Alternatif Finansal Kiralama A.Ş.

Financial Statements As at and for the
Year Ended 31 December 2023
With Independent Auditors' Report Thereon
(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

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Convenience Translation of the Independent Auditor's Report Originally Prepared and Issued in Turkish to English

INDEPENDENT AUDITOR'S REPORT

To the Shareholder's of Alternatif Finansal Kiralama Anonim Şirketi

A. Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Finansal Kiralama Anonim Şirketi ("the Company"), which comprise the statement of financial position as at December 31, 2023 and the statements of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and cash flows for the year then ended in accordance with the the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

Basis for Qualified Opinion

The Company started to account its head office building at revalued amount instead of cost amount under the Turkish Accounting Standards 16 Property, Plant and Equipment as of 31 December 2018. The revaluation surplus in respect of the evaluation performed by valuation companies authorized by the Capital Markets Board ("CMB") and the Banking Regulation and Supervision Agency ("BRSA") is accounted under equity as accumulated revaluation increase/decrease of fixed assets. The Bank management performed the revaluation of this asset based on its revalued amount as of 27 December 2022, and adjusted the carrying amount of this asset in its unconsolidated financial statements as of January 2023. As of 31 December 2023, no revaluation has been performed by the Bank management for this asset. If a revaluation had been performed for this asset as of 31 December 2023, property, plant and equipment (net) and other comprehensive income or expenses not to be reclassfied to profit or loss within equity would have increased by TL 60.201 thousands and TL 42.141 thousands respectively, while deferred tax asset would have decreased by TL 18.060 thousands in the unconsolidated financial statements in the accompanying unconsolidated financial statements.

The purpose and scope of the "General Communique of Tax Procedure Law No. 555" of Republic of Türkiye Ministry of Treasury and Finance published in the Official Gazette dated 30 December 2023 and numbered 32414 is to determine the principles and procedures regarding to inflation adjustments to be recognised in accordance with Article 298 of Law No. 213 and provisional Article 33 in 2023 and following accounting periods based on the fulfilment of the conditions for adjustments. As of 31 December 2023, had this regulation been applied, and if the deferred tax asset had been calculated based on temporary differences after inflation adjustments to financial statements for the tax purposes, deferred tax assets and period net profit would have been increased by TL 105,370 thousands, deferred tax expenses would have been decreased by TL 105,370 thousands in the accompanying unconsolidated financial statements.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for TFRS 9 "Financial Instruments" and impairment of financial assets

Refer to Note 2 for details of accounting policies and significant accounting estimates and assumptions used in the application of TFRS 9 "Financial Instruments" and impairment of financial assets.

Key audit matter	***How the matter is addressed in our audit***
The Company's on-balance sheet and off-balance sheet assets subject to the calculation of expected credit losses in accordance with TFRS 9 Financial Instruments Standard ("Standard") constitute a significant balance in the financial statements. In accordance with the complexity and comprehensiveness of recognition and impairment under TFRS 9, the classification of financial instruments under the Standard is based on the business model used by the Company and the characteristics of the contractual cash flows. The determination of this business model and the determination of the cash flow characteristics of complex contracts are based on significant estimates and judgments of management. Management uses complex estimates and assumptions in the calculation of expected credit losses because the policies established by management for the calculation of expected credit losses carry risks related to regulatory requirements. In addition, TFRS 9 includes extensive and complex disclosure requirements related to impairment. As explained above, the accounting for TFRS 9 "Financial Instruments" and the impairment calculation for financial assets have been identified as a key audit matter because they involve management judgments, estimates and assumptions.	Our audit procedures in addition to our current for testing included the following: • The design, implementation and operational effectiveness of the controls established for loan allocation, utilization, collateralization, collection, follow-up, classification and impairment processes were tested together with information systems experts. • The subjective and objective criteria defined in the Company's impairment model are checked for compliance with the Standard and Regulation on Procedures and Principles for Classification of Loans and Provisions to be set aside. • The prepared model and methodology were evaluated, and experts were included in our work to evaluate the calculations made with control tests and detailed analysis. The review of finance lease contracts included a detailed examination of contract files and information for a sample of finance lease receivables and a check of the classification of finance lease receivables. In this context, the current situation of the leasing customer was assessed by including macroeconomic expectations. • For the expected credit loss calculations for individually assessed finance lease receivables, the accuracy of the loss allowances has been assessed by including forward-looking cash flow information, collateral values and macroeconomic expectations. • The adequacy of the disclosures made in the financial statements regarding the provision for impairment of finance lease receivables is evaluated.

Other Matter

The financial statements of Alternatif Finansal Kiralama A.Ş. for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 January 2023.

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

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

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 BRSA Auditing Regulation and Standards on Auditing issued by POA 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 unconsolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated 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 Bank'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 Bank'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 unconsolidated 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 Bank to cease to continue as a going concern.

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

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

We 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, actions taken to eliminate threats or safeguards applied.

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

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2023 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ebru Koçak, SMMM
Partner

16 July 2024
İstanbul, Turkey

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ALTERNATİF FİNANSAL KİRALAMA A.Ş.
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2023

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

	ASSETS	Notes	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	**CASH, CASH EQUIVALENTS AND CENTRAL BANK**	**3**	**53.910**	**66.300**	**120.210**	**94.974**	**303.227**	**398.201**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)**		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL ASSETS**	**9**	-	-	-	**4.651**	-	**4.651**
IV.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (NET)**		-	-	-	-	-	-
V.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**1.691.901**	**2.192.922**	**3.884.823**	**1.119.012**	**1.463.234**	**2.582.246**
5.1	**Factoring Receivables**		-	-	-	-	-	-
5.1.1	Discounted Factoring Receivables		-	-	-	-	-	-
5.1.2	Other Factoring Receivables		-	-	-	-	-	-
5.2	**Savings Finance Receivables**		-	-	-	-	-	-
5.2.1	From Savings Fund Pool		-	-	-	-	-	-
5.2.2	From Shareholders' Equity		-	-	-	-	-	-
5.3	**Finance Loans**		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	**Lease Receivables (Net)**	**4**	**1.662.568**	**2.171.253**	**3.833.821**	**1.114.466**	**1.458.385**	**2.572.851**
5.4.1	Financial Lease Receivables		2.289.001	2.397.964	4.686.965	1.503.549	1.583.149	3.086.698
5.4.2	Operating Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		626.433	226.711	853.144	389.083	124.764	513.847
5.5	**Other Financial Assets Measured at Amortized Costs**		-	-	-	-	-	-
5.6	**Non-performing receivables**	**4**	**61.596**	**111.444**	**173.040**	**20.559**	**120.828**	**141.387**
5.7	**Expected Credit Losses/Specific Provisions (-)**	**4**	**32.263**	**89.775**	**122.038**	**16.013**	**115.979**	**131.992**
VI.	**INVESTMENTS**		-	-	-	-	-	-
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	**TANGIBLE ASSETS (Net)**	**5**	**94.517**	-	**94.517**	**59.189**	-	**59.189**
VIII.	**INTANGIBLE ASSETS (Net)**	**6**	**2.535**	-	**2.535**	**2.113**	-	**2.113**
IX	**INVESTMENT PROPERTY (Net)**		-	-	-	-	-	-
X.	**CURRENT TAX ASSETS (Net)**		-	-	-	-	-	-
XI.	**DEFERRED TAX ASSETS (NET)**	**7**	**25.959**	-	**25.959**	**34.686**	-	**34.686**
XII.	**OTHER ASSETS**	**8**	**42.552**	**100.272**	**142.824**	**94.937**	**71.590**	**166.527**
	SUBTOTAL		**1.911.374**	**2.359.494**	**4.270.868**	**1.409.562**	**1.838.051**	**3.247.613**
XIII.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Held for sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		**1.911.374**	**2.359.494**	**4.270.868**	**1.409.562**	**1.838.051**	**3.247.613**

