

**DENİZ FİNANSAL KİRALAMA  
ANONİM ŞİRKETİ  
FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022 TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

(CONVENIENCE TRANSLATION OF THE  
INDEPENDENT AUDITOR'S REPORT  
AND THE FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH)

(CONVENIENCE TRANSLATION OF  
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

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

**A) Report on the Audit of the Financial Statements**

**1) Opinion**

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

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

**2) Basis for Opinion**

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

### 3) 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.

Key Audit Matter	How the matter was addressed in the audit
<p><b>Impairment of receivables from lease transactions</b></p> <p>In the financial statements of the Company as at 31 December 2022, the total of its receivables from the lease transactions, which has a share of 74% in the assets, is TL 8,385,814 thousand, and there is a total provision of TL 1,105,539 thousand allocated accordingly.</p> <p>The Company accounts for its receivables from lease transactions (receivables) and losses in accordance with TFRS 9 Financial Instruments Standard (Standard).</p> <p>In this context, the method of making provisions for lease receivables set aside within the framework of the relevant legislation of the BRSA, which is explained in detail in the accounting policy of the Section Two, has been changed by applying the expected loan/receivable losses model with the implementation of TFRS 9. The estimate of expected loan/credit losses should be unbiased, probability-weighted, and should contain supportable information about estimates of past events, current conditions, and future economic conditions.</p> <p>The Company takes decisions by using important judgments, interpretations and assumptions while calculating the amount of impairment for receivables from lease transactions. These judgments, interpretations and assumptions are of key importance in the development of financial models applied to measure expected credit/receivable losses on receivables from lease transactions.</p> <p>In addition, the impairment of lease receivables also includes important estimates and assumptions regarding the effects of the Covid-19 outbreak.</p> <p>A significant portion of the Company's lease receivables portfolio has been individually evaluated. This issue requires significant judgments in the calculation of expected loan/receivable loss provision.</p> <p>Failure to fulfill the requirements specified in TFRS 9 poses a potential risk for the Company. The risk is that the lease receivables that are impaired cannot be identified and that a reasonable impairment provision is not set aside for the related lease receivables. Therefore, the impairment of these lease receivables is considered as a key audit matter.</p>	<p>The following procedures were performed as part of our audit:</p> <p>The design of the key controls applied by the Company regarding the classification of lease receivables, determination of impairment and impairment calculations has been evaluated and tested.</p> <p>In order to determine whether the lease receivables are impaired or not, taking into account the effects of the Covid-19 epidemic, and to determine whether the provision for impairment of the lease receivables has been established on time and in accordance with the standard, receivables examination studies have been carried out by subjecting the samples selected from the lease receivables to audit tests.</p> <p>Whether the inputs and assumptions are reasonable, the relationship between the assumptions, and whether the assumptions are interconnected and internally consistent, whether the assumptions assessed with the impact of Covid-19 are appropriately reflected, whether market information and allowances appear reasonable when considered together with other assumptions, including all accounting estimates. Relevant inputs and assumptions used by management have been tested for each step of the expected loan/losses calculation.</p> <p>Loss from prior periods have been tested to identify the completeness and accuracy of key parameters. The mathematical integrity of each step of the calculation of the relevant inputs and expected loan/credit loss calculations that enable the model to be applied has been tested.</p> <p>Within the framework of the discussions with the Company management, it has been evaluated whether all other judgments,</p>

<p>Information on provisions for receivables from lease transactions in the financial statements is explained in Note 6.</p>	<p>including the basic assumption that forms the basis for the impairment calculations are reasonable.</p> <p>The reasonableness of the provisions made for the receivables from lease transactions, which are evaluated individually due to the practice of the Company, was checked with the assumptions and estimations, within the selected examples, together with supportable data, and evaluated within the framework of the interviews with the Company management.</p> <p>Our experts are involved in all work related to model and individual valuation assumptions.</p> <p>In the financial statements of the Company, the notes in TFRS 9 regarding lease receivables and related impairment have been checked.</p>
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**4) Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

## 5) Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

## **B) Report on Other Legal and Regulatory Requirements**

In accordance with paragraph four of the Article 402 of Turkish Commercial Code ("TCC") No. 6102, nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Sunay Anıktar.

### **Additional Paragraph for English Translation**

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.**  
**Member of DELOITTE TOUCHE TOHMATSU LIMITED**

Sunay Anıktar  
Partner

İstanbul, 10 February 2023

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**Deniz Finansal Kiralama A.Ş.**

**Statement of financial position (balance sheet) as of 31 December 2022**

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

ASSETS	Notes	Audited current period 31 December 2022			Audited prior period 31 December 2021		
		TL	FC	Total	TL	FC	Total
I. Cash, Cash Equivalents and Central Bank Financial Assets at Fair Value Through Profit/Loss (Net)	3	4,132	9,231	13,363	928	3,386	4,314
II. Derivative Financial Assets	4	473,246	-	473,246	-	-	-
III. Financial Assets at Fair Value Through Other Comprehensive Income (Net)	5	6,970	76,893	83,863	44,490	-	44,490
IV. Financial Assets Measured at Amortised Cost (Net)	6	2,139,036	5,141,239	7,280,275	1,044,427	3,228,591	4,273,018
V.1 Factoring Receivables							
5.1.1 Discounted Factoring Receivables (Net)							
5.1.2 Other Factoring Receivables							
5.2 Savings Financing Receivables							
5.2.1 From the Savings Fund Pool							
5.2.2 From Equity							
5.3 Financing Loans							
5.3.1 Consumer Loans							
5.3.2 Credit Cards							
5.3.3 Installment Commercial Loans							
5.4 Lease Transactions (Net)	6	2,169,497	5,840,020	8,009,517	1,075,490	3,833,779	4,909,269
5.4.1 Financial Lease Receivables		3,100,321	6,700,940	9,801,261	1,581,629	4,595,504	6,177,133
5.4.2 Operational Lease Receivables		26,670	-	26,670	7,128	-	7,128
5.4.3 Unearned Income (-)		(957,494)	(860,920)	(1,818,414)	(513,267)	(761,725)	(1,274,992)
5.5 Other Financial Assets Measured at Amortized Cost							
5.6 Non-Performing Receivables	6	300,873	75,424	376,297	372,515	8,910	381,425
5.7 Expected Loss Provisions /Specific Provisions (-)	6	(331,334)	(774,205)	(1,105,539)	(403,578)	(614,098)	(1,017,676)
VI. Equity Investments							
6.1 Associates (Net)							
6.2 Subsidiaries (Net)							
6.3 Joint Ventures (Net)							
VII. Plant, Property and Equipment (Net)	8	2,189,868	-	2,189,868	1,041,012	-	1,041,012
VIII. Intangible Assets (Net)	9	19,468	-	19,468	10,927	-	10,927
IX. Investment Properties (Net)							
X. Current Tax Assets	18	47,233	-	47,233	45,848	-	45,848
XI. Deferred Tax Assets	16	-	-	-	23,443	-	23,443
XII. Other Assets	10	735,824	350,979	1,086,803	157,356	458,798	616,154
Subtotal		5,615,779	5,578,342	11,194,121	2,368,431	3,690,775	6,059,206
XIII. Assets Held for Sale and Discontinued Operations (Net)		71,206	-	71,206	77,051	-	77,051
13.1 Assets Held for Sale		71,206	-	71,206	77,051	-	77,051
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>5,686,985</b>	<b>5,578,342</b>	<b>11,265,327</b>	<b>2,445,482</b>	<b>3,690,775</b>	<b>6,136,257</b>

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



**Deniz Finansal Kiralama A.Ş.**

**Statement of financial position (balance sheet) as of 31 December 2022**

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

LIABILITIES	Notes	Audited current period 31 December 2022			Audited prior period 31 December 2021		
		TL	FC	Total	TL	FC	Total
I. Funds Borrowed	11	4,116,920	2,852,889	6,969,809	3,018,080	808,583	3,826,663
II. Factoring Payables		-	-	-	-	-	-
III. Debts from the Savings Fund Pool		-	-	-	-	-	-
IV. Lease Payables (Net)	13	8,548	-	8,548	10,614	-	10,614
V. Issued Securities (Net)	12	1,941,141	-	1,941,141	928,120	-	928,120
VI. Financial Liabilities at Fair Value Through Profit/Loss (Net)		-	-	-	-	-	-
VII. Derivative Financial Liabilities	14	11,336	-	11,336	112,121	-	112,121
VIII. Provisions	17	47,370	-	47,370	30,457	-	30,457
8.1 Provisions for Restructuring		-	-	-	-	-	-
8.2 Reserves for Employee Benefits		12,075	-	12,075	4,316	-	4,316
8.3 General Provisions		-	-	-	-	-	-
8.4 Other Provisions		35,295	-	35,295	26,141	-	26,141
IX. Current Tax Liability	18	-	-	-	-	-	-
X. Deferred Tax Liability	16	50,880	-	50,880	-	-	-
XI. Subordinated Debt		-	-	-	-	-	-
XII. Other Liabilities	15	211,091	441,029	652,120	98,397	212,610	311,007
Subtotal		6,387,286	3,293,918	9,681,204	4,197,789	1,021,193	5,218,982
XIII. Payables Related to Assets for Sale and Discontinued Operations (Net)		-	-	-	-	-	-
13.1 Held For Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. Shareholders' Equity		1,584,123	-	1,584,123	917,275	-	917,275
14.1 Paid in Capital	19	317,000	-	317,000	317,000	-	317,000
14.2 Capital Reserves	19	76,270	-	76,270	76,270	-	76,270
14.2.1 Share Premiums		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		76,270	-	76,270	76,270	-	76,270
14.3 Accumulated Comprehensive Income that will not be Reclassified to Profit or Loss		(3,331)	-	(3,331)	(342)	-	(342)
14.4 Accumulated Other Comprehensive Income that will be Reclassified to Profit or Loss		(3,131)	-	(3,131)	(9,906)	-	(9,906)
14.5 Profit Reserves	20	534,253	-	534,253	773,154	-	773,154
14.5.1 Legal Reserves		43,908	-	43,908	43,908	-	43,908
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		490,345	-	490,345	729,246	-	729,246
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		663,062	-	663,062	(238,901)	-	(238,901)
14.6.1 Prior Periods Profit or Loss	21	-	-	-	(320,085)	-	(320,085)
14.6.2 Net Profit or Loss for the Period		663,062	-	663,062	81,184	-	81,184
<b>TOTAL LIABILITIES</b>		<b>7,971,409</b>	<b>3,293,918</b>	<b>11,265,327</b>	<b>5,115,064</b>	<b>1,021,193</b>	<b>6,136,257</b>

