Corporate Tax

The company and its subsidiaries, affiliates and joint ventures established in Turkey and other countries within the scope of consolidation are subject to the applicable tax legislation and practices of the countries in which they operate.

As per the Article 26 of the Law No. 7394 on the "Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law" and as per added first sentence to the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law" published in the Official Gazette No. 31810 dated 15 April 2022, the corporate tax rate is 25% for the corporate earnings. This amendment is valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 01 July 2022.

Corporations calculate temporary tax on their quarterly financial profits at the current rate, declare it until the 15th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. Despite the deduction, if the temporary tax amounts remains, this amount can be refunded in cash or deducted from other financial debts against the state.

According to Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years.

Dividend payments made to resident companies in Turkey, to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax.

Dividend payments made from companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

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

Income Tax Withholding

In addition to corporate tax, income tax withholding must be calculated separately on dividends, excluding those distributed to full fledged corporations and foreign companies' branches in Turkey, which receive dividends in case of distribution and declare these dividends by including them in corporate income. As of 22 July 2006, income tax withholding has been applied as 15% with the decision of Council of Ministers No.2006/10731. Dividends that are not distributed and added to the capital are not subject to income tax withholding.

7. TAXATION (Continued)

Investment Discount Application

Income tax Law No.193, which was annulled with Article 5 of Law No.6009, which was published in the Official newspaper dated 1 August 2010 and numbered 27659, and the Constitutional Court's Decision No.2009/144 published in the Official newspaper dated 8 January 2010.The phrase "only for the years 2006, 2007 and 2008" in the temporary article 69 of the Turkish Commercial Code has been rearranged. With the new regulation, it is ensured that the investment incentive exemption, which cannot be deducted due to insufficient income and is carried over to the following periods, continues to be utilized without year limitation, however, it is foreseen that the amount to be deducted as an investment incentive exception in the determination of tax bases shall not exceed 25% of the relevant year's earnings amount. Again, with the amendment, the corporate tax rate of those who will benefit from investment incentives is not 30%, but the current rate is 20%.The Constitutional Court at its meeting dated February 9, 2013; The sentence added to the first paragraph of the temporary 69th article of the Income Tax Law with the 5th Article of the Law No.6009, "So far, the amount to be deducted as an investment incentive exception in the determination of the tax bases cannot exceed 25% of the relevant income "is an accordance with the Constitution. It was decided that it was illegal and that it was cancelled. Also at the same meeting, since the said sentence was annulled with the decision dated 9 February 2013 and numbered E. 2010/93 K. 2013/20, the decision was made in the official newspaper in order to prevent situations and damages that are difficult or impossible to rectify later, which may arise from the implementation of this sentence, and that the annulment decision wouldn't be fruitless. It has decided to stay in force until the day it will be published.

Transfer Pricing

Article 13 of the Corporate Tax Law and the transfer pricing communiques issued in relation to this article clarify how and in what way the arm's length principle should be applied to transactions between related parties. The new regulations regarding transfer pricing are in line with the principles and principles of the OECD's transfer pricing guide.

According to the aforementioned legal regulation, if institutions buy or sell goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing, in whole or in part. Purchase, sale, manufacturing and construction transactions, leasing and leasing transactions, borrowing and lending, transactions requiring bonuses, wages and similar payments are considered as the purchase or sale of goods or services under all circumstances. Companies are obligated to fill in the transfer pricing form to be attached to the annual corporate tax return. In this form, the amounts of all transactions made with related companies during the relevant accounting period and the transfer pricing methods related to these transactions are stated.

7. TAXATION (Continued)

Deferred tax

The company calculates and accounts deferred tax in accordance with the provisions of the "Turkish Accounting Standard for Income Taxes ("TAS 12") for taxable temporary differences that arise between the book value of an asset or liability and its tax basis determined in accordance with the tax legislation. In the calculation of deferred tax, the enacted tax rates valid as of the balance sheet date are used in accordance with the current tax legislation.