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 2023

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

	LIABILITIES	Notes	Audited Current Period 31 December 2023			Audited Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	**FUNDS BORROWED**	**10**	**1.040.835**	**2.230.959**	**3.271.794**	**980.133**	**1.780.613**	**2.760.746**
II.	**FACTORING PAYABLES**		-	-	-	-	-	-
III.	**SAVINGS FUND POOL BORROWINGS**		-	-	-	-	-	-
IV.	**LEASING TRANSACTIONS PAYABLES**		-	-	-	-	-	-
V.	**DEBT SECURITIES ISSUED (Net)**	**11**	**418.904**	-	**418.904**	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**9**	**12.891**	-	**12.891**	**2.884**	-	**2.884**
VIII.	**PROVISIONS**	**12-13**	**7.980**	-	**7.980**	**5.410**	-	**5.410**
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserves for Employee Benefits	12	7.865	-	7.865	4.549	-	4.549
8.3	General Provision		-	-	-	-	-	-
8.4	Other Provisions	13	115	-	115	861	-	861
IX.	**CURRENT TAX LIABILITY**	**7**	**1.232**	-	**1.232**	**812**	-	**812**
X.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XI.	**SUBORDINATED LOANS**		-	-	-	-	-	-
XII.	**OTHER LIABLITIES**	**14**	**23.734**	**108.042**	**131.776**	**44.959**	**62.233**	**107.192**
	SUBTOTAL		**1.505.576**	**2.339.001**	**3.844.577**	**1.034.198**	**1.842.846**	**2.877.044**
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Held for sale purpose		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	**SHAREHOLDERS' EQUITY**		**426.291**	-	**426.291**	**370.569**	-	**370.569**
14.1	Paid-in Capital	15	200.000	-	200.000	200.000	-	200.000
14.2	Capital Reserves	15	(14.080)	-	(14.080)	(14.080)	-	(14.080)
14.2.1	Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		(14.080)	-	(14.080)	(14.080)	-	(14.080)
14.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	5	45.478	-	45.478	29.858	-	29.858
14.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	3.132	-	3.132
14.5	Profit Reserves		153.436	-	153.436	151.674	-	151.674
14.5.1	Legal Reserves		11.907	-	11.907	10.146	-	10.146
14.5.2	Status Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		141.529	-	141.529	141.528	-	141.528
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		41.457	-	41.457	(15)	-	(15)
14.6.1	Previous Years Profit or Loss		(1.777)	-	(1.777)	(35.241)	-	(35.241)
14.6.2	Period Net Profit or Loss		43.234	-	43.234	35.226	-	35.226
	TOTAL LIABILITY		**1.931.867**	**2.339.001**	**4.270.868**	**1.404.767**	**1.842.846**	**3.247.613**

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 2023

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

			Audited Current Period			Audited Prior Period		
	OFF BALANCE SHEET ITEMS		31 December 2023			31 December 2022		
		Notes	TL	FC	Total	TL	FC	Total
I.	**RECOURSE FACTORING TRANSACTIONS**		**-**	**-**	**-**	**-**	**-**	**-**
II.	**NON-RECOURSE FACTORING TRANSACTIONS**		**-**	**-**	**-**	**-**	**-**	**-**
III.	**SAVINGS FINANCING CONTRACTS TRANSACTIONS**		**-**	**-**	**-**	**-**	**-**	**-**
IV.	**GUARANTEES RECEIVED**	**4**	**10.270.525**	**17.615.427**	**27.885.952**	**7.505.123**	**11.688.978**	**19.194.101**
V.	**GUARANTEES GIVEN**	**16**	**255.783**	**-**	**255.783**	**115.438**	**-**	**115.438**
VI.	**COMMITMENTS**		**63.484**	**172.545**	**236.029**	**261.222**	**123.477**	**384.699**
6.1	Irrevocable Commitments	16	-	11.881	11.881	-	34.778	34.778
6.2	Revocable Commitments		63.484	160.664	224.148	261.222	88.699	349.921
6.2.1	Lease Commitments		63.484	160.664	224.148	261.222	88.699	349.921
6.2.1.1	Financial Lease Commitments		63.484	160.664	224.148	261.222	88.699	349.921
6.2.1.2	Operating Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**-**	**1.085.643**	**1.085.643**	**250.000**	**409.639**	**659.639**
7.1	Hedging Derivative Financial Instruments	9	-	415.200	415.200	250.000	-	250.000
7.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
7.1.2	Transactions for Cash Flow Hedge		-	415.200	415.200	250.000	-	250.000
7.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
7.2	Trading Transactions	9	-	670.443	670.443	-	409.639	409.639
7.2.1	Forward Foreign Currency Purchases/Sales		-	670.443	670.443	-	409.639	409.639
7.2.2	Swap Purchases/Sales		-	-	-	-	-	-
7.2.3	Put/Call options		-	-	-	-	-	-
7.2.4	Futures purchases/sales		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
VIII.	**ITEMS HELD IN CUSTODY**		**5.539.609**	**14.496.036**	**20.035.645**	**3.905.058**	**13.904.561**	**17.809.619**
	TOTAL OFF BALANCE SHEET		**16.129.401**	**33.369.651**	**49.499.052**	**12.036.841**	**26.126.655**	**38.163.496**

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 2023

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

	PROFIT OR LOSS ITEMS	Notes	Audited Current Period 1 January - 31 December 2023	Audited Prior Period 1 January - 31 December 2022
I.	**OPERATING INCOME**		**684.647**	**331.392**
	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**	**684.647**	**331.392**
1.5	Financial Leasing Income		681.685	330.428
1.6	Operating Lease Revenues		-	-
1.7	Fees and Commissions from Leasing Transactions		2.962	964
	SAVINGS FINANCING REVENUES		-	-
1.8	Dividends Received from Savings Finance Receivables		-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-
II.	**FINANCIAL EXPENSES (-)**	**19**	**657.924**	**281.850**
2.1	Interest Paid for Borrowings		528.888	275.054
2.2	Interest Paid for Factoring Transactions		-	-
2.3	Financial Leasing Expenses		-	-
2.4	Interests Paid on Securities		29.964	-
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions		99.072	6.796
III.	**GROSS PROFIT/LOSS (I+II)**		**26.723**	**49.542**
IV.	**OPERATING EXPENSES (-)**	**18**	**62.183**	**32.984**
4.1	Personnel Expenses		34.756	16.885
4.2	Provision Expense for Employment Termination Benefits		314	759
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		14.847	8.129
4.5	Other		12.266	7.211
V.	**GROSS OPERATING PROFIT/LOSS (II+IV)**		**(35.460)**	**16.558**
VI.	**OTHER OPERATING INCOME**	**20**	**1.395.333**	**797.194**
6.1	Interest Received from Banks		12.581	5.574
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		30.455	1.282
6.7	Foreign Exchange Gain/Losses		1.329.879	774.530
6.8	Other		22.418	15.808
VII.	**PROVISIONS**		**(6.999)**	**66.437**
7.1	Specific Provisions	4	-	-
7.2	Expected Loss Provisions		(6.999)	66.437
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	**OTHER OPERATING EXPENSES (-)**	**21**	**1.319.074**	**707.891**
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 Expenses		-	-
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		69.690	36.451
8.4	Foreign Exchange Transaction Loss		1.249.384	671.440
8.5	Other		-	-
IX.	**NET OPERATING INCOME/EXPENSE**		**47.798**	**39.424**
X.	**MERGER PROFIT**			
XI.	**SHARE OF PROFIT/LOSS OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**			
XII.	**NET MONETARY POSITION GAIN/LOSS**			
XIII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (IX+…+XII)**		**47.798**	**39.424**
XIV.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**7**	**(4.564)**	**(4.198)** **2.623**
14.1	Current Tax Provision		-	-
14.2	Deferred Tax Expense Effect (+)		-	-
14.3	Deferred Tax Income Effect (-)		(4.564)	(4.198)
XV.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS**		**43.234**	**35.226**
XVI.	**INCOME FROM TERMINATED OPERATIONS**		-	-
16.1	Income from Fixed Assets Held for Sale		-	-
16.2	Profits from the Sales of Subsidiaries, Affiliates		-	-
16.3	Other Discontinued Operation Income		-	-
XVII.	**EXPENSES FROM TERMINATED OPERATIONS (-)**		-	-
17.1	Expenses on Fixed Assets Held Resale		-	-
17.2	Loss on Investment and Associates, Subsidiaries and Joint Ventures		-	-
17.3	Other Discontinued Operation Expenses		-	-
XVIII.	**PROFIT/LOSS BEFORE TAX FROM TERMINATED OPERATIONS (XVI-XVII)**		-	-
XIX.	**TAX PROVISION FOR TERMINATED OPERATIONS**		-	-
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Expense Effect (+)		-	-
19.3	Deferred Tax Income Effect (-)		-	-
XX.	**DISCONTINUED OPERATIONS PERIOD NET P/L (XVIII±XIX)**		-	-
XXI.	**NET P/L FOR THE PERIOD (XV+XX)**		**43.234**	**35.226**
	EARNINGS PER SHARE		**0,00216**	**0,00176**