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

**Deniz Finansal Kiralama A.Ş.**

**Statement of off-balance sheet items as of 31 December 2022**

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

OFF-BALANCE SHEET ITEMS	Notes	Audited current period 31 December 2022			Audited prior period 31 December 2021		
		TL	FC	Total	TL	FC	Total
I	Recourse Factoring Transactions	-	-	-	-	-	-
II	Non-Recourse Factoring Transactions	-	-	-	-	-	-
III	Savings Financing Contracts Transactions	-	-	-	-	-	-
IV	Guarantees Received	15,296,561	143,600,185	158,896,746	9,628,990	95,731,307	105,360,297
V	Guarantees Given	1,805,716	-	1,805,716	1,110,133	-	1,110,133
VI	Commitments	3,782,968	462,207	4,245,175	1,517,967	852,341	2,370,308
6.1	Irrevocable commitments	-	-	-	-	-	-
6.2	Revocable commitments	3,782,968	462,207	4,245,175	1,517,967	852,341	2,370,308
6.2.1	Lease commitments	3,782,968	462,207	4,245,175	1,517,967	852,341	2,370,308
6.2.1.1	Financial lease commitments	622,445	455,871	1,078,316	246,486	828,372	1,074,858
6.2.1.2	Operational lease commitments	3,160,523	6,336	3,166,859	1,271,481	23,969	1,295,450
6.2.2	Other revocable commitments	-	-	-	-	-	-
VII	Derivative Financial Instruments	1,965,995	3,857,906	5,823,901	2,912,405	2,961,046	5,873,451
7.1	Hedging derivative financial instruments	-	1,907,548	1,907,548	-	-	-
7.1.1	Transactions for fair value hedge	-	1,907,548	1,907,548	-	-	-
7.1.2	Transactions for cash flow hedge	-	-	-	-	-	-
7.1.3	Transactions for foreign net investment hedge	-	-	-	-	-	-
7.2	Trading transactions	1,965,995	1,950,358	3,916,353	2,912,405	2,961,046	5,873,451
7.2.1	Forward buy/sell transactions	-	-	-	-	-	-
7.2.2	Swaps buy/sell transactions	1,965,995	1,950,358	3,916,353	2,845,600	2,894,241	5,739,841
7.2.3	Options buy/sell transactions	-	-	-	-	-	-
7.2.4	Futures buy/sell transactions	-	-	-	66,805	66,805	133,610
7.2.5	Other	-	-	-	-	-	-
VIII	Items Held in Custody	1,278	3,669	4,947	1,307	2,563	3,870
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS</b>		<b>22,852,518</b>	<b>147,923,967</b>	<b>170,776,485</b>	<b>15,170,802</b>	<b>99,547,257</b>	<b>114,718,059</b>

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

**Deniz Finansal Kiralama A.Ş.**

**Statement of profit or loss as of 31 December 2022**

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

INCOME and EXPENSE ITEMS		Notes	Audited	Audited
			Current Period	Prior Period
			1 January –	1 January –
			31 December 2022	31 December 2021
<b>I.</b>	<b>Operating Income</b>		1,096,874	578,317
	Factoring Income		-	-
1.1	Interest Received from Factoring Receivables		-	-
1.1.1	Discounted		-	-
1.1.2	Other		-	-
1.2	Fees and Commissions Received from Factoring Receivables		-	-
1.2.1	Discounted		-	-
1.2.2	Other		-	-
	<b>Income from Financing Loans</b>		-	-
1.3	Interest Received from Finance Loans		-	-
1.4	Fees and Commissions Received from Finance Loans		-	-
	<b>Lease Income</b>	24	1,096,874	578,317
1.5	Financial Lease Income		717,757	359,485
1.6	Operating Lease Income		379,117	210,832
1.7	Fees and Commissions Received from Lease Operations		-	-
	<b>Savings Financing Income</b>		-	-
1.8	Dividends Received from Savings Financing Income		-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-
<b>II.</b>	<b>Finance Expenses (-)</b>	27	(1,013,222)	(421,850)
2.1	Dividends Given to the Savings Fund Pool		-	-
2.2	Interests on Funds Borrowed		(727,562)	(258,321)
2.3	Interest Expenses on Factoring Payables		-	-
2.4	Financial Lease Expenses		(2,419)	(3,765)
2.5	Interest Expenses on Securities Issued		(254,301)	(144,909)
2.6	Other Interest Expenses		(1,682)	-
2.7	Fees and Commissions Paid		(27,258)	(15,855)
<b>III.</b>	<b>Gross P/L (I+II)</b>		83,652	148,467
<b>IV.</b>	<b>Operating Expense (-)</b>	25	(234,237)	(103,127)
4.1	Personnel Expenses		(33,331)	(16,127)
4.2	Provision Expense for Employment Termination Benefits		(1,630)	(405)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		-	-
4.5	Other		(16,039)	(24,544)
<b>V.</b>	<b>Operating Gross P/L (III+IV)</b>		(150,585)	45,340
<b>VI.</b>	<b>Other Operating Income</b>	26	3,693,829	3,107,459
6.1	Interest Income from Banks		96	1,331
6.2	Interest on Securities		125	4,205
6.3	Dividend Income		-	-
6.4	Trading Gains on Securities		23,246	-
6.5	Derivative Financial Transactions Profit	26	362,384	501,762
6.6	Foreign Exchange Gains		2,792,333	2,488,286
6.7	Other		515,645	111,875
<b>VII.</b>	<b>Specific Provisions for NPLs (-)</b>	28	(269,900)	(346,934)
7.1	Specific Provisions		-	-
7.2	Expected Loss Provisions		(269,900)	(346,934)
7.3	General Provisions		-	-
7.4	Other		-	-
<b>VIII.</b>	<b>Other Operating Expenses (-)</b>	30	(2,532,786)	(2,783,743)
8.1	Impairment Losses on Securities Portfolio		-	-
8.2	Impairment of Fixed Assets		-	-
8.3	Loss of Capital Market Transactions		-	-
8.4	Loss from Derivative Financial Transaction		(460,986)	(1,007,847)
8.5	Foreign Exchange Loss		(2,041,308)	(1,685,832)
8.6	Other		(30,492)	(10,064)
<b>IX.</b>	<b>Net Operating IE (V+...+VIII)</b>		740,558	102,102
<b>X.</b>	<b>Income Resulted from Merger</b>		-	-
<b>XI.</b>	<b>Share from Profits and Losses of Investment Valued by Equity Method</b>		-	-
<b>XII.</b>	<b>Net Monetary Position Gains/Loss</b>		-	-
<b>XIII.</b>	<b>P/L Before Tax from Continuing Operations (IX+X+XI)</b>		740,558	102,102
<b>XIV.</b>	<b>Continuing Operations Tax Provision (A)</b>	31	(77,496)	(28,918)
14.1	Current tax provision		(4,447)	(3,939)
14.2	Deferred tax expense effect (+)		(73,049)	(16,979)
14.3	Deferred tax income effect (-)	16	-	-
<b>XV.</b>	<b>Continuing Operations Period Net P/L (XIII+XIV)</b>		663,062	81,184
<b>XVI.</b>	<b>Income from Discontinued Operations</b>		-	-
16.1	Income of non-current assets held for sale		-	-
16.2	Sale profits from Associates, Subsidiaries and Joint Ventures		-	-
16.3	Income from other discontinued operations		-	-
<b>XVII.</b>	<b>Expenses from Discontinued Operations (-)</b>		-	-
17.1	Expenses of non-current assets held for sale		-	-
17.2	Expenses profits from Associates, Subsidiaries and Joint Ventures		-	-
17.3	Expense from other discontinued operations		-	-
<b>XVIII.</b>	<b>P/L Before Tax from Discontinued Operations (XV-XVII)</b>		-	-
<b>XIX.</b>	<b>Taxation On Income from Discontinued Operations (A)</b>		-	-
19.1	Current tax provision		-	-
19.2	Deferred tax expense effect (+)		-	-
19.3	Deferred tax income effect (-)		-	-
<b>XX.</b>	<b>Net P/L from Discontinued Operations (XVIII+XIX)</b>		-	-
<b>XXI.</b>	<b>Net Profit/Loss for the Period (XV+XIX)</b>		663,062	81,184
	Profit / loss per share (Full TL)		-	-

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

**Deniz Finansal Kiralama A.Ş.****Statement of other comprehensive income for the year ended 31 December 2022**  
(Amounts are expressed in terms of Thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Audited current period	Audited prior period
		1 January – 31 December 2022	1 January – 31 December 2021
<b>I.</b>	<b>Profit/Loss for the Period</b>	<b>663,062</b>	<b>81,184</b>
<b>II.</b>	<b>Other Comprehensive Income</b>	<b>3,786</b>	<b>19,312</b>
<b>2.1</b>	<b>Other comprehensive income or expense that will not be reclassified to profit or Loss</b>	<b>(2,989)</b>	<b>89</b>
2.1.1	Gains/Losses on Revaluation of Tangible Assets	-	-
2.1.2	Gains/Losses on Revaluation of Intangible Assets	-	-
2.1.3	Gains/Losses on Remeasurement of Defined Benefit Pension Plans	(3,973)	97
2.1.4	Other Comprehensive Income Items That Will Not Be Reclassified as Profit or Loss	-	-
	Taxes Related to Other Comprehensive Income That Will Not to Be		
2.1.5	Reclassified to Profit or Loss	984	(8)
<b>2.2</b>	<b>Other comprehensive income or expense that will be reclassified to profit or loss</b>	<b>6,775</b>	<b>19,233</b>
2.2.1	Foreign Currency Translation Differences	-	-
	Valuation/or and Classification Gains/Losses of Financial Assets at Fair Value Through Other		
2.2.2	Comprehensive Income	-	-
2.2.3	Gains/Losses from Cash Flow Hedges	9,033	24,303
2.2.4	Gains/Losses from Investment Hedges Related to Foreign Entity	-	-
2.2.5	Other Comprehensive Income Items That Will Be Reclassified as Other Profit or Loss	-	-
2.2.6	Taxes Related to Comprehensive Income That Will Be Reclassified to Profit or Loss	(2,258)	(5,070)
<b>III.</b>	<b>Total Comprehensive Income (I+II)</b>	<b>666,848</b>	<b>100,506</b>

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

Deniz Finansal Kiralama A.Ş.