Corporate tax has been determined as 25% to be applied to corporate earnings for the 2022 taxation period. Under TAS 12, deferred tax assets or liabilities are calculated based on tax rates (and tax laws) that are in effect or imminent to be effective as of the end of the reporting period (balance sheet date), using tax rates expected to be applied in the periods when assets are converted into income or liabilities are paid. and liabilities are evaluated according to their maturities, and deferred tax calculations are made according to the rates corresponding to the relevant maturities.

While deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

Calculated deferred tax assets and deferred tax liabilities are shown in the financial statements by netting.

	Temporary differences		**Deferred tax assets/ (liabilities)**	
	1 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Provisions	38.364	158.184	9.591	36.382
Provision for employee benefits	4.549	2.947	1.137	677
Derivative transaction expense rediscount	2.884	65.800	721	15.134
Carried TPL loss (*)	137.103	-	34.276	-
Other	6.443	4.252	1.611	979
Deferred tax assets	**189.342**	**231.183**	**47.335**	**53.172**
Prepaid commissions	(5.845)	(757)	(1.461)	(174)
Difference between carrying value and tax base of tangible and intangibles	(1.772)	(737)	(443)	(170)
Other	(7)	(5.618)	2	(1.123)
Deferred tax liabilities	**(7.625)**	**(7.112)**	**(1.906)**	**(1.467)**
Deferred tax assets, net	**181.717**	**224.071**	**45.429**	**51.705**

(*) Includes tax assets calculated from financial losses. Deferred tax asset calculated from carryable losses is calculated from financial losses of 2022. Since the company plans to generate sufficient taxable income to offset these amounts in the future, a total of TL 34,276 deferred tax asset has been accounted.

The movement table of net deferred tax assets is as follows:

	31 December 2022	**31 December 2021**
Opening balance, 1 January	**51.705**	**4.499**
TFRS 9 Transition Opening Difference	**-**	**28.038**
Current period deferred tax income	(4.198)	15.855
Deferred tax recognized in other comprehensive income	(12.821)	3.313
Closing balance, 31 December	**34.686**	**51.705**

8. OTHER ASSETS

The details of the company's other assets as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Investments under leasing	56.503	20.008	13.725	8.244
Deferred VAT	21.065	-	-	-
Prepaid taxes	7.920	-	271	-
Receivables from customers	3.353	7.116	3.163	2.342
Prepaid insurance expenses	3.315	6.694	3.439	4.820
Advances given for rental transaction	2.781	37.772	25.361	53.818
Expected credit losses	-	-	(57)	-
Total	**94.937**	**71.590**	**45.902**	**69.224**

9. DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2022

	Contract	Fair value	
	Amount TL	**Assets**	**Liabilities**
Derivative financial instruments			
Transactions aimed at hedging cash flow risk (*)	250.000	4.651	-
Futures trading	409.639	-	2.884
Total derivative financial assets / (liabilities)	**659.639**	**4.651**	**2.884**

(*) The details are explained in the second section.

31 December 2021

	Contract	Fair value	
	Amount TL	**Assets**	**Liabilities**
Derivative financial instruments			
Transactions aimed at hedging cash flow risk	433.596		65.800
Futures trading	4.713	-	-
Total derivative financial assets / (liabilities)	**438.309**	**-**	**65.800**

10. FUNDS BORROWED

	31 December 2022	31 December 2021
Short-term loans	980.133	665.409
Current period installments of long-term loans	1.577.236	1.244.994
Total short-term loans	**2.557.369**	**1.910.403**
Long-term installmets of long-term loans	203.377	209.805
Total long-term loans	**203.377**	**209.805**
Total loans	**2.760.746**	**2.120.208**

	31 December 2022			31 December 2021		
	Effective Interest Rate (%)	Currency Amount	TL	Effective Interest Rate (%)	Currency Amount	TL
Short-term loans						
Fixed rate loans:						
EURO	8,70	61.717	1.230.327	3,11	66.489	976.206
USD	10,55	9.575	179.039	3,98	11.643	151.100
TL	16,96	980.133	980.133	17,71	665.409	665.409
Floating rate loans:						
EURO	3,82	8.421	167.870	3,33	8.016	117.688
USD	-	-	-	-	-	-
			2.557.369			**1.910.403**
Long-term loans						
Fixed rate loans:						
TL	-	-	-	10,69	86,313	86.313
Floating rate loans:						
EURO	-	-	-	3,82	8.411	123.492
QAR	7,25	39.999	203.377	-	-	-
			203.377			**209.805**
Total loans			**2.760.746**			**2.120.208**