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 2023

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

	PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME	Notes	Audited 1 January – 31 December 2023	Audited 1 January – 31 December 2022
I.	**PERIOD INCOME/LOSS**		**43.234**	**35.226**
II.	**OTHER COMPREHENSIVE INCOME**		**15.620**	**28.797**
2.1	**ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS**		**-**	**-**
2.1.1	Gains/(losses) on revaluation of tangible assets		20.828	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		(5.208)	(9.599)
2.2	**ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS**	**7**	**-**	**3.132**
2.2.1	Translation differences for transactions in foreign currencies		-	-
2.2.2	Revaluation and/or Reclassification Income/Expense of Financial Assets Available for Sale		-	-
2.2.3	Gains/(losses) from cash flow hedges		-	4.176
2.2.4	Gains/(losses) from net hedge of investment in foreign operations		-	-
2.2.5	Other items of other comprehensive income to be reclassified to profit or loss		-	-
2.2.6	Taxation on comprehensive income that will be reclassified to profit or loss	7	-	(1.044)
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**		**58.854**	**67.155**

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 2023
(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 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		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7.958**	**-**	**-**	**-**	**7.958**
2.1 Effect of Correction Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	7.958	-	-	-	7.958
III. New Balance (I+II)		**100.000**	**-**	**-**	**(14.080)**	**4.465**	**-**	**-**	**-**	**-**	**3.132**	**147.005**	**(55.875)**	**25.303**	**206.818**
IV. Total Comprehensive Income		**-**	**-**	**-**	**-**	**25.393**	**-**	**-**	**-**	**-**	**-**	**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		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	15	**200.000**	**-**	**-**	**(14.080)**	**29.858**	**-**	**-**	**-**	**-**	**3.132**	**151.674**	**(35.241)**	**35.226**	**370.569**
CURRENT PERIOD (31 December 2023)															
I. Balance at the Beginning of the Period		**200.000**	**-**	**-**	**(14.080)**	**29.858**	**-**	**-**	**-**	**-**	**3.132**	**151.674**	**(35.241)**	**35.226**	**370.569**
II. Corrections Made According to TAS 8		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.132)**	**-**	**-**	**-**	**(3.132)**
2.1 Effect of Correction Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	(3.132)	-	-	-	(3.132)
III. New Balance (I+II)		**200.000**	**-**	**-**	**(14.080)**	**29.858**	**-**	**-**	**-**	**-**	**-**	**151.674**	**(35.241)**	**35.226**	**370.569**
IV. Total Comprehensive Income		**-**	**-**	**-**	**-**	**15.620**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**43.234**	**58.854**
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		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.762**	**33.464**	**(35.226)**	**-**
12.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Transfer to Reserves	15	-	-	-	-	-	-	-	-	-	-	1.762	33.464	(35.226)	-
12.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+XI+XII)	**15**	**200.000**	**-**	**-**	**(14.080)**	**45.478**	**-**	**-**	**-**	**-**	**-**	**153.436**	**(1.777)**	**43.234**	**426.291**

(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 2023
(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

		Notes	Audited 1 January – 31 December 2023	Audited 1 January – 31 December 2022
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		141.953	28.761
1.1.1	Interests received/Lease income		661.450	338.692
1.1.2	Interest Paid/Lease Expense		(585.326)	(265.656)
1.1.3	Dividends Received		-	-
1.1.4	Fees and Commissions Received		2.962	964
1.1.5	Other Income		-	(450)
1.1.6	Collections from Non-Performing Receivables Recognized as Loss	4	36.568	6.254
1.1.7	Payments to Personnel and Service Suppliers		(46.601)	(24.171)
1.1.8	Taxed Paid		-	25.950
1.1.9	Other		72.900	(52.822)
1.2	Changes in Operating Assets and Liabilities		(838.662)	(234.424)
1.2.1	Net (Increase) Decrease in Factoring Receivables		-	-
1.2.2	Net (Increase) Decrease in Finance Loans		-	-
1.2.3	Net (Increase) Decrease in Lease Receivables		(357.123)	(626.365)
1.2.4	Net (Increase) Decrease in Savings Finance Receivables		-	-
1.2.5	Net Increase (Decrease) in Other Assets		22.476	(163.777)
1.2.6	Net Increase (Decrease) in Factoring Payables		-	-
1.2.7	Net Increase (Decrease) in Savings Fund Pool		-	-
1.2.8	Net (Increase) Decrease in Lease Payables		-	-
1.2.9	Net Increase (Decrease) in Funds Borrowed		(540.075)	624.344
1.2.10	Net Increase (Decrease) in Matured Payables		-	-
1.2.11	Net Increase (Decrease) in Other Liabilities		36.060	(68.626)
I.	**Net Cash Flow from Operating Activities**		**(696.709)**	**(205.663)**
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	(18.631)	(3.875)
2.4	Sales of Tangible and Intangible Assets	5	2.116	448
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		(1.189)	(1.398)
II.	**Net Cash Flow From Investing Activities**		**(17.704)**	**(4.825)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
3.1	Cash Obtained from Funds Borrowed and Debt Securities Issued		418.904	-
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**		**418.904**	**100.000**
IV.	**Effect of Change in Foreign Exchange Rates on Cash and Cash Equivalents**		**17.944**	**22.414**
V.	**Net Increase/(Decrease) in Cash and Cash Equivalents**		**(277.565)**	**(88.074)**
VI.	**Cash and Cash Equivalents at the Beginning of the Year**	**3**	**397.752**	**485.826**
VII.	**Cash and Cash Equivalents at the End of the Year**	**3**	**120.187**	**397.752**

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 2023

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

ALTERNATIF FİNANSAL KİRALAMA A.Ş. PROFIT DISTRUBUTION TABLE			
		31 December 2023	31 December 2022 (**)
I.	**DISTRIBUTION OF CURRENT YEAR PROFIT**		
1.1	PROFIT FOR THE YEAR	47.798	39.424
1.2	TAX PAYABLE AND DUTIES PAYABLE (-)	(4.564)	(4.198)
1.2.1	Corporate Tax (Income Tax)	-	-
1.2.2	Withholding Tax	-	-
1.2.3	Other Tax and Duties (***)	(4.564)	(4.198)
A.	**NET PROFIT FOR THE PERIOD (1.1 - 1.2)**	**43.234**	**35.226**
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FİRST LEGAL RESERVES (-)	-	1.761
1.5	OTHER STATUTORY RESERVES (-)	-	-
B	**DISTRUBUTABLE NET PROFIT FOR THE YEAR [(A-1.3+1.4+1.5)] (*)**	**43.234**	**33.465**
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 Privileged 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 (-)	-	33.465
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	0,00216	0,00176
3.2	TO SHAREHOLDERS (%)	%2,16	%1,76
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 March 29, 2023 after the release of the audited financial statements on December 31, 2022.

(***) 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 Kiralama Anonim Şirketi ("the Company" or "Alternatif Finansal Kiralama") was established in 1997 to operate in Turkey within the framework of the provisions of the Financial Leasing Law No. 3226 in force following the permission obtained from the Undersecretariat of Treasury and Foreign Trade. With the permission of the Banking Regulation and Supervision Agency dated October 24, 2013 and numbered 5558, Alternatifbank A.Ş. acquired 2.727.259.500 shares corresponding to 95,8% of the shares held by Anadolu Endüstri Holding A.Ş., the main shareholder of the Company at that date, and 118.990.100 shares held by other shareholders on November 8, 2013, November 19, 2013 and December 18, 2013 and increased its shareholding to 100%.

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

The main shareholder of the Company is Alternatifbank A.Ş. and the ultimate shareholder is The Commercial Bank (P.S.Q.C.). Anadolu Endüstri Holding A.Ş. has decided to exercise its right to sell shares within the framework of the "Shareholders Agreement" signed with The Commercial Bank (P.S.Q.C.) on July 18, 2013 and sold its 25% share in Alternatifbank A.Ş. to The Commercial Bank (P.S.Q.C.), the other shareholder of Alternatifbank A.Ş., on December 19, 2016. As a result of the sale, Anadolu Endüstri Holding A.Ş.'s indirect shareholding in the company has ended and The Commercial Bank (P.S.Q.C.) has become 100% indirect shareholder of Alternatif Finansal Kiralama A.Ş.

All of the activities 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 2023	31 December 2022
Senior Staff	3	3
Mid-level Staff	25	25
Officer Staff	14	16
Total	**42**	**44**

2. BASIS OF THE FINANCIAL STATEMENTS

2.1 BASIS OF PRESENTATION

2.1.1 Accounting Standards Applied

The Company prepares its financial statements in accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Financing Companies" published in the Official Gazette dated June 29, 2021 and numbered 31526 by the Banking Regulation and Supervision Agency ("BRSA") and the "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring, Financing and Savings Financing Companies" published in the Official Gazette dated and numbered the same date, The accompanying financial statements have been prepared in accordance with the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the related appendices and interpretations and the regulations, communiqués, interpretations and circulars published by the BRSA on accounting and reporting principles (collectively "BRSA Accounting and Financial Reporting Legislation").

The financial statements are prepared under the historical cost convention, except for derivative financial instruments held for trading at fair value through profit or loss and buildings measured at fair value.