Statements of changes in equity for the year ended 31 December 2022  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

STATEMENT OF CHANGES IN EQUITY	Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss						Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss						Total Equity	
	Paid-in Capital	Share Issue Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit / (Loss)		Net Profit or Loss for the Period
<b>PRIOR PERIOD</b> (31 December 2021)	317,000	-	-	76,270	-	(431)	-	-	(29,139)	-	(2,007) (320,085)	211,155	1,134,854 (320,085)	
I. Prior Period End Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	
II. Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1. Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of Changes to Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. New Balance (I + II)	317,000	-	-	76,270	-	(431)	-	-	(29,139)	-	(2,007) (320,085)	211,155	1,134,854 (320,085)	
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	19,233	-	-	81,184	100,596	
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital Increase from Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase / Decrease Due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Net Profit or Loss for the Period	-	-	-	-	-	-	-	-	-	-	2,007	(211,155)	-	
XII. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1. Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2. Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	2,007	(211,155)	-	
12.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Period-End Balance (III+IV+...+XI+XII)</b>	317,000	-	-	76,270	-	(342)	-	-	(9,906)	-	(320,085)	81,184	917,275	
<b>CURRENT PERIOD</b> (31 December 2022)	317,000	-	-	76,270	-	(342)	-	-	(9,906)	-	(320,085)	81,184	917,275	
I. Prior Period End Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	
II. Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1. Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effect of Changes to Accounting Policy	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. New Balance (I + II)	317,000	-	-	76,270	-	(342)	-	-	(9,906)	-	(320,085)	81,184	917,275	
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	6,775	-	-	643,062	646,848	
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital Increase from Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase / Decrease Due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Net Profit or Loss for the Period	-	-	-	-	-	-	-	-	-	-	2,007	(211,155)	-	
XII. Profit Distribution(*)	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1. Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2. Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	2,007	(211,155)	-	
12.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Period-End Balance (III+IV+...+XI+XII)</b>	317,000	-	-	76,270	-	(342)	-	-	(3,131)	-	(320,085)	81,184	1,584,123	

(\*) At the ordinary general assembly meeting dated 15 March 2022, it was decided that the profit for the year 2021 amounting to TL 81,184 will be debited from the remaining TL 3,131 of prior year's loss will be debited from the extraordinary reserves amounting to TL 729,346 and no profit distribution will be made.

(1) Prior period accumulated revaluation increases / decreases.  
(2) Other (accumulated) amounts of other comprehensive income items that will not be reclassified as profit or loss from other comprehensive income of investments valued by equity method.  
(3) Other (accumulated) amounts of other comprehensive income items that will not be reclassified as profit or loss from other comprehensive income of investments valued by equity method.  
(4) Foreign currency translation differences.  
(5) Accumulated revaluation and / or classification gains / losses of financial assets whose fair value difference is reflected in other comprehensive income.  
(6) Other (cash flow hedge gain) / losses, shares to be classified as profit / loss from other comprehensive income of investments valued by equity method and accumulated amounts of other comprehensive income items in the reclassified as other profit or loss.

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

**Deniz Finansal Kiralama A.Ş.**

**Statement of cash flows for the year ended 31 December 2022**

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

		Audited current period	Audited prior period
	Notes	31 December 2022	31 December 2021
<b>A. Cash Flows from Operating Activities</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>896,996</b>	<b>271,136</b>
1.1.1 Interests received/leasing income		1,012,707	534,146
1.1.2 Interest paid/Leasing Expenses		(885,963)	(442,126)
1.1.3 Dividend received		-	-
1.1.4 Fees and commissions received		-	-
1.1.5 Other income		808,258	332,327
1.1.6 Collections from previously written-off doubtful receivables	6, 26	149,847	-
1.1.7 Payments to personnel and service suppliers		(32,345)	(13,347)
1.1.8 Taxes paid		(16,075)	(49,787)
1.1.9 Other		(139,433)	(90,077)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(4,064,850)</b>	<b>(2,029,278)</b>
1.2.1 Net (increase) decrease in factoring receivables		-	-
1.2.1 Net (increase) decrease in financial loans		-	-
1.2.1 Net (increase) decrease in leasing receivables		(3,072,812)	(1,802,409)
1.2.2 Net (increase) decrease in other assets		(1,088,280)	(499,293)
1.2.3 Net increase (decrease) in factoring payables		-	-
1.2.3 Net increase (decrease) in lease payables		-	-
1.2.4 Net increase (decrease) in funds borrowed		-	-
1.2.5 Net increase (decrease) in overdue payables		-	-
1.2.6 Net increase (decrease) in other liabilities		96,242	272,424
<b>I. Cash Flows from Operating Activities</b>		<b>(3,167,854)</b>	<b>(1,758,142)</b>
<b>B. Cash Flows from Investing Activities</b>			
2.1 Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment	8,9	(1,272,575)	(668,530)
2.4 Disposals of Property and Equipment		397,586	68,960
Acquisition of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.5 Disposals of Financial Assets at Fair Value Through Other Comprehensive Income		5,845	-
2.6 Purchase of Financial Assets at Amortized Costs		-	-
2.8 Sale of Financial Assets at Amortized Costs		-	-
2.9 Other		(16,103)	(74,463)
<b>II. Net Cash (Used in) from Investing Activities</b>		<b>(885,247)</b>	<b>(674,033)</b>
<b>C. Cash Flows from Financing Activities</b>			
3.1 Cash obtained from funds borrowed and securities issued	11, 12	4,065,921	2,341,524
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Issued capital instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(5,654)	-
3.6 Other		-	89,706
<b>III. Net Cash (Used in) from Financing Activities</b>		<b>4,060,267</b>	<b>2,431,230</b>
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>1,883</b>	<b>1,696</b>
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>9,049</b>	<b>751</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	3	<b>4,314</b>	<b>3,563</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	3	<b>13,363</b>	<b>4,314</b>

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

**Statement of profit distribution for the year ended 31 December 2022**  
*(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)*

	Current Period <sup>(*)</sup> (31/12/2022)	Prior Period (31/12/2021)
<b>I. DISTRIBUTION OF CURRENT PERIOD PROFIT</b>		
1.1 CURRENT PERIOD PROFIT	740,558	102,102
1.2 TAXES AND DUES PAYABLE (-)	(77,496)	(20,918)
1.2.1 Corporate Tax (Income Tax)	(4,447)	(3,939)
1.2.2 Income Tax Withholding	-	-
1.2.3 Other Tax and Legal Liabilities <sup>(**)</sup>	(73,049)	(16,979)
<b>A. NET PERIOD PROFIT (1.1 - 1.2)</b>	<b>663,062</b>	<b>81,184</b>
1.3 PRIOR YEAR'S LOSSES (-)	-	(320,085)
1.4 FIRST LEGAL RESERVE (-)	-	-
1.5 OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-)	-	-
<b>B. DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3-1.4-1.5)]</b>	<b>663,062</b>	<b>(238,901)</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Preferred Stocks	-	-
1.6.3 To Owners of Participating Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Owners of the Profit/Loss Sharing Certificates	-	-
1.7 DIVIDEND TO PERSONNEL (-)	-	-
1.8 DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Preferred Stocks	-	-
1.9.3 To Owners of Participating Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Owners of the Profit/Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVE (-)	-	-
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	(238,901)
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 SHARE TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Preferred Stocks	-	-
2.3.3 To Owners of Participating Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Owners of the Profit/Loss Sharing Certificates	-	-
2.4 SHARE TO PERSONNEL (-)	-	-
2.5 SHARE TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>	-	-
3.1 TO OWNERS OF ORDINARY SHARES (TL)	-	-
3.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
3.3 TO OWNERS OF PREFERRED STOCKS (TL)	-	-
3.4 TO OWNERS OF PREFERRED STOCKS ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>	-	-
4.1 TO OWNERS OF ORDINARY SHARES (TL)	-	-
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3 TO OWNERS OF PREFERRED STOCKS (TL)	-	-
4.4 TO OWNERS OF PREFERRED STOCKS ( % )	-	-

<sup>(\*)</sup> For the current year, it has been stated that "As the Bank's General Assembly meeting has not yet been held as of the date of publication of the financial statements, profit distribution has not been decided and only the amount of distributable profit is indicated in the profit distribution table".

<sup>(\*\*)</sup> The Banking Regulation and Supervision Agency does not consider the income amounts related to deferred tax assets to be considered as cash or internal resources and therefore the part of the profit for the period arising from the related assets should not be subject to profit distribution and capital increase; deferred tax income/expense has not been taken into consideration in the calculation of distributable profit as of 31 December 2021.

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

## **Deniz Finansal Kiralama A.Ş.**

### **Notes to the financial statements as of 31 December 2022**

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

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#### **1. Organization and operations of the Company**

Deniz Finansal Kiralama A.Ş. ("the Company") was established in 1997 and its activity field is to engage with domestic and foreign financial leasing activities within the framework of the provisions of the legislation. The Company is headquartered at the address Büyükdere Caddesi, No: 141, Kat: 16 Esentepe - Şişli / İstanbul / Turkey.

As of 31 December 2022, the Company is affiliated to Denizbank Financial Services Group and its largest shareholders are Denizbank A.Ş. with a rate of 99.99%.

As of 21 January 2020, Denizbank AG, which has a 51% share of the Company, has transferred all of its shares to Denizbank A.Ş. in exchange for an amount of TL 645,888 equivalent to EUR 98,481,000.

As of 31 December 2022, the number of employees of the Company is 101 (31 December 2021: 80).

#### **Dividend to be paid:**

As of 31 December 2022, the Company has no dividends payable (31 December 2021: None).

#### **2. Basis of presentation of the financial statements**

##### **2.1 Basis of presentation**

##### **2.1.1 Applied accounting standards**

The Company maintains its books of account and prepares its financial statements in accordance with the "Communique on Financial Leasing, Factoring and Uniform Chart of Accounts which shall be applied by Finance Companies published in Official Gazette dated 24 December 2013 and numbered 28861 and Regulation, Communique and Circular on Accounting Policies of Financial Leasing, Factoring and Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority ("BRSA") together referred as "BRSA Accounting and Financial Reporting Legislation" and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated BRSA Accounting and Financial Reporting Legislation. TFRS includes Standards and Interpretations published by POA as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

The financial statements are prepared on the historical cost basis, except for derivative financial instruments and financial assets at their fair values.