The repayments of medium/long term loans are as follows:

	31 December 2022			31 December 2021	
	Fixed rate	Floatig rate		Fixed rate	Floatig rate
2023	-	-	2022	-	-
2024	-	-	2023	86.313	123.495
2025	-	203.377	2024	-	-
2026	-	-	2025	-	-
2027	-	-	2026	-	-
	-	**203.377**		**86.313**	**123.495**

11. DEBT SECURITIES ISSUED

As of 31 December 2022, the company does not have any securities issued (31 December 2021: None).

12. RESERVE FOR EMPLOYEE BENEFITS

As of 31 December 2022 and 31 December 2021, the provision for employee rights liability is as follows:

	31 December 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Personnel premiums	2.282	-	1.785	-
Provision for severance pay	1.409	-	828	-
Provisions for unused leave	858	-	334	-
Total	**4.549**	**-**	**2.947**	**-**

The movements of the provision for severance pay for the accounting periods ending on 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Beginning of the period	828	737
Service cost	852	424
In-term payments	(271)	(333)
End of the period	**1.409**	**828**

13.OTHER PROVISIONS

	31 December 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Litigation provisions	209	-	994	-
Expense accruals	652	-	89	-
Total	**861**	**-**	**1.083**	-

14.OTHER LIABILITIES

	31 December 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Received advances	33.516	16.775	27.890	30.446
Insurance premium debts	6.049	14.814	6.010	7.396
Prepaid fees	2.687	-	1.163	-
Payables to vendors of leasing transactions	324	30.598	129	29.059
Other obligations	2.383	46	379	675
Total	**44.959**	**62.233**	**35.571**	**67.576**

15.EQUITY

The company's shareholders and their shares in the capital are as follows, with historical values:

	31 December 2022		31 December 2021	
	Partnership Share		Partnership Share	
	Amount	Amount	Amount	(%)
Alternatifbank A.Ş	200.000	100	100.000	100
Paid-in Capital	**200.000**	**100**	**100.000**	**100**
Capital adjustment differences	(14.080)		(14.080)	
	185.920		**85.920**	

Each partner has the right to vote in proportion to their share. The registered capital of the company consists of 20.000.000.000 shares, each with a nominal value of 1 Cent. There are no preferred stocks.

At the Extraordinary General Assembly meeting held on May 25, 2022, it was decided to increase the capital of the Company by TL 100.000 in cash and TL 200.000, and the capital increase was registered on May 31, 2022.

Capital adjustment differences represent the difference between the inflation-adjusted amounts of cash and cash-like additions to paid in capital and the amounts before inflation adjustment.

According to the Turkish Commercial Code, legal reserves are divided into first and second legal reserves. According to the Turkish Commercial Code, primary legal reserves are set aside as 5% of the legal net profit until 20% of the paid-in capital of the company is reached. The second order legal reserves are 10% of the distributed profit exceeding 5% of the paid-in capital. According to the Turkish Commercial Code, as long as the legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset losses, it is not possible to use them in any other way.

16.COMMITMENTS

As of 31 December 2022, the company has letters of guarantee amounting to TL 115.438 (31 December 2021: TL 94.981) received from banks and given to various institutions.

As of 31 December 2022, the company has a forward letter of credit amount to TL 34.778 opened at banks (31 December 2021: TL105.140).

As of 31 December 2022, there is no mortgage on the goods subject to financial leasing registered with the company (31 December 2021: None).