Approval of financial statements:

The financial statements have been approved by the Board of Directors and authorized for issue on February 5, 2024. The General Assembly is authorized to amend 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

In the Announcement on the Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit dated November 23, 2023 published by the POA, institutions or organizations authorized to regulate and supervise in their fields were given the freedom to determine different transition dates for the application of inflation accounting.

In this context, with the BRSA's decision dated December 12, 2023 and numbered 10744, it was announced that the December 31, 2023 financial statements of banks subject to BRSA regulation and financial leasing, factoring, financing, savings financing and asset management companies will not be subject to inflation accounting within the scope of TAS 29, and no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements dated December 31, 2023.

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 Gazette dated February 1, 2019 and numbered 30673, the related financial statements are disclosed comparatively. However, in order to maintain consistency with the presentation of the current period financial statements, comparative information is reclassified and significant differences are explained if necessary.

The financial statements of the Company are prepared comparatively with the prior period in order to enable the determination of the financial position and performance trends. The Company has prepared the statement of financial position as of December 31, 2023 comparatively with the statement of financial position as of December 31, 2022 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the period January 1 - December 31, 2023 comparatively with the period January 1 - December 31, 2022.

The accounting policies and valuation principles applied 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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates and assumptions are based on the Company management's best knowledge of current events and transactions, actual results may differ from the assumptions. Estimates are reviewed periodically, adjusted if necessary, and are reflected in the income statement in the period in which they are realized. The main notes where estimates are used are as follows:

Note 4 - Leases and non-performing receivables
Note 5 - Property, plant and equipment
Note 7 - Tax assets and liabilities
Note 9 - Derivative financial assets and liabilities
Note 12 - Employee benefit obligations

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. CHANGES IN ACCOUNTING POLICIES (Continued)

2.2.4 Changes in Standards and Interpretations

As of December 31, 2023, the accounting policies adopted in preparation of the financial statements 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, 2023. The effects of these standards and interpretations on the financial position and performance of the Company are disclosed in the related paragraphs.

i) Standards, amendments and interpretations issued but not yet effective as of December 31, 2023

Amendments to TAS 1 – Classification of Liabilities as Current or Non-Current

The amendments to IAS 1, "Classification of Liabilities as Current or Non-Current", issued by the IASB on January 23, 2020 to clarify the presentation in the statement of financial position for the classification of liabilities as current or non-current in accordance with IAS 1, were issued by POA on March 12, 2020 with the title "Amendments to TAS 1 - Classification of Liabilities as Current or Non-Current".

This amendment clarifies additional disclosures about the classification of long-term liabilities that an entity can defer for at least twelve months and other issues related to the classification of liabilities.

After reconsidering certain aspects of the 2020 amendments, the IASB removed the requirement for a right to be unconditional and instead requires that an entity has an inherent right to defer settlement and that the right exists at the end of the reporting period. The amendment was issued by POA as "TFRS 2023" on January 3, 2023.

This right may be subject to a company complying with the conditions (covenants) set out in a loan arrangement. Additional disclosures are also required for long-term debt that is subject to future contracts. The amendments also clarify how an entity classifies a debt that may be settled in its own shares.

The Company is required to apply these amendments retrospectively for reporting periods beginning on or after January 1, 2024, with earlier application permitted. It also specifies transitional provisions for companies that may have early adopted previously issued but not yet effective 2020 amendments.

The Company is in the process of assessing the potential impact of the application of the amendments to TAS 1 on its financial statements.

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 Leases – Lease liability in sale and leaseback transactions

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Related amendment was published by POA as "TFRS 2023" on 3 January 2023. Amendments to TFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of TFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of TFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to Amendments to TFRS 16 Leases.

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 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures - Supplier Financing Arrangements

On 25 May 2023, IASB has amended IAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures. Related amendment was published by POA on 19 September 2023.The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements1 that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in TAS 7 and another in TFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Company is assessing the potential impact on its financial statements resulting from the application of the amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. CHANGES IN ACCOUNTING POLICIES (Continued)

2.2.4 Changes in Standards and Interpretations (Continued)

TSRS 1 General requirements for disclosure of sustainability-related financial information and TSRS 2 Climate-related disclosures

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS® Sustainability Disclosure Standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on. Related standards were published by POA as "TSRS 1 and TSRS 2" on 29 December 2023.

Two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies' future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. But it will be for individual jurisdictions to decide whether and when to adopt. Accordingly, POA announced in the Board Decision published in the Official Gazette dated 29 December 2023 that certain entities will be subject to mandatory sustainability reporting as of 1 January 2024.

"The Company is within the scope of the application as it meets the criteria specified in the Board Decision."

The new standards, amendments and interpretations that are issued by the IASB but not yet issued by POA

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2. CHANGES IN ACCOUNTING POLICIES (Continued)

2.2.4 Changes in Standards and Interpretations (Continued)

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of the Amendments to IAS 21.

Amendments that have entered into force and are being implemented

As of January 1, 2023 and for accounting periods beginning on or after January 1, 2023, the amendments are as follows:

1. *Disclosure of Accounting Policies (Amendments to TAS 1)*

2. *Definition of Accounting Estimates (Amendments to TAS 8)*

3. *Deferred Tax on Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes*

4. *International Tax Reform - Second Pillar Model Rules - Amendments to TAS 12*

5. *Amendments to IAS 12 BOBI FRS - International Tax Reform - Second Pillar Model Rules*

6. TFRS 17 Insurance Contracts

7. First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information (Amendments to TFRS 17)

These newly adopted amendments did not have a significant impact on the Company's financial statements.

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
Vehicles	10 years
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 "TAS 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 December 31, 2023, 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 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 amortized 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 incorporates forward-looking macroeconomic information into credit risk parameters in the expected credit loss calculation. In this context, economic models based on the relationship between credit risk parameters and macroeconomic variables are built on a multi-scenario basis, and in the models, especially Gross Domestic Product (GDP) and Unemployment Rates, which are the main macroeconomic variables, are taken into account. The efficiency and adequacy of the models used in the calculation of credit losses are reviewed at regular intervals. The Company revises future macroeconomic indicators in the calculation of expected credit losses.

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 deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximate their fair values.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Financial liabilities

The Company's financial liabilities and equity instruments are classified according to contractual arrangements and the basis on which a financial liability and an equity instrument are identified. A contract that represents the Company's right in the assets of the Company after deducting all liabilities is an equity instrument. The accounting policies applied for certain financial liabilities and equity instruments are set out below. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognized at fair value and remeasured at fair value at the end of each reporting period. Changes in fair value are recognized in the income statement. The net gain or loss recognized in the income statement includes interest paid on 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 measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Derivative Financial Instruments

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. From time to time, the Company uses derivative financial instruments (mainly foreign currency forward and currency swap contracts) to manage its financial risks associated with fluctuations in foreign exchange rates and interest rates arising from future foreign currency and credit transactions. Derivative financial instruments are initially recognized at fair value on the contract date and remeasured at fair value at subsequent reporting dates. Derivatives that qualify as economic hedges but do not qualify for hedge accounting are accounted for as derivatives at fair value through profit or loss and the gain or loss on such derivatives is recognized in the statement of profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 SUMMARY OF IMPORTANT ACCOUNTING POLICIES (Continued)

Financial liabilities (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 December 31, 2023 and December 31, 2022 used by the company are as follows:

	31 December 2023	31 December 2022
USD	29,4382	18,6983
EUR	32,5739	19,9349
QAR	5,0955	5,0845

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

Earnings 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 Turkey 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 2023	31 December 2022
Net Profit/(Loss) Distributable to Ordinary Shareholders	43.234	35.226
Weighted Average Number of Issued Ordinary Shares (Thousands)	20.000.000	20.000.000
Earnings Per Share (Shown with full TL amount)	**0,00216**	**0,00176**

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 the 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 Labor 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 2023	31 December 2022
Net discount rate	%1,93	%4,09
Estimated rate of entitlement to severance pay	%91,86	%95,75

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 recognized as a deduction from retained earnings in the period in which the dividend is declared.

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 has started to apply cash flow hedge accounting as of June 29, 2021 by fixing the contractual Euro ("EUR", "EURO") denominated future operating lease receivables in Turkish Lira through forward purchase and sale transactions.

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 December 31, 2023, the Company has no total post-tax loss recognized in equity through cash flow hedge accounting (December 31, 2022: TL 3.132 profit after tax).