#### **Approval of financial statements:**

The financial statements have been approved by the Board of Directors and authorized to be published on 10 February 2023. The General Assembly has the authority to change the financial statements.

##### **2.1.2 Offsetting**

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.



**2. Basis of presentation of the financial statements (continued)**

**2.1.3 Going concern**

The Company prepared its financial statements considering the going concern principle.

**2.1.4 Currency used**

The Company's financial statements are presented in the currency of the primary economic environment in which it operates (the functional currency). The Company's financial position and results of operations are expressed in TL, which is the functional currency of the Company and the presentation currency for the financial statements.

**2.2 Changes in accounting policies**

Changes in accounting policies regarding the first-time application of a new TAS/IFRS is applied based on the first-time application requirements of the relevant TAS/IFRS, if any, otherwise changes in accounting policies are applied retrospectively and the prior period financial statements are restated accordingly.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") for entities adopting Turkish Financial Reporting Standards ("IFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply IFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements as of 31 December 2022 in accordance with TAS 29.

**2.2.2 Significant Accounting Evaluation, Estimates and Assumptions**

The effect of a change in an accounting estimate is recognized prospectively in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. There has not been any significant change in the accounting estimates of the Company in the current year. Significant accounting errors identified are applied retrospectively and prior period financial statements are restated.

**2.2.3 New and Revised Turkish Financial Reporting Standards**

a) Amendments that are mandatorily effective from 2022

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9 and IAS 41</i>
Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

**Amendments to IFRS 3 *Reference to the Conceptual Framework***

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

**Notes to the financial statements as of 31 December 2022**

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

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**2. Basis of presentation of the financial statements (continued)**

**2.2 Changes in accounting policies (continued)**

**2.2.3 New and Revised Turkish Financial Reporting Standards (continued)**

a) Amendments that are mandatorily effective from 2022 (continued)

**Amendments to TAS 16 Property, Plant and Equipment - Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

**Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

**Annual Improvements to TFRS Standards 2018-2020 Cycle**

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

**Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021**

Public Oversight Accounting and Auditing Standards Authority ("POA") has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

**Notes to the financial statements as of 31 December 2022**

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

**2. Basis of presentation of the financial statements (continued)**

**2.2 Changes in accounting policies (continued)**

**2.2.3 New and Revised Turkish Financial Reporting Standards (continued)**

a) Amendments that are mandatorily effective from 2022 (continued)

**Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021 (continued)**

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

b) New and revised TFRSs in issue but not yet effective

The Company has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

**TFRS 17 Insurance Contracts**

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2023.

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

**Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9**

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

**2. Basis of presentation of the financial statements (continued)**

**2.2 Changes in accounting policies (continued)**

**2.2.3 New and Revised Turkish Financial Reporting Standards (continued)**

b) New and revised TFRSs in issue but not yet effective

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

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

**Amendments to TFRS 17 *Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information***

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

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

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

**Amendments to TAS 1 *Non-current Liabilities with Covenants***

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

**2. Basis of presentation of the financial statements (continued)**

**2.3 Summary of significant accounting policies**

**Leases**

**Financial leases**

*Leases - The Company as lessor*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

*Leases - The Company as lessee*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lesser is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Rentals payable under operating leases (benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term) are charged to profit or loss on a straight-line basis over the term of the relevant lease.

**Operational leases**

Whether an agreement is a leasing transaction or contains a leasing transaction depends on the principles of the agreement and involves an evaluation on whether execution of an agreement depends on a certain asset or the use of a certain asset and whether the agreement includes the right to use the asset.

*As lessee*

*(i) In the position of lessee*

These are leasing transactions where the lessee holds all the risks and benefits pertaining to the asset in question. Operational leasing payments are booked as expense during the lease period.

*As lessor*

*(ii) In the position of lessor*

Total income obtained from operational fleet leasing are booked linearly in the income statement during the lease period.

**Financial Instruments**

Financial assets and financial liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

**2. Basis of presentation of the financial statements (continued)**

**2.3 Summary of significant accounting policies (continued)**

*Finance Lease Receivables and Other Receivables*

Finance lease receivables and other receivables are carried at fair value at initial recognition, and they are carried at amortized cost subsequent to initial recognition, using the effective interest method. Provision for doubtful finance lease receivables and other receivables are recognized as an expense and written off against the profit for the year. Provision for receivables under follow-up is allocated assessing the Company's loan portfolio, quality and risk and considering the economic conditions and other factors including the related legislation against the potential losses that may be resulted from the current finance lease receivables.

In accordance with "TFRS 9-Financial Instruments" standard, loan loss provision is allocated for expected credit losses on financial assets measured at amortised cost or fair value through other comprehensive income.

Within the scope of TFRS 9, the expected credit loss provision is determined according to the "three-stage" impairment model, the details of which are based on the change in the credit quality of financial assets after the initial recognition and detailed below.

Within the scope of TFRS 9, it is evaluated whether there is a significant increase in the credit risk of the financial instrument within the scope of impairment since it was initially included in the financial statements. When making this assessment, the change in the default risk of the financial instrument is taken into account.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. In accordance with TFRS 9, an important measurement in expected credit provision is assessed whether the credit risk on a financial instrument has increased significantly. These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

**Stage 1:**

Financial assets that do not have a significant increase in credit risk when they are initially included in the financial statements or after the first time they are included in the financial statements. The credit risk impairment provision for these assets is accounted at the expected credit losses over the 12-month default risk. 12-month expected credit loss is calculated on the basis of a default expectation of 12 months following the reporting date.

**Stage 2:**

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets is measured at an amount equal to the instrument's lifetime expected credit loss.

In order to classify a financial asset in the second stage, the following criteria is considered:

- Delay of less than 150 days, more than 30 days
- Restructuring of the loan due to payment difficulty.

**Stage 3:**

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. The probability of default is taken into account as 100% in the calculation of impairment provision and the provision is calculated according to the lifetime expected credit loss of the financial asset. For a financial asset to be classified in the third stage, it must have more than 150 days past due.

*Other Financial Assets*

Financial assets are recognized at fair market value after deducting expenses directly related to the purchase, except for financial assets at fair value through profit or loss and recognized at fair value. Investments are recognized or derecognised on the trade transaction date, which is subject to a contract that has the condition of delivery of investment instruments in

**2. Basis of presentation of the financial statements (continued)**

**2.3 Summary of significant accounting policies (continued)**

accordance with the time period determined by the relevant market. Financial assets are classified as "financial assets at fair value through profit or loss", "financial assets at fair value through other comprehensive income" and "other financial assets measured at amortized cost". Classification is made depending on the nature and purpose of financial assets and is determined during initial recognition.

*Financial Assets at Fair Value Through Profit or Loss*

Financial assets at fair value through the income statement are financial assets held for trading and not acquired for trading purposes but recognized in this category at initial recognition. A financial asset is classified in this category when it is acquired for the purpose of selling it in the short-term or when it is considered that a more accurate accounting representation will be obtained at initial recognition. Financial assets that constitute derivative products that have not been determined as an effective hedging instrument against financial risk are also classified as financial assets at fair value through profit or loss.

*Effective interest rate method:*

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period.

Held to maturity and available for sale debt instruments and profit from financial assets classified as loans and receivables are recognized in income by using the effective interest rate method.

*Assets measured at amortized cost:*

Debt instruments with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as assets measured at amortized cost (investments). Assets measured at amortized cost (investments) are recognized by deducting the amount of impairment from the amortized cost using the effective interest method, and the related income is calculated using the effective interest method.

*Financial assets at fair value through other comprehensive income:*

Quoted equity investments and quoted certain debt securities held by the Company that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. The Company also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value can't be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss.

Dividends related to equity instruments at fair value through other comprehensive income are recognized in the income statement when the Company's right to receive dividends occurs.

The fair value difference expressed in foreign currency is determined over the fair value of assets recognized in other comprehensive income and translated at the prevailing exchange rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

**2. Basis of presentation of the financial statements (continued)**

**2.3 Summary of significant accounting policies (continued)**

*Impairment of Financial Assets*

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indication of impairment of financial asset or financial asset group. An entity shall assess at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. For the financial assets which are measured at amortized cost except for finance lease receivables and factoring receivables stated above, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Except for financial lease receivables and operating lease receivables, for all other financial assets, the impairment is deducted directly from the carrying value of the related financial asset.

When a receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in the income statement.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Increase in fair value of available for sale financial assets subsequent to impairment is recognized in directly in equity.

**Revenue**

Finance Lease Income: Initial values of leased assets at the beginning of the leasing period under the Finance Lease Act are recognized as leasing receivables in the balance sheet. Interest income resulting from the difference between the total finance lease receivables and the fair value of the leased assets are recognized in the related period in which the receivable portion for each accounting period is distributed over the related period using the fixed interest rate through the leasing period. The interest amount not accrued yet is followed up under the account of unearned income.

Operating lease income is recognized in the income statement on a straight-line basis during the lease period. The start-up costs incurred during the implementation and negotiation of the lease operation are included to the cost of the leased asset and amortized on a straight-line basis over the lease term.

Other interest income is accrued based on the effective interest which equals the estimated cash flows to net book value of the related asset.

Dividend income from equity share investments is recognized when the shareholders have the right to receive the payment.

**Borrowing costs**

All borrowing costs are recorded in the income statement in the period in which they are incurred.

**Foreign exchange transactions**

Transactions expressed in foreign currency are converted into Turkish Lira at the rate prevailing at the time of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at period-end exchange rates.



**2. Basis of presentation of the financial statements (continued)**

**2.3 Summary of significant accounting policies (continued)**

**Property, plant and equipment**

Property, plant and equipment are presented with their net value adjusted for inflation until 31 December 2004, less accumulated depreciation. Depreciation is allocated using the straight-line method based on the estimated useful lives of the property, plant and equipment. The estimated useful lives of these assets are as follows::

Buildings	50 years
Furniture and fixture	5 years
Leasehold improvements	5 years

If the book values of property, plant and equipment are higher than their net realizable values, they are indicated in their net realizable values in the financial statements. Profits and losses resulting from the sale of property, plant and equipment are determined by comparing the book values with the selling price and are taken into account in determining the operating profit.