The lease payment amounts in the following periods are as follows:

	31 December 2022	31 December 2021
Up to 1 year	733	510
1 to 5 years	4	65
Total	**737**	**575**

17. OPERATING INCOME

	1 January – 31 December 2022	1 January – 31 December 2021
Financial leasing income	331.392	195.406
Total	**331.392**	**195.406**

18. OPERATING EXPENSES

General operating and other main operating expenses are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Personnel expenses (**)	17.644	9.127
Contract expenses (*)	2.907	2.212
Consulting expenses	2.640	1.553
Legal follow-up expenses	2.127	1.883
Depreciation expenses	2.029	1.582
Vehicle and travel expenses	1.502	912
IT expenses	1.321	688
Tax duty fees	1.010	659
Other	1.804	1.029
Total	**32.984**	**19.645**

(*) Contract expenses consist of litigation, legal proceedings, notary, appraisal and translation expenses charged to customers.
(**) Severance pay provision expense has been added.

19.FINANCE EXPENSES

The details of the company's financial expenses for the accounting periods ending on 31 December 2022 and 31 December 2021 are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Interest given on funds borrowed	275.054	136.024
Fees and commission given	6.796	1.776
Total	**281.850**	**137.800**

20.OTHER OPERATING INCOME

The details of the company's other operating income for the accounting periods ending on 31 December 2022 and 31 December 2021 are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Foreign Exchange transactions profit	774.530	886.455
Interests received from banks	5.574	1.949
Interests received from derivative financial assets	1.282	14.654
Other	15.808	8.340
Total	**797.194**	**911.398**

21.OTHER OPERATING EXPENSES

The details of the company's other operating expenses for the accounting periods ending on 31 December 2022 and 31 December 2021 are as follows:

	1 January – 31 December 2022	1 January – 31 December 2021
Foreign Exchange transactions loss	671.440	780.819
Loss from derivative financial transactions	36.451	67.154
Total	**707.891**	**847.973**

22. RELATED PARTIES

	31 December 2022	31 December 2021
Banks		
Demand deposit		
Alternatifbank A.Ş.	1.564	6.659
Time deposit		
Alternatifbank A.Ş.	191.263	476.626
	192.827	**483.285**
Borrowings		
Alternatifbank A.Ş.	704.946	341.401
The Commercial Bank (P.S.Q.C)	203.377	-
	908.323	**341.401**
Letters of guarantee given through the related company		
Alternatifbank A.Ş.	148	201
	148	**201**
Derivative Financial Liabilities held for trading		
Alternatifbank A.Ş.	206.259	-
	206.259	**-**
Derivative Financial Assets held for trading		
Alternatifbank A.Ş.	203.380	-
	203.380	**-**
Derivative Financial Liabilities held for hedging purposes		
Alternatifbank A.Ş.	250.000	-
	250.000	**-**
Financial leasing receivables (Net)		
Alternatifbank A.Ş.	32	-
	32	**-**
Income from derivative financial transactions		
Alternatifbank A.Ş.	475	-
	475	**-**

22. RELATED PARTIES (Continued)

	1 January – 31 December 2022	1 January – 31 December 2021
Financial leasing interest income		
Alternatifbank A.Ş.	8	-
	8	**-**
Interest income from banks		
Alternatifbank A.Ş.	4.937	1.431
	4.937	**1.431**
Expenses from derivative financial transactions		
Alternatifbank A.Ş.	2.884	-
	2.884	**-**
Borrowings interest expenses		
Alternatifbank A.Ş.	47.078	32.640
The Commercial Bank (P.S.Q.C)	1.270	-
	48.348	**32.640**
Service Received		
Alternatifbank A.Ş.	1.709	1.052
	1.709	**1.052**
Commision expenses		
Alternatifbank A.Ş.	89	91
	89	**91**
Rent expenses		
Alternatif Yatırım Menkul Değerler A.Ş.	569	462
	569	**462**

The total benefits and bonuses provided to senior managers and members of the Board of Directors for the period ending on 31 December 2022 are TL 4.013 (31 December 2021: TL 2.732).

23.NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Instruments and Financial Risk Managements

Capital Risk Management

The company's capital management objective is to optimize its profits while keeping the debt and equity ratio in balance during the execution of its activities. As of 31 December 2022 and 31 December 2021, the ratio of equity to debt is as follows:

	31 December 2022	31 December 2021
Total liabilities	2.877.044	2.320.956
Cash and cash equivalents (-)	398.201	485.831
Net debt	2.478.843	1.835.124
Total equity	370.569	195.728
Equity / Debt ratio (%)	0,15	0,11

Credit risk management

The risk of the financial loss to the company due to the failure of one of the parties to the financial instruments to fulfill its contractual obligations is defined as credit risk. The company tries to reduce its credit risk by performing transactions only with creditworthy parties and obtaining adequate collateral where possible. The credit risks that the company is exposed to and the credit ratings of customers are constantly monitored. Credit risk is controlled through limits set for customers and determined by the Board of Directors.