	31 December 2023			31 December 2022		
	Principal (*)	**Assets**	**Liabilities**	**Principal (*)**	**Assets**	**Liabilities**
Derivative financial instruments						
Forward Foreign Currency Purchases/Sales	-	-	-	250.000	4.651	-
Total	**-**	**-**	**-**	**250.000**	**4.651**	**-**

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

3. CASH AND CASH EQUIVALENTS

As of December 31, 2023 and December 31, 2022, the details of cash and cash equivalents are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Time Deposit	6.489	45.665	93.341	300.915
Demand Deposit	47.421	20.635	1.633	2.312
Total	**53.910**	**66.300**	**94.974**	**303.227**

As of December 31, 2023, there is no expected loss provision calculated on cash and cash equivalents (December 31, 2022: TL 1).

As of December 31, 2023, 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 120.187 (December 31, 2022: TL 397.747).

As of December 31, 2023, 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 43,51%, 0,20% and 0.01% respectively (December 31, 2022: Turkish Lira, USD and Euro 14,89%, 0,40% and 3%).

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

4. LEASE RECEIVABLES

	31 December 2023	31 December 2022
Financial leasing receivables	4.676.012	3.076.806
Invoiced leasing receivables	10.953	9.892
Gross leasing receivables	**4.686.965**	**3.086.698**
Unearned interest income	(853.144)	(513.847)
Finance lease receivables	**3.833.821**	**2.572.851**
Expected credit losses - Stage 1	(10.168)	(7.663)
Expected credit losses- Stage 2	(21.790)	(25.155)
Total leasing receivables	**3.801.863**	**2.540.033**
Non-performing financial lease receivables	173.040	141.387
Expected credit losses- Stage 3	(90.080)	(99.174)
Finance lease receivables, (net)	**3.884.823**	**2.582.246**

As of December 31, 2023 and December 31, 2022, the interest profile of financial lease receivables is as follows:

	31 December 2023	31 December 2022
Fixed Rate	3.795.321	2.541.371
Floating Rate	38.500	31.480
Receivables from Lease Transactions	**3.833.821**	**2.572.851**

As of December 31, 2023, interest rates for financial leasing transactions are for USD and EUR 9,08% – 8,66% (December 31, 2022: 7,57% – 6%), for TL it is 48,17% (December 31, 2022: 34,7%).

4. LEASE RECEIVABLES (Continued)

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

	Gross 31 December 2023	Net 31 December 2023
31 December 2023	2.644.598	2.040.107
31 December 2024	1.454.602	1.247.319
31 December 2025	456.565	442.481
31 December 2026	112.290	105.944
31 December 2027 and after	18.910	17.970
	4.686.965	**3.833.821**

	Gross 31 December 2022	Net 31 December 2022
31 December 2023	1.491.201	1.175.328
31 December 2024	943.084	796.412
31 December 2025	461.343	417.551
31 December 2026	160.023	153.178
31 December 2027 and after	31.047	30.382
	3.086.698	**2.572.851**

Net finance lease receivables are as follows:

	31 December 2023	31 December 2022
Not overdue and not impaired	3.822.868	2.562.959
Past due but not impaired	10.953	9.892
Impaired	173.040	141.387
	4.006.861	**2.714.238**
Expected credit losses	(122.038)	(131.992)
Net finance lease receivables	**3.884.823**	**2.582.246**

	31 December 2023
Finance lease receivables - Stage 1	3.671.647
Finance lease receivables - Stage 2	162.174
Finance lease receivables - Stage 3	173.040
	4.006.861
Expected credit losses – Stage 1	(10.168)
Expected credit losses – Stage 2	(21.790)
Expected credit losses – Stage 3	(90.080)
Net finance lease receivables	**3.884.823**

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 2023
90-180 days	52.358
181-365 days	3.597
Over 365 days	117.085
Total	**173.040**

	31 December 2022
151-240 days	14.139
241-365 days	-
Over 365 days	127.248
Total	**141.387**

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 2023		31 December 2022	
	Invoiced	**Remaining**	**Invoiced**	**Remaining**
0 – 30 days	7.509	118.517	2.435	46.941
31 - 60 days	667	3.783	2.603	14.735
61 - 90 days	2.777	7.572	4.854	9.322
	10.953	**129.872**	**9.892**	**70.998**

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

	31 December 2023	31 December 2022
Expected credit losses at the beginning of the period	**131.992**	**256.736**
Current period provision loss	29.568	66.437
Collections from receivables accounted for as a loss	(36.568)	(6.254)
Provision of Write-Offs (*)	(2.954)	(184.927)
Provision at the end of the period	**122.038**	**131.992**

(*) As of December 31, 2023, the Company has deducted its non-performing receivables amounting to TL 2.954 (December 31, 2022: TL 184.927).

As of December 31, 2023, the company's mortgages, repurchase agreements, pledged assets amounting to TL 40.142 (December 31, 2022: TL 26.750) 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 2023	31 December 2022
Pledged assets	25.163	16.297
Mortgage (*)	14.979	7.620
Repurchase agreements	-	2.833
	40.142	**26.750**

(*) 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 2023	31 December 2022
Guarantees	26.563.037	18.258.334
Mortgages	460.509	332.379
Capital share transfer	379.211	239.076
Pledged assets	296.145	191.165
Repurchase agreements	120.054	90.776
Guarantee checks	38.858	24.682
Guarantee letters	13.812	9.381
Receivable assignments	12.339	46.586
Cash hold	1.950	1.685
Security bonds	37	37
	27.885.952	**19.194.101**

As of December 31, 2023, financial leasing receivables amounting to TL 8.139 not overdue and not impaired yet (December 31, 2022: TL 27.230) and overdue and impaired receivables amounting to TL 78.694 (December 31, 2022: TL 89.866) have been rescheduled, revised seen or reconstructed.

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

	31 December 2023 (*)	%	31 December 2022 (*)	%
Metal	785.568	21	609.441	24
Other Production Industry	720.264	19	491.452	19
Construction	530.447	14	300.495	12
Textile	518.470	14	390.728	15
Other Community Services	398.138	10	173.915	7
Transportation	274.499	7	179.405	7
Mining	182.916	5	108.436	4
Wholesaling and Retailing	167.744	4	169.154	6
Real Estate Brokerage	132.760	4	7.773	-
Health	48.480	1	44.827	2
Energy	34.957	1	51.712	2
Agriculture	20.136	-	14.429	2
Food	19.391	-	30.949	1
Tourism	53	-	135	-
Total	**3.833.821**	**100**	**2.572.851**	**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 December 31, 2023, the distribution of financial lease receivables by foreign currency is as follows:

31 December 2023	Principal (Currency amount)	Principal (TL amount)	Unearned Income (Currency amount)	Unearned Income (TL amount)
Currency				
EURO	62.600	2.039.119	6.588	214.584
USD	4.489	132.142	412	12.127
TL	1.662.560	1.662.560	626.433	626.433
Total		**3.833.821**		**853.144**

As of December 31, 2022, 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**

5. TANGIBLE ASSETS

	1 January 2023	Additional	Disposal	31 December 2023
Cost				
Land and Buildings (*)	22.471	34.404	(403)	56.472
Furniture and Fixtures	3.383	3.326	(45)	6.664
	25.854	**37.730**	**(448)**	**63.136**
Accumulated Depreciation				
Land and Buildings	(1.859)	(318)	-	(2.177)
Furniture and Fixtures	(2.088)	(2.062)	365	(3.786)
	(3.947)	**(2.380)**	**365**	**(5.963)**
Net book value	**59.189**	**37.079**	**(1.751)**	**94.517**

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

(*) 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 headquarters 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 revaluation of the buildings, as of December 31, 2023, there is an increase in the value of Property, Plant and Equipment amounting to TL 20.828 before tax (December 31, 2022: TL 33.857).

6. INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Rights	6.661	1.190	-	7.851
	6.661	**1.190**	**-**	**7.851**
Accumulated amortization (-)				
Rights	(4.548)	(768)	-	(5.316)
Net book value	**2.113**	**422**	**-**	**2.535**

	1 January 2022	Additions	Disposals	31 December 2022
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**

7. TAXATION

For the accounting periods ending on December 31, 2023 and December 31, 2022; the tax liability and tax provision are as follows:

Tax Assets / Liabilities	31 December 2023	31 December 2022
Current tax liability	1.232	812
Total	**1.232**	**812**

Tax Income / Expense	31 December 2023	31 December 2022
Deferred tax income/(expense)	(4.564)	(4.564)
Current period tax expense	-	-
Total	**(4.564)**	**(4.198)**

7. TAXATION (Continued)

Corporate Tax

As of December 31, 2023, corporate tax rate is applied as 30% in the financial statements.