The useful lives of property, plant and equipment and their residual values are reviewed at each reporting period.

**Intangible assets**

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases. Intangible assets are amortised on a straight-line basis over 3-5 years.

**Employee benefits**

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per TAS Accounting Standard 19 (revised) "Employee Benefits" ("TAS 19"). Retirement benefit obligation recognized in the balance sheet is calculated according to the net present value of the expected future liability amounts due to the retirement of all employees and reflected in the financial statements.

The Company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**Taxation**

*Income tax*

Corporate income tax is calculated according to the Tax Procedural Law, and tax expenses except corporate income tax are recognized in operating expenses.

It is deducted when there is a legal right to set off current tax assets against current tax liabilities or if such assets and liabilities are associated with income tax collected by the same tax authority.

*Deferred tax*

The Company calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related declarations of the BRSA concerning this standard. In the deferred tax calculation, in accordance with the tax legislation, the tax rate enacted as of the balance sheet date is used.

**Notes to the financial statements as of 31 December 2022**

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

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**2. Basis of presentation of the financial statements (continued)**

**2.3 Summary of significant accounting policies (continued)**

The main items that make up the temporary differences are the temporary differences arising from financial leasing transactions, the valuation differences of derivative financial instruments, the differences between the carrying value of the provision and the tax value, and the doubtful receivables provisions.

Deferred tax assets or deferred tax liabilities are recognized at the estimated amount that they will increase or decrease future tax payable in the periods where temporary differences will disappear. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilized (Note 16).

Corporate tax rate is determined in accordance with the regulation introduced by the Law No. 7394 on the "Valuation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law and Amendments to Some Laws and Decrees", as 25% to be applied to corporate earnings for the taxation period, starting from 2022. Thus, as of 31 December 2022, the Company has calculated deferred tax at the rate of 25% for assets and liabilities.

**Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

**Share capital and dividends**

Ordinary shares are classified as capital. Dividends on ordinary shares are recognised in the period in which they are declared.

**Derivative financial instruments**

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivative financial instruments (primarily foreign currency forward contracts and swap currency transactions) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivative financial instruments are initially measured at fair value on the contract date and are remeasured at fair value at subsequent reporting dates.

IFRS 9 provides the option to defer the adoption of hedge accounting of IFRS 9 and continue with TAS 39 "Hedging accounting" in the choice of accounting policy. In this context, Company continues to apply TAS 39 standard for hedge accounting.

Derivative products of the Company are classified as for "hedging" or "trading" in accordance with TAS 39. Accordingly, although some derivative transactions provide an effective hedge for the Company economically, in the accounting aspect, they are recognized for as for "trading" within the scope of TAS 39.

**2. Basis of presentation of the financial statements (continued)**

**2.3 Summary of significant accounting policies (continued)**

Liabilities and receivables arising from the derivative transactions are recognised in off-balance sheet items with their nominal values.

The derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets" and "Derivative Financial Liabilities" items of the balance sheet depending on the resulting positive or negative amounts of the computed value.

Differences in the fair value of derivative transactions held for trading are recognized under profit/loss from derivative financial transactions in the income statement.

In the initial design of a derivative financial instrument as a hedge, the Company discloses in writing the relationship between the hedged item and the hedging instrument, the risk management objectives and strategies of the relevant hedge, and the methods to be used to measure the effectiveness of the hedge.

**Financial Liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are recognized at their fair value and revalued at their fair value at the balance sheet date in each reporting period. The change in their fair value is recognized in the income statement. Net gains or losses recognized in the income statement also include the interest paid on the financial liability.

**Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument or, where appropriate, a shorter period of time, to the net present value of the financial liability.

**Cash flow hedge accounting**

Within the scope of foreign exchange risk management, the Company started to apply cash flow hedge accounting by matching future operating lease receivables in contracted euros ("EUR", "EURO") and estimated future sales of used vehicles fair values of which are followed in EUR, with loans received in EUR as of 1 April 2018.

In cash flow hedge accounting; as a hedged item, the Company has determined the future sales of used leasing receivables and the fair values of the used vehicle used in EUR, followed by the EUR denominated loans as hedging instruments.

As of 31 December 2022, the after-tax loss recognized in equity through cash flow hedge accounting is TL 3,131 (31 December 2021: TL 9,906 loss).

**2. Basis of presentation of the financial statements (continued)**

**2.3 Summary of significant accounting policies (continued)**

**Cash flow hedge accounting (continued)**

Within the scope of interest rate risk management, the Company started to apply fair value hedge accounting as of 4 April 2022 by matching its fixed interest leasing receivables in EUR with interest rate swap instruments.

At the beginning of the association and in the ongoing process, the Company evaluates whether the hedging method is effective on the changes in the expected fair values of the related instruments during the period in which the method is applied, or whether the effectiveness of the hedge in the actual results is in the range of 80% - 125%.

**Earnings per share**

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

The Company's shares are not traded in the stock exchange, therefore earnings per shares information is not provided.

**Subsequent events**

Events after balance sheet date comprise any event between the balance sheet date and the date of authorization of the financial statements for publication, even if any event after balance sheet date occurred subsequent to an announcement on the profit or following any financial information disclosed to public.

The Company adjusts the amounts recognized in its financial statements to reflect adjusting events after the balance sheet date if such subsequent events arise.

**Segment Reporting**

The Company operates in finance lease, real estate and operational lease business and does not present segment information since its shares are not traded on the stock exchange.

**2.3.1 Explanations on TFRS 16 Leases standard**

The Company evaluates at the beginning of a contract whether the contract is of lease nature or not. If the contract delegates the right to control the use of the asset defined for a price for a certain period of time, this contract is of lease nature or includes a lease. The Company reflects a right-of-use asset and a lease liability in the financial statements at the date when the lease actually begins.

**Right-of-use assets**

The right-of-use asset is first accounted for using the cost method and includes:

- First measurement amount of the lease liability,
- The amount obtained by deducting all lease incentives received from all lease payments made on or before the lease actually starts,
- All initial costs incurred by the Company,

When applying the cost method, the Company measures the right-of-use asset,

- Less accumulated depreciation and accumulated impairment losses and
- Over the corrected cost of the lease liability.

The Company applies depreciation provisions in TAS 16 Property, Plant and Equipment while depreciating its asset.

**2. Basis of presentation of the financial statements (continued)**

**2.3 Summary of significant accounting policies (continued)**

**2.3.1 Explanations on TFRS 16 Leases standard (continued)**

**Lease liabilities**

At the date when the lease actually starts, the Company measures its lease liabilities at the present value of the lease payments not paid at that date. Lease payments are discounted using the implied interest rate on the lease if this rate can be easily determined. The Company uses the alternative borrowing interest rate of the Company if this rate cannot be determined easily.

The lease payments included in the measurement of the lease liabilities on the date that the lease actually starts consists of the payments to be made for the right to use the underlying asset during the lease period and not paid on the date the lease actually started. After the lease actually starts, the Company measures the lease liabilities as follows:

- Increases the carrying value to reflect the interest on the lease obligation,
- Decreases the carrying value to reflect the rent payments made; and
- Re-measures the book value to reflect reassessments and restructurings, or to reflect the revised essence of fixed lease payments.

The interest on the lease obligation for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liabilities.

**2.4 Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The estimates and assumptions are constantly reviewed. The updates to the accounting estimates are recorded in the period in which the updates of the estimates are made and in the subsequent periods affected by these updates.

Significant judgments, estimates and assumptions used in the preparation of the financial statements are explained below:

***Recognition of deferred tax asset***

Deferred tax assets are recorded to the extent that realization of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium term business plan prepared by Management and extrapolated results thereafter. The business plan is based on Management expectations that are believed to be reasonable under the circumstances.

***Allowance for impairment of finance lease receivables***

Assumptions and methods used in estimating the timing and amount of the future cash flows of finance lease receivables are reviewed periodically in order to eliminate the differences between the estimated impairment on finance receivables and occurred losses. The Company calculates deferred tax on non-performing finance lease receivables portfolio which is added to corporate tax base on the assumption that these receivables will be subject to taxation through either collection and/or sale of non-performing finance lease receivables.

**Deniz Finansal Kiralama A.Ş.**

**Notes to the financial statements as of 31 December 2022**

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

**3. Banks**

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Demand Deposits	4,132	9,231	928	3,386
	<b>4,132</b>	<b>9,231</b>	<b>928</b>	<b>3,386</b>

As of 31 December 2022, the Company does not have any TL or FC time deposits (31 December 2021: None).

There is no blockage on bank deposits (31 December 2021: None).

**4. Financial Assets at Fair Value Through Profit and Loss (Net)**

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Investment Fund	473,246	-	-	-
	<b>473,246</b>	<b>-</b>	<b>-</b>	<b>-</b>

**5. Derivative Financial Assets/Liabilities**

31 December 2022	Nominal	Fair Value	
		Assets	Liabilities
<b>Derivative Financial Assets Held for Trading</b>			
Currency Swaps Buy/Sell Transactions	3,916,353	6,970	11,336
<b>Hedging Derivative Financial Assets</b>			
Interest Rate Swap Buy/Sell Transactions	1,907,548	76,893	-
<b>Total</b>	<b>5,823,901</b>	<b>83,863</b>	<b>11,336</b>
<b>31 December 2021</b>			
	Nominal	Fair Value	
		Assets	Liabilities
<b>Derivative Financial Assets Held for Trading</b>			
Currency Swaps Buy/Sell Transactions	5,873,451	44,490	112,121
<b>Total</b>	<b>5,873,451</b>	<b>44,490</b>	<b>112,121</b>

**Derivative Financial Assets for Hedging Purposes**

As of 31 December 2022, the information on fair value hedge accounting is as follows:

Hedge Instrument	Hedging Item	Risk Exposure	Fair Value Difference of the Hedged Asset	Net Fair Value of Hedging Instrument		Income Statement Effect (Profit/Loss from Derivative Financial Transactions)
				Asset	Liabilities	
Interest Rate Swap Transactions	Fixed Rate Financial Lease Receivable	Interest Risk	76,893	60,281	-	12,939

**Deniz Finansal Kiralama A.Ş.**

**Notes to the financial statements as of 31 December 2022**

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

**6. Lease transactions**

**a. Finance Lease Receivables:**

	31 December 2022	31 December 2021
Operational Lease Receivables	26,670	7,128
Invoiced Finance Lease Receivables	807,762	227,918
Non-Performing Finance Lease Receivables	376,297	381,425
Not-invoiced Finance Lease Receivables	8,808,509	5,846,194
Less: Unearned Interest Income	(1,818,414)	(1,274,992)
Finance Lease Interest Accruals	184,990	103,021
<u>Expected Loss Provisions</u>	(1,105,539)	(1,017,676)
Stage 1	(42,051)	(61,082)
Stage 2	(765,221)	(641,361)
Stage 3	(298,267)	(315,233)
<b>Net Finance Lease Receivables</b>	<b>7,280,275</b>	<b>4,273,018</b>

As of 31 December 2022, the compound interest rate applicable for the finance lease receivables is 26.00% for TL, 6.5% for USD and 5.7% for EUR (31 December 2021: 17.40% for TL, 6.64% for USD and 5.46% for EUR).