Lease receivables cover a large number of customers, scattered across various industries. Continuous credit evaluations are made over the trade receivable balances of the customers.

The geographical distribution of the company's assets and liabilities is as follows:

31 December 2022	**Assets**	**%**	**Liabilities**	**%**
Turkey	3.232.669	99,54	2.520.440	87,61
European countries	11.990	0,37	152.951	5,32
Other	2.954	0,09	203.653	7,08
	3.247.613	**100**	**2.877.044**	**100**

31 December 2021	**Assets**	**%**	**Liabilities**	**%**
Turkey	2.480.041	98,54	2.153.174	92,77
European countries	23.502	0,93	166.613	7,18
Other	13.141	0,53	1.169	0,05
	2.516.684	**100**	**2.320.956**	**100**

23.NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Table of maximum exposure to credit risk

	31 December 2022			31 December 2021		
	Financial Leasing Receivables	Other Receivables	Deposit at Banks	Financial Leasing Receivables	Other Receivables	Deposit at Banks
Exposure to maximum credit risk as at reporting date	2.582.246	10.464	398.201	1.839.401	5.448	485.831
- The portion of maximum risk covered by guarantee (*)	19.194.101	-	-	14.925.602	-	-
A.Net carrying value of financial assets which are neither impaired nor overdue	2.535.729	10.464	398.201	1.522.531	5.448	485.831
- Not overdue or impaired (gross book value)	2.535.729	10.464	398.201	1.522.531	5.448	485.831
- General loan provision (-)						
- The portion covered by guarantee	19.167.351	-	-	14.903.778	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired (**)	27.230	-	-	289.100	-	-
- The terms have been renegotiated (gross book value)	27.230	-	-	289.100	-	-
- Impairment (-)						
C. Net carrying value of financial assets which are overdue but not impaired	9.892	-	-	90.875	-	-
- Overdue (gross book value)	9.892	-	-	90.875	-	-
- Impairment (-)						
- The portion covered by guarantee						
D.Net carrying value of impaired assets	9.395	-	-	(63.104)	-	-
- Overdue (gross carrying value)	141.387	-	-	193.632	-	-
- Impairment (-) (***)	(131.992)	-	-	(256.736)	-	-
- The portion covered by guarantee	26.750	-	-	21.824	-	-
E. Off balance sheet items with credit risks				-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into account.

(**) Net book value of renegotiated financial assets includes rescheduled, revised or restructured finance lease receivables which are not overdue and not impaired yet.

(***) Impairment is also reserved for the forward-looking lease receivables of the overdue lease receivables in the related group.

23.NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Market risk management

Market risk is the risk that the company's capital and earnings, as well as the company's ability to achieve its goals, will be adversely affected by fluctuations in interest rates, foreign currency rates, inflation rates and prices in the market. The company monitors market risk under the headings of liquidity risk, currency risk and interest rate risk.

As a financial leasing company, the company is exposed to currency risk, interest rate and liquidity risk while meeting the needs of its customers. The company management focuses on the asset and liability structure of the company while managing these risks. The company management aims to keep the fluctuations that may occur in the operating results at a minimum level, in addition to the duties of providing funds to the company, managing the excess liquidity, balancing the open position and interest rate risk.

Liquidity risk management

The main responsibility for liquidity risk management rests with the Board of Directors. The Board of Directors has established an appropriate liquidity risk management for the short, medium and long term funding and liquidity requirements of the company's management. The company manages its liquidity risk by regularly monitoring the estimated and actual cash flows and ensuring the continuation of sufficient funds and borrowing reserves by matching the maturities of financial assets and liabilities. It is observed that the effect of the volatility in the markets as a result of the negative impact of the COVID-19 outbreak on the company's liquidity needs in minimal.