With the Law No. 7394 published in the Official Gazette No. 31810 dated April 15, 2022, the corporate tax rate for banks has been set as 25% and this rate has entered into force starting from the declarations to be submitted as of July 1, 2022 and to be applied to the corporate earnings of the accounting periods starting from January 1, 2022. With the Law No. 7456 published in the Official Gazette No. 32249 dated July 15, 2023, the corporate tax rate for banks has been set as 30%. This rate has entered into force starting from the declarations to be submitted as of October 1, 2023 and to be applied to the corporate income for the accounting periods starting from January 1, 2023. Corporate tax is payable at a rate of 30% on the total income of the Company after adjusting for certain disallowable expenses, exemptions (such as participation exemption) and deductions. If no profit is distributed, no further tax is payable.

Dividends paid to non-resident corporations that have a place of business or permanent representative in Turkey and dividends paid to resident corporations in Turkey are not subject to withholding tax. Dividend payments made to persons and institutions other than these are subject to withholding tax at the rate of 10%. Addition of profit to capital is not considered as profit distribution and no withholding tax is applied.

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 remain, this amount can be refunded in cash or deducted from other financial debts against the state.

According to the Turkish Tax Legislation, financial losses shown on the declaration can be deducted from the corporate income for a period not exceeding 5 years. However, financial losses cannot be offset against retained earnings. 50% of the profits arising from the sale of participation shares and real estates held for at least two years are exempt from tax, provided that 50% for real estates and 75% for participations are added to the capital as stipulated in the Corporate Tax Law or kept in a special fund account in liabilities for 5 years. However, with the Law No. 7456 published on July 15, 2023, this exemption has been abolished for the real estates to be acquired after the publication date of the decision, and if the real estates acquired before this date are sold after the effective date of the decision, 25% of the real estate sales gain obtained will be exempt from corporate tax.

There is no practice in Turkey to agree on the taxes to be paid with the tax authority. Corporate tax returns are required to be filed until the evening of the last day of the fourth month following the close of the accounting period. However, the tax authorities may examine the accounting records within five years and the amount of tax payable may change if incorrect transactions are detected.

The current tax effects of transactions accounted for directly in equity are also recognized in equity.

7. TAXATION (Continued)

Corporate Tax (continued)

In accordance with the provisions of the duplicate Article 298/A of the Tax Procedure Law (TPL), as of the end of the calendar year 2021, the conditions required for inflation adjustment in corporate tax calculation have been met. However, with the amendment made by Law No. 7352 dated January 20, 2022, the application of inflation adjustment in corporate tax calculation has been postponed to 2023. Accordingly, the TPL financial statements of the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and the 2023 accounting period will not be subject to inflation adjustment as of the provisional tax periods, and the TPL financial statements dated December 31, 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met. The profit/loss difference arising from inflation adjustment in the TPL financial statements will be recognized in retained earnings and will not affect the corporate tax base.

Income Tax Withholding

There is a withholding tax liability on dividend distributions and this withholding tax liability is accrued in the period in which the dividend payment is made. Dividend payments other than those made to non-resident corporations which have a place of business or permanent representative in Turkey and resident corporations are subject to withholding tax at the rate of 15%. In the application of withholding tax rates for dividend payments to non-resident corporations and real persons, the withholding tax rates in the related Double Tax Treaty Agreements are also taken into consideration. Capitalization of retained earnings is not considered as profit distribution and therefore is not subject to withholding tax.

7. TAXATION (Continued)

Investment Discount Application

With the Article 5 of the Law No. 6009 published in the Official Gazette dated August 1, 2010 and numbered 27659, the phrase "only for the years 2006, 2007 and 2008" in the provisional Article 69 of the Income Tax Law No. 193, which was annulled by the Constitutional Court's Decision No. 2009/144 published in the Official Gazette dated January 8, 2010, has been rearranged. With the new amendment, investment allowance exemptions that cannot be deducted due to insufficient earnings and carried forward to the following periods can continue to be utilized without any year limitation; however, the amount to be deducted as investment allowance exemption in the determination of tax bases should not exceed 25% of the related year's earnings. The amendment also stipulates that the corporate tax rate for those who will benefit from the investment allowance will be the current rate (20%), not 30%. In its meeting held on February 9, 2013, the Constitutional Court ruled that the sentence added to the first paragraph of the provisional Article 69 of the Income Tax Law by Article 5 of the Law No. 6009, "Provided that the amount to be deducted as investment allowance exemption in the determination of tax bases cannot exceed 25% of the relevant income", is unconstitutional and should be annulled. In the same meeting, since the said sentence was annulled by the decision dated 9 February 2013 and numbered E. 2010/93 K. 2013/20, it was decided to suspend the execution of this sentence until the day the decision will be published in the Official Gazette in order to prevent the difficult or impossible situations and damages that will arise from the implementation of this sentence and to prevent the annulment decision from becoming ineffective.

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 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.

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.

7. TAXATION (Continued)

Deferred tax (continued)

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.

	Total temporary differences		Deferred tax assets/ (liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Provisions	37,813	38.364	11.344	9.591
Provision for employee benefits	7,866	4.549	2.360	1.137
Derivative transaction expense rediscount	12,891	2.884	3.867	721
Carried TPL loss (*)	73,535	137.103	22.061	34.276
Other	14,232	6.442	4.270	1.611
Deferred tax assets	**146,337**	**189.342**	**43.902**	**47.336**
Real estate valuation	(60.267)	(39.439)	(14.788)	(9.581)
Prepaid commissions	(8.106)	(5.845)	(2.432)	(1.461)
Difference between carrying value and tax base of tangible and intangibles	(2.410)	(1.772)	(723)	(443)
Other	-	(4.658)	-	(1.165)
Deferred tax liabilities	**(70.783)**	**(51.714)**	**(17.943)**	**(12.650)**
Deferred tax assets, net	**75.554**	**137.628**	**25.959**	**34.686**

(*) Includes tax assets calculated from financial losses. Deferred tax asset calculated from carriable losses is calculated from financial losses of 2023. Since the company plans to generate sufficient taxable income to offset these amounts in the future, a total of TL 22,061 deferred tax asset has been accounted.

According to the Tax Procedure Law, tax losses can be carried forward for a maximum period of five years. Accordingly, the latest year in which unused tax losses can be recognized is 2027. The Company management has assessed that it is probable that sufficient taxable profit will be available in the future based on the expected improvement in operational performance in the following years and accordingly, deferred tax asset arising from unused tax losses amounting to TL 73.535 (December 31, 2022: TL 137.103) has been reflected in the financial statements.

The details of the Company's tax losses as of December 31, 2023 and December 31, 2022 are as follows. As a result of the Company's foreseeable projections regarding the utilization of these tax losses, they are included in the deferred tax calculation since the Company has demonstrated that the tax losses can be utilized.

	31 December 2023	31 December 2022
2027	73.535	137.103
Total	**73.535**	**137.103**

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

	31 December 2023	31 December 2022
Opening balance, 1 January	**35.731**	**50.572**
Current period deferred tax income	(4.564)	(4.198)
Deferred tax recognized in other comprehensive income	(5.208)	(10.643)
Closing balance, 31 December	**25.959**	**35.731**

7. TAXATION (Continued)

Deferred tax (continued)

Reconciliation of tax provision:	1 January-31 December 2023	1 January-31 December 2022
Profit/(loss) before tax	47.798	39.424
Applicable tax rate	30%	25%
Calculated tax	14.339	9.856
Effect of non-deductible expenses	11.114	7.161
Other	(20.889)	(12.819)
Total tax provision	**4.564**	**4.198**

8. OTHER ASSETS

The details of the company's other assets as of December 31, 2023 and December 31, 2022 are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Investments held under leasing	20.010	34.920	56.503	20.008
Carried forward VAT	10.778	-	21.065	-
Prepaid taxes	5.016	-	7.920	-
Secondary receivables from customers	3.024	18.930	3.353	7.116
Prepaid insurance expenses	2.452	9.612	3.315	6.694
Advances given for rental transaction	1.272	36.810	2.781	37.772
Total	**42.552**	**100.272**	**94.937**	**71.590**

9. DERIVATIVE FINANCIAL INSTRUMENTS

31 December 2023

	Contract	Fair value	
	Amount TL	Assets	Liabilities
Derivative financial instruments			
Transactions aimed at hedging cash flow risk (*)	415.200	-	11.007
Futures trading	670.443	-	1.884
Total derivative financial assets / (liabilities)	**1.085.643**	**-**	**12.891**

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

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**

10. FUNDS BORROWED

	31 December 2023	31 December 2022
Short-term loans	1.040.834	980.133
Current period installments of long-term loans	1.040.740	1.577.236
Total short-term loans	**2.081.574**	**2.557.369**
Long-term installments of long-term loans	1.190.220	203.377
Total long-term loans	**1.190.220**	**203.377**
Total loans	**3.271.794**	**2.760.746**