The allocation of finance lease receivables according to their maturities as of 31 December 2022 is as follows:

	2022	2023	2024	2025	2026	2027 and later	Total
Finance Lease Receivables (Net) (*)	205,736	3,086,358	1,858,582	1,348,222	846,878	1,726,243	9,072,019
Unearned Interest	(2,507)	(732,254)	(385,811)	(228,408)	(147,532)	(321,902)	(1,818,414)
<b>Finance Lease Receivables (Net)</b>	<b>203,229</b>	<b>2,354,104</b>	<b>1,472,771</b>	<b>1,119,814</b>	<b>699,346</b>	<b>1,404,341</b>	<b>7,253,605</b>

(\*) Operating lease receivables amounting to TL 26,670 are not included in the total.

The allocation of finance lease receivables according to their maturities as of 31 December 2021 is as follows:

	2022	2023	2024	2025	2026	2027 and later	Total
Finance Lease Receivables (Net) (*)	1,043,362	1,220,604	814,626	609,783	426,350	1,426,157	5,540,882
Unearned Interest	(351,877)	(267,624)	(157,622)	(124,883)	(114,236)	(258,750)	(1,274,992)
<b>Finance Lease Receivables (Net)</b>	<b>691,485</b>	<b>952,980</b>	<b>657,004</b>	<b>484,900</b>	<b>312,114</b>	<b>1,167,407</b>	<b>4,265,890</b>

(\*) Operating lease receivables amounting to TL 7,128 are not included in the total.

## Notes to the financial statements as of 31 December 2022

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

## 6. Lease transactions (continued)

As of 31 December 2022, the distribution of finance lease receivables in terms of foreign currencies is as follows:

Currency (*)	Principal in Foreign Currency	Principle (Net)	Unearned Interest in Foreign Currency	Unearned Interest
USD	92,898	1,737,047	(12,351)	(230,942)
EUR	213,953	4,265,112	(31,602)	(629,978)
TL	-	3,069,860	-	(957,494)
<b>Total</b>		<b>9,072,019</b>		<b>(1,818,414)</b>

(\*) Operating lease receivables amounting to TL 26,670 are not included in the total.

As of 31 December 2021, the distribution of finance lease receivables in terms of foreign currencies is as follows:

Currency (*)	Principal in Foreign Currency	Principle (Net)	Unearned Interest in Foreign Currency	Unearned Interest
USD	91,366	1,185,662	(13,528)	(175,554)
EUR	191,024	2,804,654	(39,924)	(586,171)
TL	-	1,550,566	-	(513,267)
<b>Total</b>		<b>5,540,882</b>		<b>(1,274,992)</b>

(\*) Operating lease receivables amounting to TL 7,128 are not included in the total.

The distribution of the finance lease receivables based on type of interest in 2022 and 2021 is as follows:

	31 December 2022 (*)		31 December 2021 (*)	
	TL	FC	TL	FC
Fixed interest rate	3,017,017	5,938,282	1,494,879	3,711,199
Floating interest rate	52,843	63,877	55,687	279,117
	<b>3,069,860</b>	<b>6,002,159</b>	<b>1,550,566</b>	<b>3,990,316</b>

(\*) Operating lease receivables amounting to TL 26,670 (31 December 2021: TL 7,128) are not included in the total.

The Company's guarantees for all finance lease receivables, except for non-performing finance lease receivables are as follows (if the amount of guarantees exceeds the amount of receivables in calculation of guarantee amounts, only the portion of the guarantee corresponding to the related receivable is included in the below table):

Guarantee Types:	31 December 2022	31 December 2021
Mortgages	179,390	722,648
Assignments	14,356	52,309
Hostage Blockage	20,794	88,595
Buy-Back Agreements	-	20,134
Letters of Guarantee	38,376	639
Cheque Blockage	-	150
Bills of Guarantee	6,046,318	2,668,428
	<b>6,299,234</b>	<b>3,552,903</b>



**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***6. Lease transactions (continued)**

The details of expected loss provision as of 31 December 2022 are as follows:

<b>31 December 2022 (*)</b>	<b>Financial Lease Receivables</b>	<b>Expected Loss Provisions (-)</b>	<b>Financial Lease Receivables, Net</b>
Stage 1	6,137,946	(42,051)	6,095,895
Stage 2	1,844,901	(765,221)	1,079,680
Stage 3	376,297	(298,267)	78,030
<b>Total</b>	<b>8,359,144</b>	<b>(1,105,539)</b>	<b>7,253,605</b>

(\*) Operating lease receivables amounting to TL 26,670 are not included in the total.

The details of expected loss provision as of 31 December 2021 are as follows:

<b>31 December 2021</b>	<b>Financial Lease Receivables</b>	<b>Expected Loss Provisions (-)</b>	<b>Financial Lease Receivables, Net</b>
Stage 1	3,749,225	(61,082)	3,688,143
Stage 2	1,152,916	(641,361)	511,555
Stage 3	381,425	(315,233)	66,192
<b>Total</b>	<b>5,283,566</b>	<b>(1,017,676)</b>	<b>4,265,890</b>

(\*) Operating lease receivables amounting to TL 7,128 are not included in the total.

The guarantees received for finance lease receivables under follow-up and limited with the corresponding receivable balance as of 31 December 2022 and 31 December 2021 are as follows:

<b>Guarantee Types:</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Cheque Blockage	-	48,891
Mortgages	931	23,391
Bills of Guarantee	310,864	213,968
Letters of Guarantee	30,702	-
	<b>342,497</b>	<b>286,250</b>

As of 31 December 2022, movement table of provisions for non-performing lease receivables is as follows:

<b>Expected Loss Provision Movement Table:</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
End of Prior Period	(61,082)	(641,361)	(315,233)	(1,017,676)
TFRS9 Opening Effect	-	-	-	-
Reserved provision	(22,282)	(180,257)	(67,361)	(269,900)
Collections and provision reversals	41,344	29,070	149,847	220,261
Interstage Additions / Disposals	(31)	27,327	(27,296)	-
Amount written off during the period	-	-	(38,224)	(38,224)
<b>Provision at the End of the Period</b>	<b>(42,051)</b>	<b>(765,221)</b>	<b>(298,267)</b>	<b>(1,105,539)</b>

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***6. Lease transactions (continued)**

As of 31 December 2021, movement table of provisions for non-performing lease receivables is as follows:

<b>Expected Loss Provision Movement Table:</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
End of Prior Period	-	(152,816)	(127,539)	(280,355)
TFRS9 Opening Effect	(27,570)	(336,257)	(26,560)	(390,387)
Reserved provision	(55,872)	(314,146)	(88,216)	(458,234)
Collections and provision reversals	30,263	34,323	46,714	111,300
Interstage Additions / Disposals	(7,903)	127,535	(119,632)	-
Amount written off during the period	-	-	-	-
<b>Provision at the End of the Period</b>	<b>(61,082)</b>	<b>(641,361)</b>	<b>(315,233)</b>	<b>(1,017,676)</b>

**b. Operational Lease Receivables:**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade receivables	26,670	6,916
Trade receivables from related parties (Note 6)	-	212
	<b>26,670</b>	<b>7,128</b>

The Company engages with operational fleet leasing of motor vehicles. The following periods' lease receivables of fleet leasing activities pertaining to operational leases that cannot be cancelled are as stated below:

	<b>31 December 2022</b>	<b>31 December 2021</b>
2022	-	182,977
2023	434,864	85,207
2024	317,903	28,131
2025 and later	209,353	-
	<b>962,120</b>	<b>296,315</b>

The Company also tracks the second-hand values of the vehicles it has leased to its customers amounting to TL 2,204,739 (31 December 2021: TL 999,135) under its operating lease commitments. The Company requests mortgage, pledge blockage agreement, letter of guarantee, check or bill from its main customers. The portion of total trade receivables amounting to TL 1,609,604 (31 December 2021: TL 1,065,389) is guaranteed by mortgages, pledge blocking contracts, letters of guarantee, checks and promissory notes.

**7. Related party disclosures**

<b>Derivative Financial Assets from Related Parties</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Denizbank A.Ş.	79,960	41,925
	<b>79,960</b>	<b>41,925</b>
<b>Finance Lease Receivables from Related Parties</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Denizbank A.Ş.	200,066	156,134
Deniz Yatırım A.Ş.	529	1,057
Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	-	1
Deniz Faktoring A.Ş.	-	1
	<b>200,595</b>	<b>157,193</b>

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***7. Related party disclosures (continued)****Funds Borrowed from Related Parties****Denizbank A.Ş.**

<b>Currency</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>31 December 2022</b>
TL	13.45%	02/01/2023	1,407,951
			<b>1,407,951</b>

**Denizbank A.Ş.**

<b>Currency</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>31 December 2022</b>
EUR	6.00%	02/01/2023	715,902
EUR	4.30%	13/11/2028	920,455
EUR	3.95%	11/05/2032	565,936
			<b>2,202,293</b>

**Denizbank A.Ş.**

<b>Currency</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>31 December 2022</b>
USD	7.25%	02/01/2023	241,305
			<b>241,305</b>

**Denizbank A.Ş. (\*)**

<b>Currency</b>	<b>Interest Rate</b>	<b>Maturity</b>	<b>31 December 2021</b>
EUR	2.50%	03/01/2022	587,298
			<b>587,298</b>

(\*) There is no Denizbank A.Ş. USD loan as of 31 December 2021.