The table below shows the maturity distribution of the company's non-derivative financial assets and liabilities. The tables are prepared according to the earliest dates on which the company should collect and pay the liabilities. The interest to be collected and paid on the company's assets and liabilities are also included in the table below.

31 December 2022	**Book value**	**1-3 monhs**	**3-12 moths**	**Over 1 year**	**Demand**	**Cash in/out in accordance with the contract**
Funds Borrowed	2.760.746	875.809	1.795.194	248.544	-	2.919.547
Total liabilities	**2.760.746**	**875.809**	**1.795.194**	**248.544**	**-**	**2.919.547**
Managing liquidity risk assets used for	2.582.246	438.641	1.052.560	1.595.497	9.395	3.096.093

31 December 2021	**Book value**	**1-3 monhs**	**3-12 moths**	**Over 1 year**	**Demand**	**Cash in/out in accordance with the contract**
Funds Borrowed	2.120.208	806.822	1.176.035	229.227	-	2.212.084
Total liabilities	**2.120.208**	**806.822**	**1.176.035**	**229.227**	**-**	**2.212.084**
Cash and cash equivalents	2.120.208	806.822	1.176.035	229.227	-	2.212.084

(*) Includes investments in progress and advances given for leasing transactions.

23.NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Assets and liabilities in foreign currency create foreign exchange risk. The Company carries a certain amount of foreign currency position arising from the transactions it has carried out, as a requirement of its activities. The foreign currency position is monitored on a daily basis and reported on a monthly basis with tables created on the basis of maturity and currency types. The Company carries out forward foreign exchange transactions in order to balance its foreign currency assets and liabilities.

As of 31 December 2022 and 31 December 2021, the distribution of assets and liabilities by currency is shown in the table below:

31 December 2022	**USD**	**EURO**	**CHF**	**QAR**	**Subtotal**	**TL**	**Total**
Cash and cash equivalents	37.792	265.392	44	-	303.227	94.974	398.201
Derivative financial assets	-	-	-	-	-	4.651	4.651
Finance lease receivables (*)	148.764	1.372.250	-	-	1.521.014	1.178.296	2.699.310
Property, plant and equipment (net)	-	-	-	-	-	59.189	59.189
Intangible assets (net)	-	-	-	-	-	2.113	2.113
Prepaid expenses	584	6.110	-	-	6.694	3.315	10.009
Deferred tax asset	-	-	-	-	-	34.686	34.686
Other assets	1.557	5.560	-	-	7.116	32.338	39.454
Total assets	**188.696**	**1.649.312**	**44**	**-**	**1.838.051**	**1.409.562**	**3.247.613**
Funds Borrowed	179.039	1.398.197	-	203.377	1.780.613	980.133	2.760.746
Securities Issued	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	2.884	2.884
Debt and expense provisions	-	-	-	-	-	5.410	5.410
Current tax liability	-	-	-	-	-	812	812
Miscellaneous debts	3.342	42.070	-	-	45.412	6.617	52.029
Prepaid Income	-	-	-	-	-	2.687	2.687
Other liabilities	2.848	13.973	-	-	16.821	35.655	52.476
Total liabilities	**185.229**	**1.454.240**	**-**	**203.377**	**1.842.846**	**1.034.198**	**2.877.044**
Net foreign currency position	**3.466**	**195.072**	**44**	**(203.377)**	**(4.795)**	**375.364**	**370.569**
Net Off-balance Sheet position	**-**	**(206.259)**	**-**	**203.380**	**-**	**250.000**	**247.121**
Receivables from Derivative Financial Instruments	-	-	-	203.380	-	250.000	453.380
Payables from Derivative Financial Instruments	-	206.259	-	-	-	-	206.259

(*) Advances given for investments in progress and lease transactions are included.