	31 December 2023			31 December 2022		
	Effective Interest Rate (%)	Currency Amount	TL	Effective Interest Rate (%)	Currency Amount	TL
Short-term loans						
Fixed rate loans:						
EURO	8,64	20.189	657.621	8,70	61.717	1.230.327
USD	10,40	13.014	383.118	10,55	9.575	179.039
TL	33,07	1.040.834	1.040.835	16,96	980.133	980.133
Floating rate loans:						
EURO	-	-	-	3,82	8.421	167.870
USD	-	-	-	-	-	-
			2.081.574			**2.557.369**
Long-term loans						
Fixed rate loans:						
EURO	9,00	26.613	866.884	-	-	-
Floating rate loans:						
EURO	-	-	-	-	-	-
QAR	8,50	40.264	323.336	7,25	39.999	203.377
			1.190.220			**203.377**
Total loans			**3.271.794**			**2.760.746**

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

	31 December 2023			31 December 2022	
	Fixed rate	Floating rate		Fixed rate	Floating rate
2024	-	-	2023	-	-
2025	866.884	323.336	2024	-	-
2026	-	-	2025	-	203.377
2027	-	-	2026	-	-
	866.884	**323.336**		**-**	**203.377**

11. DEBT SECURITIES ISSUED

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Bonds issued	418.904	-	-	-
Total	**418.904**	**-**	**-**	**-**

As of December 31, 2022, the company does not have any securities issued.

The bonds and bills issued by the Company and their characteristics are as follows:

Type	ISIN Code	Nominal Amount	Redemption Date	TL	Interest Rate	Interest Payment
Bono	TRFALFK32418	125.000	19.03.2024	115.310	42,5	In the maturity
Bono	TRFALFK42417	101.500	18.04.2024	90.528	43,0	In the maturity
Bono	TRFALFK52416	144.000	02.05.2024	126.269	43,5	In the maturity
Bono	TRFALFK52424	100.000	09.05.2024	86.797	44,0	In the maturity
		470.500		**418.904**		

As of December 31, 2022, the company does not have any securities issued.

12. RESERVE FOR EMPLOYEE BENEFITS

As of December 31, 2023 and December 31, 2022, the provision for employee rights liability is as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Personnel premiums	4.592	-	2.282	-
Provision for severance pay	1.723	-	1.409	-
Provisions for unused leave	1.550	-	858	-
Total	**7.865**	**-**	**4.549**	**-**

The movements of the provision for severance pay for the accounting periods ending on December 31, 2023 and December 31, 2022 are as follows:

	31 December 2023	31 December 2022
Beginning of the period	1.409	828
Service cost	2.055	852
In-term payments	(1.741)	(271)
End of the period	**1.723**	**1.409**

13. OTHER PROVISIONS

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Litigation provisions	115	-	209	-
Expense accruals	-	-	652	-
Total	**115**	**-**	**861**	**-**

14. OTHER LIABILITIES

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Received advances	14.046	24.086	33.516	16.775
Insurance premium debts	3.599	30.997	6.049	14.814
Fees collected in advance	5.542	-	2.687	-
Payables to vendors of leasing transactions	246	21.613	324	30.598
Other obligations	301	31.346	2.384	46
Total	**23.734**	**108.042**	**44.959**	**62.233**

15. EQUITY

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

	31 December 2023 Partnership Share		31 December 2022 Partnership Share	
	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 December 31, 2023, the company has letters of guarantee amounting to TL 255.783 (December 31, 2022: TL 115.438) received from banks and given to various institutions.

As of December 31, 2023, the company has a forward letter of credit amount to TL 11.881 opened at banks (December 31, 2022: TL 34.778).

As of December 31, 2023, there is no mortgage on the goods subject to financial leasing registered with the company (December 31, 2022: None).

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

	31 December 2023	31 December 2022
Up to 1 year	40	733
1 to 5 years	-	4
Total	**40**	**737**

17. OPERATING INCOME

	1 January – 31 December 2023	1 January – 31 December 2022
Financial leasing income	684.647	331.392
Total	**684.647**	**331.392**

18. OPERATING EXPENSES

General operating and other main operating expenses are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Personnel expenses (**)	34.756	17.644
Consulting expenses	5.091	2.640
Legal follow-up expenses	4.831	2.127
Contract expenses (*)	4.242	2.907
Depreciation expenses	3.145	2.029
Vehicle and travel expenses	2.433	1.502
IT expenses	2.370	1.321
Tax duty fees	1.963	1.010
Other	3.352	1.804
Total	**62.183**	**32.984**

(*) 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 December 31, 2023 and December 31, 2022 are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Interest given on funds borrowed	528.888	275.054
Interest paid on securities issued	29.964	-
Fees and commission given	99.072	6.796
Total	**657.924**	**281.850**

20. OTHER OPERATING INCOME

The details of the company's other operating income for the accounting periods ending on December 31, 2023 and December 31, 2022 are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Foreign Exchange transactions profit	1.329.879	774.530
Interests received from banks	12.581	5.574
Interests received from derivative financial assets	30.455	1.282
Other	22.418	15.808
Total	**1.395.333**	**797.194**

21. OTHER OPERATING EXPENSES

The details of the company's other operating expenses for the accounting periods ending on December 31, 2023 and December 31, 2022 are as follows:

	1 January – 31 December 2023	1 January – 31 December 2022
Foreign Exchange transactions loss	1.249.384	671.440
Loss from derivative financial transactions	69.690	36.451
Total	**1.319.074**	**707.891**

22. RELATED PARTIES

	31 December 2023	31 December 2022
Banks		
Demand deposit		
Alternatifbank A.Ş.	57.189	1.564
Time deposit		
Alternatifbank A.Ş.	45.665	191.263
	102.854	**192.827**
Borrowings		
Alternatifbank A.Ş.	1.290.719	704.946
The Commercial Bank (P.S.Q.C)	323.336	203.377
	1.614.055	**908.323**
Letters of guarantee given through the related company		
Alternatifbank A.Ş.	120	148
	120	**148**
Derivative Financial Liabilities held for trading		
Alternatifbank A.Ş.	331.963	206.259
	331.963	**206.259**
Derivative Financial Assets held for trading		
Alternatifbank A.Ş.	321.212	203.380
	321.212	**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**

22. RELATED PARTIES (Continued)

	1 January – 31 December 2023	1 January – 31 December 2022
Income from derivative financial transactions		
Alternatifbank A.Ş.	30.455	475
	30.455	**475**
Expenses from derivative financial transactions		
Alternatifbank A.Ş.	67.147	2.884
	67.147	**2.884**
Financial leasing interest income		
Alternatifbank A.Ş.	2	8
	2	8
Interest income from banks		
Alternatifbank A.Ş.	10.233	4.937
	10.233	**4.937**
Borrowings interest expenses		
Alternatifbank A.Ş.	160.968	47.078
The Commercial Bank (P.S.Q.C)	23.808	1.270
	184.776	**48.348**
Service Received		
Alternatifbank A.Ş.	3.264	1.709
	3.264	**1.709**
Commision expenses		
Alternatifbank A.Ş.	37.155	89
The Commercial Bank (P.S.Q.C)	1.386	-
Alternatif Yatırım Menkul Değerler A.Ş.	434	-
	38.975	**89**
Rental income		
Alternatif Yatırım Menkul Değerler A.Ş.	823	569
	823	**569**

The total benefits and bonuses provided to senior managers and members of the Board of Directors for the period ending on December 31, 2023 are TL 6.736 (December 31, 2022: TL 4.013).