**Deposits at Related Parties**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Denizbank A.Ş. – Demand Deposit	11,282	3,772
Denizbank AG Viyana – Demand Deposit	61	45
	<b>11,343</b>	<b>3,817</b>

**Finance Lease Interest Income from Related Parties**

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	1	130
Denizbank A.Ş.	36,095	17,955
Deniz Yatırım A.Ş.	156	248
	<b>36,252</b>	<b>18,333</b>

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***7. Related party disclosures (continued)****Operating Lease Income from Related Parties**

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Denizbank AŞ	58,835	9,648
Intertech Bilgi İşlem ve Pazarlama Tic. A.Ş.	1,469	245
Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	379	269
Deniz Faktoring A.Ş.	712	24
Deniz Portföy A.Ş.	445	247
Deniz Yatırım A.Ş.	807	244
NEOHUB	610	-
	<b>63,257</b>	<b>10,677</b>

**Interest Income from Related Parties**

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Denizbank A.Ş.	96	2,348
	<b>96</b>	<b>2,348</b>

**Finance Expenses (\*)**

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Denizbank AG Viyana	-	(1,776)
Denizbank A.Ş. Bahreyn	(6,799)	(62,936)
Deniz Yatırım A.Ş.	-	-
Denizbank A.Ş.	(296,497)	(20)
	<b>(303,296)</b>	<b>(64,732)</b>

(\*) BITT (banking and insurance transaction tax), RUST (resource utilization support fund) and fee/commission expenses are included in finance expenses.

**Foreign Currency Gains and Gains on Derivative Transactions**

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Denizbank A.Ş.	152,178	-
	<b>152,178</b>	<b>-</b>

**Foreign Currency Losses and Losses on Derivative Transactions**

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Denizbank A.Ş.	(330,164)	(86,289)
	<b>(330,164)</b>	<b>(86,289)</b>

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***7. Related party disclosures (continued)****General Administrative Expenses**

	1 January- 31 December 2022	1 January- 31 December 2021
Denizbank A.Ş.	(5,555)	(3,025)
Intertech A.Ş.	(546)	(72)
	<b>(6,101)</b>	<b>(3,097)</b>

**Compensation of Key Management Personnel**

The Company provided TL 3,092 of benefits (health insurance, private pension plan, bonus etc.) to its key management personnel consisting of general manager and assistant general managers in year 2022 (31 December 2021: TL 1,740).

**8. Property, plant and equipment**

	1 January 2022	Additions	Disposals	31 December 2022
<b>Cost:</b>				
Furniture and fixtures	833	658	-	1,491
Vehicles	1,074,530	1,270,575	(132,821)	2,212,284
Real estate	2,419	-	-	2,419
Leasehold improvements	1,185	-	(2)	1,183
Buildings (*)	13,945	1,172	-	15,117
	<b>1,092,912</b>	<b>1,272,405</b>	<b>(132,823)</b>	<b>2,232,494</b>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	(379)	(127)	-	(506)
Vehicles	(43,507)	-	12,418	(31,089)
Real estate	(110)	(84)	-	(194)
Leasehold improvements	(1,179)	(3)	-	(1,182)
Buildings (*)	(6,725)	(2,930)	-	(9,655)
	<b>(51,900)</b>	<b>(3,144)</b>	<b>12,418</b>	<b>(42,626)</b>
<b>Net book value</b>				<b>2,189,868</b>

(\*) The TFRS 16 effect is shown in the additions line as the right-of-use asset.

## Notes to the financial statements as of 31 December 2022

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

## 8. Property, plant and equipment (continued)

	1 January 2021	Additions	Disposals	31 December 2021
<b>Cost:</b>				
Furniture and fixtures	465	368	-	833
Vehicles	492,650	666,832	(84,952)	1,074,530
Real estate	2,419	-	-	2,419
Leasehold improvements	1,185	-	-	1,185
Buildings (*)	12,617	1,330	(2)	13,945
	<b>509,336</b>	<b>668,530</b>	<b>(84,954)</b>	<b>1,092,912</b>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	(340)	(39)	-	(379)
Vehicles	(57,994)	(1,508)	15,995	(43,507)
Real estate	(110)	-	-	(110)
Leasehold improvements	(1,178)	(1)	-	(1,179)
Buildings (*)	(4,115)	(2,610)	-	(6,725)
	<b>(63,737)</b>	<b>(4,158)</b>	<b>15,995</b>	<b>(51,900)</b>
<b>Net book value</b>				<b>1,041,012</b>

## 9. Intangible assets

	31 December 2022	31 December 2021
<b>Cost (Software)</b>		
Opening Balance, 1 January	23,115	14,628
License purchases	16,103	8,487
<b>Closing Balance</b>	<b>39,218</b>	<b>23,115</b>
<b>Amortization</b>		
Opening Balance, 1 January	(12,188)	(8,075)
Licenses	(7,562)	(4,113)
Sales	-	-
<b>Closing Balance</b>	<b>(19,750)</b>	<b>(12,188)</b>
<b>Net Book Value</b>	<b>19,468</b>	<b>10,927</b>

## 10. Other assets

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Advances for Rental Operations	244,997	279,875	17,464	384,835
Prepaid Expenses (**)	40,226	-	10,005	-
Investments Subject to Leasing (*)	273,064	61,357	28,965	66,042
Other and Insurance Receivables	11,973	9,747	6,117	7,896
VAT Carried to the Next Period	164,796	-	91,191	-
Other	770	-	3,614	25
	<b>735,826</b>	<b>350,979</b>	<b>157,356</b>	<b>458,798</b>

(\*) The Company buys machinery and equipment from foreign and domestic vendors based on its lease agreements. As of 31 December 2022 and 31 December 2021, the costs and additional expenses of the machinery and equipment purchased and paid but not attached to the payment plan are tracked in this item.

(\*\*) Prepaid expenses in other items mainly consist of fleet leasing, insurance expenses, bond / bond issuance commission expenses and financial lease fees.

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***11. Funds borrowed**

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
<b>Short-Term Funds Borrowed</b>				
Short-Term Funds Borrowed	4,116,920	1,232,134	3,018,080	679,165
Short-Term Portions of Long-Term Funds Borrowed	-	-	-	36,468
<b>Total Short-Term Liabilities</b>	<b>4,116,920</b>	<b>1,232,134</b>	<b>3,018,080</b>	<b>715,633</b>
<b>Long-Term Funds Borrowed</b>				
Long-Term Portions of Long-Term Funds Borrowed	-	1,620,755	-	92,950
<b>Total Long-Term Funds Borrowed</b>	<b>-</b>	<b>1,620,755</b>	<b>-</b>	<b>92,950</b>
<b>Total Funds Borrowed</b>	<b>4,116,920</b>	<b>2,852,889</b>	<b>3,018,080</b>	<b>808,583</b>

<b>Maturity Analysis of Funds Borrowed:</b>	31 December 2022		31 December 2021	
Within 1 year		5,349,054		3,733,713
Within 1-2 years		75,047		47,328
Within 2-3 years		59,317		29,852
Within 3-4 years		-		15,770
Within 4-5 years		-		-
Over 5 years		1,486,391		-
		<b>6,969,809</b>		<b>3,826,663</b>

The details of short-term funds borrowed are as follows:

<b>Currency</b>	<b>Interest Rate %</b>	<b>Currency Amount</b>	<b>31 December 2022</b>
TL	12.00% - 20.00%	4,092,388	4,092,388
USD	7.25% - 7.50%	15,650	292,628
EUR	1.74% - 6.29%	47,097	938,874
Accrued interest on funds borrowed			25,164
<b>Total</b>			<b>5,349,054</b>

<b>Currency</b>	<b>Interest Rate %</b>	<b>Currency Amount</b>	<b>31 December 2021</b>
TL	16.35% - 25.50%	3,005,813	3,005,813
USD	1.66% - 1.66%	48	626
EUR	1.50% - 4.00%	48,561	712,994
Accrued interest on funds borrowed			14,280
<b>Total</b>			<b>3,733,713</b>

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***11. Funds borrowed (continued)**

The details of long-term funds borrowed are as follows:

Currency	Interest Rate %	Currency Amount	31 December 2022
USD	9.72%	145	2,711
EUR	1.74% - 6.30%	80,995	1,614,633
Accrued interest on funds borrowed			3,411
<b>Total</b>			<b>1,620,755</b>

Currency	Interest Rate %	Currency Amount	31 December 2021
EUR	1.50% - 4.00%	6,331	73,873
Accrued interest on funds borrowed			19,077
<b>Total</b>			<b>92,950</b>

Loan interest rates are expressed in simple terms.

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Fixed rate	4,116,920	1,283,485	3,018,080	738,115
Floating rate	-	1,569,404	-	70,468
	<b>4,116,920</b>	<b>2,852,889</b>	<b>3,018,080</b>	<b>808,583</b>

**12. Marketable securities issued**

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Bonds	1,941,141	-	928,120	-
Bills	-	-	-	-
	<b>1,941,141</b>	<b>-</b>	<b>928,120</b>	<b>-</b>

The details of the issued bonds in 2022 and 2021 are as follows (nominal):

Export Date	Exported Nominal Amount	Compound Interest Rate	Amortization Date	Coupon Term	Type
28 September 2022	100,000	21.00%	6 January 2023	Prepaid	Bond
26 October 2022	100,000	21.00%	27 January 2023	Prepaid	Bond
24 August 2022	320,000	22.60%	17 February 2023	Prepaid	Bond
31 August 2022	292,000	21.50%	24 February 2023	Prepaid	Bond
2 September 2022	314,000	21.50%	3 March 2023	Prepaid	Bond
7 September 2022	100,000	21.50%	8 March 2023	Prepaid	Bond
9 December 2022	184,000	22.30%	10 March 2023	Prepaid	Bond
14 December 2022	345,000	22.50%	15 March 2023	Prepaid	Bond
9 December 2022	50,000	23.50%	10 May 2023	Prepaid	Bond
14 December 2022	210,000	23.50%	10 May 2023	Prepaid	Bond
	<b>2,015,000</b>				

(\*) Denotes annual interest rates.



## Notes to the financial statements as of 31 December 2022

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

## 12. Marketable securities issued (continued)

Export Date	Exported Nominal Amount	Compound Interest Rate	Amortization Date	Coupon Term	Type
25 August 2021	170,000	16.74%	2 March 2022	Prepaid	Bond
3 September 2021	55,000	18.04%	2 September 2022	Prepaid	Bond
13 October 2021	252,000	16.97%	9 February 2022	Prepaid	Bond
27 October 2021	90,000	16.40%	2 March 2022	Prepaid	Bond
10 November 2021	300,000	16.27%	30 March 2022	Prepaid	Bond
24 November 2021	50,000	15.98%	30 March 2022	Prepaid	Bond
	<b>917,000</b>				

(\*) Denotes annual interest rates.