23.NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2021	USD	EURO	Subtotal	TL	Total
Cash and cash equivalents	17.255	463.245	480.500	5.331	485.831
Derivative financial assets	-	-	-	-	-
Finance lease receivables (*)	156.133	1.040.363	1.196.465	744.054	1.940.549
Property, plant and equipment (net)	-	-	-	23.203	23.203
Intangible assets (net)	-	-	-	1.418	1.418
Deferred tax asset	-	-	-	51.705	51.705
Other assets	1.243	5.919	7.162	6.816	13.978
Total assets	**174.631**	**1.509.526**	**1.684.157**	**832.527**	**2.516.684**
Funds Borrowed	151.100	1.217.389	1.368.489	751.719	2.120.208
Securities Issued	-	-	-	65.800	65.800
Debt and expense provisions	-	-	-	4.030	4.030
Current tax liability	-	-	-	27.771	27.771
Other liabilities	8.504	59.072	67.576	35.571	103.147
Total liabilities	**159.604**	**1.276.461**	**1.436.065**	**884.891**	**2.320.956**
Net foreign currency position	**15.027**	**233.065**	**248.092**	**(52.364)**	**195.728**
Net Off-balance Sheet position	**-**	233.265	-	202.321	(30.944)
Receivables from Derivative Financial Instruments	-	-	-	202.321	202.321
Payables from Derivative Financial Instruments	-	233.265	-	-	233.265

(*) Advances given for investments in progress and lease transactions are included.

The table below shows the sensitivity of the company to 10% change in USD, Euro. The following amounts represent the effect of 10% increase in value of USD and Euro against TL on the income statement. During this analysis, it is assumed that all variables, especially interest rates, will remain constant.

	Profit/(Loss) 31 December 2022	Profit/(Loss) 31 December 2021
EURO	(1.119)	1.503
USD	347	(20)

In case of a 10% depreciation of TL against other currencies, the above-mentioned amounts will have an equal and opposite effect on the income statement.

The conversion rates of foreign currency assets and liabilities into TL are as follows:

	31 December 2022	31 December 2021
USD	18,6983	12,9775
EURO	19,9349	14,6823

23.NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates affect the value of financial instruments. The company may be exposed to interest rate risk as a result of the mismatch and deficits that may arise between assets and liabilities that will mature or be repriced in a certain period. The company controls the risk by applying risk management strategies and matching repricing of assets and liabilities.

The sensitivity analysis below has been made according to the interest rate risk arising from derivative and non-derivative financial instruments existing at the balance sheet date. The analysis was performed for floating rate financial liabilities that existed at the balance sheet date. 1% increase or decrease in interest rates is the rate used when reporting in the interest rate risk to the senior management within the company and represents the possible change in the interest rates that the management expects.

31 December 2022

Type of risk	Risk rate	Risk direction	Term profit effect	Equity (*) effect
Interest rate risk	1%	Increase	(63)	(63)
	1%	Decrease	63	63

31 December 2021

Type of risk	Risk rate	Risk direction	Term profit effect	Equity (*) effect
Interest rate risk	%1	Increase	(1.305)	(1.305)
	%1	Decrease	1.305	1.384

(*) Includes profit and loss effect.

The table below analyze the company's assets and liabilities at the end of the reporting period, based on the remaining period to the interest rate changes in the contract, according to the relevant maturity grouping.

31 December 2022	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and above	Interest free	Total
Cash and cash equivalents	394.256	-	-	-	3.945	398.201
Derivative financial assets	-	-	-	-	4.651	4.651
Finance lease receivables (*)	339.776	835.551	1.397.406	117	126.459	2.699.310
Tangible assets, (net)	-	-	-	-	59.189	59.189
Intangible assets, (net)	-	-	-	-	2.113	2.113
Deferred tax assets	-	-	-	-	34.686	34.686
Prepaid expenses					10.009	10.009
Other assets	-	-	-	-	39.454	39.454
Total assets	**734.032**	**835.551**	**1.397.406**	**117**	**280.506**	**3.247.613**
Funds Borrowed	867.936	1.892.811	-	-	-	2.760.746
Securities Issued	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	2.884	2.884
Debt and expense provisions	-	-	-	-	5.410	5.410
Prepaid Income	-	-	-	-	2.687	2.687
Miscellaneous debts	-	-	-	-	52.029	52.029
Other liabilities	-	-	-	-	53.288	53.288
Total liabilities	**867.936**	**1.892.811**	**-**	**-**	**116.298**	**2.877.044**
Net repricing position	**(133.904)**	**(1.057.259)**	**1.397.406**	**117**	**164.208**	**370.569**

(*) Advances given for investments in progress and lease transactions are included.