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 December 31, 2023 and December 31, 2022, the ratio of equity to debt is as follows:

	31 December 2023	31 December 2022
Total debts	3.844.577	2.877.044
Cash and cash equivalents (-)	120.210	398.201
Net debt	3.724.367	2.478.843
Total equity	426.291	370.569
Equity / Debt ratio (%)	0,11	0,15

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 2023	**Assets**	**%**	**Liabilities**	**%**
Turkey	4.257.530	99,69	3.520.804	91,58
European countries	1.858	0,04	-	-
Other	11.480	0,27	323.773	8,42
	4.270.868	**100**	**3.844.577**	**100**

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**

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

Credit risk management (continued)

Table of maximum exposure to credit risk

	31 December 2023			31 December 2022		
	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	3.884.823	21.954	120.210	2.582.246	10.464	398.201
- The portion of maximum risk covered by guarantee (*)	27.885.952	-	-	19.194.101	-	-
A.Net carrying value of financial assets which are neither impaired nor overdue	3.814.729	21.954	120.210	2.535.729	10.464	398.201
- Not overdue or impaired (gross book value)	3.814.729	21.954	120.210	2.535.729	10.464	398.201
- General loan provision (-)						
- The portion covered by guarantee	27.845.810	-	-	19.167.351	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired (**)	8.139	-	-	27.230	-	-
- The terms have been renegotiated (gross book value)	8.139	-	-	27.230	-	-
- Impairment (-)						
C. Net carrying value of financial assets which are overdue but not impaired	10.953	-	-	9.892	-	-
- Overdue (gross book value)	10.953	-	-	9.892	-	-
- Impairment (-)						
- The portion covered by guarantee						
D.Net carrying value of impaired assets	51.002	-	-	9.395	-	-
- Overdue (gross carrying value)	173.040	-	-	141.387	-	-
- Impairment (-) (***)	(122.038)	-	-	(131.992)	-	-
- The portion covered by guarantee	40.142	-	-	26.750	-	-
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 2023	Book value	1-3 months	3-12 months	Over 1 year	Demand	Cash in/out in accordance with the contract
Funds Borrowed	3.271.794	1.687.438	464.848	1.330.240	-	3.482.526
Securities issued	418.904	125.000	345.500	-	-	470.500
Total liabilities	**3.690.698**	**1.812.438**	**810.348**	**1.330.240**	**-**	**3.953.026**

31 December 2022	Book value	1-3 months	3-12 months	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**

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

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

Currency risk management

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 December 31, 2023 and December 31, 2022, the distribution of assets and liabilities by currency is shown in the table below:

31 December 2023	**USD**	**EURO**	**CHF**	**QAR**	**Total**
Cash and cash equivalents	23.192	43.033	75	-	66.300
Finance lease receivables (*)	157.489	2.107.163	-	-	2.264.652
Prepaid expenses	656	8.956	-	-	9.612
Other assets	2.478	16.452	-	-	18.930
Total assets	**183.815**	**2.175.604**	**75**	**-**	**2.359.494**
Funds Borrowed	383.120	1.524.504	-	323.335	2.230.959
Miscellaneous debts	20.172	32.437	-	-	52.609
Other liabilities	7.822	47.611	-	-	55.433
Total liabilities	**411.114**	**1.604.552**	**-**	**323.335**	**2.339.001**
Net foreign currency position	**(227.299)**	**571.050**	**75**	**(323.336)**	**20.490**
Net Off-balance Sheet position	**215.909**	**(548.522)**	**-**	**321.212**	**(11.401)**
Receivables from Derivative Financial Instruments	215.909	-	-	321.212	537.121
Payables from Derivative Financial Instruments	-	(548.522)	-	-	(548.522)

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

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

Currency risk management (continued)

31 December 2022	USD	EURO	CHF	QAR	Total
Cash and cash equivalents	37.792	265.392	44	-	303.227
Finance lease receivables (*)	148.764	1.372.250	-	-	1.521.014
Prepaid Expenses	584	6.110	-	-	6.694
Other assets	1.557	5.560	-	-	7.116
Total assets	**188.696**	**1.649.312**	**44**	**-**	**1.838.051**
Funds Borrowed	179.039	1.398.197	-	203.377	1.780.613
Miscellaneous payables	3.342	42.070	-	-	45.412
Other liabilities	2.848	13.973	-	-	16.821
Total liabilities	**185.229**	**1.454.240**	**-**	**203.377**	**1.842.846**
Net foreign currency position	**3.466**	**195.072**	**44**	**(203.377)**	**(4.795)**
Net Off-balance Sheet position	**-**	**(206.259)**	**-**	**203.380**	**(2.879)**
Receivables from Derivative Financial Instruments	-	-	-	203.380	203.380
Payables from Derivative Financial Instruments	-	(206.259)	-	-	(206.259)

(*) 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 2023	Profit/(Loss) 31 December 2022	Equity 31 December 2023	Equity 31 December 2022
EURO	2.253	(1.119)	2.253	(1.119)
USD	(1.139)	347	(1.139)	347
Others	(212)	-	(212)	-

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 2023	31 December 2022
USD	29,4382	18,6983
EURO	32,5739	19,9349

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.

As of December 31, 2023 and December 31, 2022, the Company's interest rate sensitive financial instruments are as follows:

	Book Value	
Fixed Rate	**31 December 2023**	**31 December 2022**
Time deposits	52.154	394.256
Leases, net	3.795.321	2.541.371
Loans received	2.948.458	2.389.499
Securities issued	418.904	-
Payables from leasing transactions	21.860	30.922
Variable Interest Rate		
Loans received	323.336	371.247
Leases, net	38.500	31.480

On December 31, 2023, if interest rates had been 100 basis points (1%) higher/lower with all other variables held constant, net profit for the period would have been TL 1.848 (December 31, 2022: TL 63) lower/higher as a result of interest expense.

The following tables analyze the Company's assets and liabilities by maturity groupings based on the period remaining to contractual interest rate changes at the end of the reporting period.

31 December 2023	**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	52.154	-	-	-	68.056	120.210
Derivative financial assets	-	-	-	-	-	-
Finance lease receivables (*)	565.798	1.474.309	1.793.715	-	144.014	3.977.835
Tangible assets, (net)	-	-	-	-	94.517	94.517
Intangible assets, (net)	-	-	-	-	2.535	2.535
Deferred tax assets	-	-	-	-	12.064	12.064
Prepaid expenses	-	-	-	-	25.959	25.959
Other assets	-	-	-	-	37.747	37.747
Total assets	**617.952**	**1.474.309**	**1.793.715**	**-**	**384.892**	**4.270.868**
Funds Borrowed	1.985.573	419.337	866.884	-	-	3.271.794
Securities Issued	115.310	303.594	-	-	-	418.904
Derivative financial liabilities	-	-	-	-	12.891	12.891
Debt and expense provisions	-	-	-	-	7.980	7.980
Prepaid Income	-	-	-	-	5.542	5.542
Miscellaneous debts	-	-	-	-	56.694	56.694
Other liabilities	-	-	-	-	69.540	69.540
Taxes and liabilities payable	-	-	-	-	1.232	1.232
Total liabilities	**2.100.883**	**722.931**	**866.884**	**-**	**153.879**	**3.844.577**
Net repricing position	**(1.482.932)**	**751.378**	**926.831**	**-**	**231.014**	**426.291**

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

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

Interest rate risk management (continued)

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	835.552	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**	**835.552**	**1.397.406**	**117**	**280.506**	**3.247.613**
Funds Borrowed	867.936	1.892.810	-	-	-	2.760.746
Securities Issued	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	2.884	2.884
Debt and expense provisions	-	-	-	-	5.410	5.410
Deferred income	-	-	-	-	2.687	2.687
Miscellaneous debts	-	-	-	-	52.029	52.029
Other liabilities	-	-	-	-	53.288	53.288
Total liabilities	**867.936**	**1.892.810**	**-**	**-**	**116.298**	**2.877.044**
Net repricing position	**(133.904)**	**(1.057.258)**	**1.397.406**	**117**	**164.208**	**370.569**

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

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

	31 December 2023			31 December 2022		
	USD (%)	EURO (%)	TL (%)	USD (%)	EURO (%)	TL (%)
Assets						
Cash and cash equivalents	0,20%	0,01%	43,51%	0,40%	3,00%	14,89%
Finance lease receivables	9,08%	8,66%	48,17%	7,57%	6,00%	34,7%
Liabilities						
Funds Borrowed	10,40%	8,85%	33,07%	10,55%	8,12%	16,96%
Issued securities	-	-	43,22%	-	-	-

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)

Fair value of 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 2023	31 December 2022	31 December 2023	31 December 2022
Finance lease receivables, (net)	3.884.823	2.582.246	3.741.622	2.478.788
Funds Borrowed	3.271.794	2.760.746	3.268.095	2.757.385
Securities issued	418.904	-	419.835	-

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 December 31, 2023 and December 31, 2022, the financial liability of the company reflect in the financial statements at fair value is as follows:

31 December 2023

	Level 1	Level 2	Level 3
Derivative financial liabilities	-	12.891	-

31 December 2022

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

24. OTHER EXPLANATIONS

Information on the fees for the services provided by the Company's Independent Auditor:

	1 January 2023 – 31 December 2023	1 January 2022 – 31 December 2022
Independent audit fee for the reporting period	1.203.318	153.275
Fees for other assurance services	270.000	133.217
Total	**1.473.318**	**286.492**

25. EVENTS AFTER THE REPORTING PERIOD

According to the decision of the Banking Regulation and Supervision Agency (BRSA) dated January 11, 2024 and numbered 10825, banks, financial leasing, factoring, financing, savings financing and asset management companies will adopt inflation accounting as of January 1, 2025.

With the decision of the BRSA dated January 11, 2024 and numbered 10825, banks, financial leasing, factoring, financing, savings finance and asset management companies have decided to apply "TAS 29 Financial Reporting in Hyperinflationary Economies" as of January 1, 2025.