23.NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2021	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and above	Interest free	Total
Cash and cash equivalents	476.639	-	-	-	9.192	485.831
Derivative financial assets	-	-	-	-	-	-
Finance lease receivables (*)	324.641	627.725	947.227	2.912	38.044	1.940.549
Tangible assets, (net)	-	-	-	-	23.203	23.203
Intangible assets, (net)	-	-	-	-	1.418	1.418
Deferred tax assets	-	-	-	-	51.705	51.705
Other assets	-	-	-	-	13.978	13.978
Total assets	**801.280**	**627.725**	**947.227**	**2.912**	**137.540**	**2.516.684**
Funds Borrowed	892.015	1.141.880	86.313	-	-	2.120.208
Securities Issued	-	-	-	-	-	-
Derivative financial liabilities	-	65.800	-	-	-	65.800
Debt and expense provisions	-	-	-	-	4.030	4.030
Current tax liability	-	-	-	-	27.771	27.771
Other liabilities	-	-	-	-	103.147	103.147
Total liabilities	**892.015**	**1.207.680**	**86.313**	**-**	**134.948**	**2.320.956**
Net repricing position	**(90.735)**	**(579.955)**	**860.914**	**2.912**	**2.592**	**195.728**

(*) Advances given for investments in progress and lease transactions are included.

The average interest rates applied to financial instruments are as follows:

	31 December 2022			31 December 2021		
	USD (%)	EURO (%)	TL (%)	USD (%)	EURO (%)	TL (%)
Assets						
Cash and cash equivalents	0,40%	3,00%	14,89%	0,04	0,01	15,00
Finance lease receivables	7,57%	6,00%	34,7%	6,86	5,45	22,14
Liabilities						
Funds Borrowed	10,55%	8,12%	16,96%	3,98	3,20	16,91
Issued securities	-	-	0,00%	-	-	-

Fair value of financial instruments

Fair value in a transaction with the consent of the parties, other than a forced sale or liquidation. The amount at which a financial instrument can be traded. The quoted market price, if available, best reflects fair value.

The company has determined the estimated fair values of financial instruments using currently available market information and appropriate valuation methods. However, evaluating market information and estimating actual values requires interpretation and judgement. As a result, the estimates presented in these financial statements may not always be an indication of values that the company can obtain in a current market transaction.

The fair values of short-term assets and liabilities excluding financial lease receivables and borrowings are considered to be close to their book values due to the insignificance of the discount effect.

23.NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The table below shows the comparison of the book value and fair value of the financial instruments carried with their values other than their fair values in the financial statements.

	Book value		Fair value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Finance lease receivables, (net)	2.582.246	1.839.401	2.478.788	1.816.795
Funds Borrowed	2.760.746	2.120.208	2.757.385	2.098.728

Classification of fair value measurement

The fair value of financial assets and liabilities is determined as follows:

- First level: Financial assets and liabilities are valued at the stock prices traded in the active market for the same assets and liabilities.

- Second level: Financial assets and liabilities are valued from the inputs used to find the directly or indirectly observable market price of the related asset or liability other than the stock market price specified in the first level.

- Third level: Financial assets and liabilities are valued from inputs that are not based on the market observable data, which are used to find the fair value of the asset or liability.

As of 31 December 2022 and 31 December 2021, the financial liability of the company reflect in the financial statements at fair value is as follows:

As of 31 December 2022, there are no liabilities in the financial statements with their fair values.

31 December 2022

	Level 1	Level 2	Level 3
Derivative financial liabilities	-	2.884	-

31 December 2021

	Level 1	Level 2	Level 3
Derivative financial liabilities	-	65.800	-

24.EVENTS AFTER THE REPORTING PERIOD

	1 January 2022 – 31 December 2022	1 January 2021 – 31 December 2021
Independent audit fee for the reporting period	293.750	130.000
Total	**293.750**	**130.000**

25.EVENTS AFTER THE REPORTING PERIOD

None.