## 13. Lease payables (net)

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Financial Leasing Transactions Payables (Building Rent)	10,367	-	14,431	-
Deferred Rental Expenses	(1,819)	-	(3,817)	-
	<b>8,548</b>	<b>-</b>	<b>10,614</b>	<b>-</b>

## 14. Derivative financial liabilities

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Fair Values of Currency Swap Transactions	11,336	-	112,121	-
	<b>11,336</b>	<b>-</b>	<b>112,121</b>	<b>-</b>

## 15. Other liabilities

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Order Advances Received (*)	162,523	141,247	64,204	140,829
Payables to Finance Lease Suppliers	20,706	52,845	33,243	36,547
Fees and Other Income Tax Withholding Expense Accruals	5,552	-	341	-
Social Insurance Premiums to be Paid	-	-	124	-
Other Taxes Payable	665	-	305	-
Other Taxes Payable	767	-	180	-
Committed Financial Leasing Receivables (**)	20,878	246,937	-	35,234
	<b>211,091</b>	<b>441,029</b>	<b>98,397</b>	<b>212,610</b>

(\*) Order advances received consist of rent advances received from tenants for the parts of machinery and equipment which have not yet been used by the customers.

(\*\*) Committed financial leasing receivables include advances received based on transactions whose contracts have been completed but not invoiced.

The Company generally purchases in cash from the suppliers. The Company has a financial risk management policy that enables the Company to pay all its payables at their maturities.

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***16. Deferred tax assets and liabilities**

The Company recognizes deferred tax receivables and liabilities for temporary timing and valuation method differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TAS/TFRS.

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Temporary Differences Subject to Deferred Tax</b>		
Retirement Pay Provision	7,666	2,063
Unused Vacation Provision	967	363
Bonus Provision	3,442	1,890
Other Expense Provisions	107	110
Income Accruals for Finance Leases and Ongoing Leasing Contracts	(229,029)	(144,736)
Allowance for Doubtful Finance Lease Receivables	807,273	702,444
Derivatives	(12,246)	67,631
General Provisions for Finance Lease Receivables	4,627	-
Financial Instrument Valuation Differences	553	106
Tax Base Differences in Property, Plant and Equipment	(1,087,683)	(521,267)
Doubtful Lease Receivables Exchange Difference	-	2,355
Prepaid Interest	854	608
Correction Regarding the Securities Commission	(529)	(1,416)
Letter of Guarantee Commission	(1,790)	(610)
Right-of-Use Asset	3,085	3,344
Specific Provision Exchange Difference	(188,708)	(108,631)
Exchange Difference of NPL Terminations	192,076	129,062
Investment Fund Participation Certificates	(23,246)	-
Financial Loss (**)	319,060	-
	<b>(203,521)</b>	<b>133,316</b>

	<b>31 December 2022 (*)</b>	<b>31 December 2021(**)</b>
<b>Deferred Tax Assets/(Liabilities)</b>		
Retirement Pay Provision	1,916	475
Unused Vacation Provision	242	83
Bonus Provision	860	435
Other Expense Provisions	27	25
Income Accruals for Finance Leases and Ongoing Leasing Contracts	(57,257)	(33,290)
Allowance for Doubtful Finance Lease Receivables	201,818	140,489
Derivatives	(3,062)	15,555
General Provisions for Finance Lease Receivables	1,157	-
Financial Instrument Valuation Differences	138	21
Tax Base Differences in Property, Plant and Equipment	(271,921)	(105,964)
Doubtful Lease Receivables Exchange Difference	-	471
Prepaid Interest	213	140
Correction Regarding the Securities Commission	(132)	(326)
Letter of Guarantee Commission	(448)	(140)
Right-of-Use Asset	773	769
Specific Provision Exchange Difference	(47,177)	(24,984)
Exchange Difference of NPL Terminations	48,019	29,684
Investment Fund Participation Certificates	(5,811)	-
Financial Loss (**)	79,765	-
<b>Deferred Tax Asset/(Liability) (Net)</b>	<b>(50,880)</b>	<b>23,443</b>

(\*) The corporate tax and deferred tax rate applicable for 31 December 2022 are applied as 25%.

(\*\*) As of 31 December 2022, deferred tax asset amounting to TL 79,765 has been made over the financial loss amounting to TL 319,061 in the current period.

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***16. Deferred tax assets and liabilities (continued)**

Deferred tax asset/ (liability) movement is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Opening Balance as of 1 January	23,443	(24,818)
Opening balance restated as of 1 January	-	45,500
Deferred taxes accounted in under equity	(1,274)	(5,078)
~ Cash flow hedge accounting	(2,258)	(5,070)
~ Severance provision	984	(8)
Deferred Tax Income / (Loss)	(73,049)	(16,979)
<b>Closing Balance as of 31 December</b>	<b>(50,880)</b>	<b>23,443</b>

**17. Provisions**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Provision for Employee Rights Obligation	12,075	4,316
Provision for Litigation	8,994	5,827
Other Provisions (*)	26,301	20,314
	<b>47,370</b>	<b>30,457</b>

(\*) Provisions for incentive penalties consist of provisions for general administrative expenses and other provisions.

**• Provision for employee rights obligation**

The Company has calculated and accounted for the employee benefits provision in its financial statements in accordance with actuarial valuation methods stated in TAS 19.

	<b>31 December 2022</b>	<b>31 December 2021</b>
Discount Rate	1.91%	5.08%
Interest Rate	21.83%	24.00%
Estimated increase rate of salaries/retirement pay ceiling	19.55%	18.00%
<b>Employee Benefits Provision</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Retirement Pay Provision	7,666	2,063
Unused Vacation Provision	967	363
Bonus Provision	3,442	1,890
	<b>12,075</b>	<b>4,316</b>

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***17. Provisions (continued)**

<b>Provision for Severance Pay</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Beginning of the Year	2,063	1,740
Service Cost	269	211
Interest cost	495	236
Actuarial Loss	3,973	(97)
Historical Service Cost	1,148	-
Payments made during the period (-)	(282)	(27)
<b>End of the Period</b>	<b>7,666</b>	<b>2,063</b>

<b>Bonus Provision</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Beginning of the year	1,890	-
Additional provision	4,199	2,581
Bonus Paid	(2,647)	(691)
<b>End of the Period</b>	<b>3,442</b>	<b>1,890</b>

<b>Unused Vacation Provision</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Beginning of the year	363	175
Allowance paid	(96)	(11)
Additional provision	700	199
<b>End of the Period</b>	<b>967</b>	<b>363</b>

**18. Current tax debt / (receivable)**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Corporate Tax Provision	-	3,939
Prepaid Taxes	(47,233)	(49,787)
<b>Corporate Tax Provision / (Receivable) (net)</b>	<b>(47,233)</b>	<b>(45,848)</b>

**19. Paid-in capital and capital reserves**

As of 31 December 2022 and 31 December 2021, distribution of the share capital held based on shareholders and shares is as follows.

<b>Shareholders</b>	<b>(%)</b>	<b>31 December 2022</b>
Denizbank A.Ş.	99.99	317,000
Derya Kumru	<1	<1
Ali Murat Dizdar	<1	<1
Mehmet Aydoğdu	<1	<1
Tanju Kaya	<1	<1
	<b>100</b>	<b>317,000</b>

(\*) As of 25 May 2022, it has been decided to accept the transfer of 1 share with a nominal value of TL 1, owned by Hayri Cansever, to Mehmet Aydoğdu.

## Deniz Finansal Kiralama A.Ş.

### Notes to the financial statements as of 31 December 2022

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

#### 19. Paid-in capital and capital reserves (continued)

Shareholders	(%)	31 December 2021
Denizbank A.Ş.	99.99	317,000
Derya Kumru	<1	<1
Ali Murat Dizdar	<1	<1
Hayri Cansever	<1	<1
Tanju Kaya	<1	<1
	<b>100</b>	<b>317,000</b>

(\*) As of 21 January 2020, Denizbank AG, which has a 51% share of the Company, has transferred all of its shares to Denizbank A.Ş. in exchange for an amount of TL 645,888 equivalent to EUR 98,481,000

As of 31 December 2022, the Company's paid-in-capital consists of 317,000,000 shares of TL 1 nominal each (31 December 2021: 317,000,000 shares of TL 1 nominal each).

There are no preferred stocks representing the share capital.

#### 20. Profit reserves

	31 December 2022	31 December 2021
Legal Reserves	43,908	43,908
Extraordinary Reserves	490,345	729,246
Other Capital Reserves	-	-
	<b>534,253</b>	<b>773,154</b>

The legal reserves consist of the first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. At the ordinary general assembly meeting held on 25 March 2022, it has been decided that TL 81,184, which is the profit for the year 2021, will be deducted from the prior year's loss arising from the change in the accounting application, and the remaining TL 238,901 prior year's loss will be deducted from the extraordinary reserve fund amounting to TL 729,246 and no profit distribution will be made.

#### 21. Prior years' profit or loss

##### Profit distribution

In accordance with the Law No. 5228 on "Amending Certain Tax Laws" published in the Official Gazette dated 31 July 2004 and numbered 25539, it has become possible for costs arising from inflation differences of equity items occurring during the first adjustment of financial statements according to inflation and monitored in "Prior Years' Profit/Loss" to be offset with accumulated losses occurring as a result of the adjustment or to be added to the capital by corporate tax payers; and these transactions are not considered as profit distribution.

Inflation adjustments to issued capital and historical amount of extraordinary reserves can be used for in kind capital increase, dividend distribution in cash or the net loss deduction. In case inflation adjustment to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

Per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase.

As of 31 December 2022, the Company has no deferred tax income from deferred tax assets (31 December 2021: None).

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***22. Foreign currency position**

<b>31 December 2022</b>	<b>USD</b>	<b>EUR</b>	<b>CHF</b>	<b>GBP</b>	<b>JPY</b>	<b>Other</b>	<b>TL Equivalent</b>
Cash, Cash Equivalents and Central Bank	106	357	-	-	-	1	9.231
Financial Assets Measured by Amortized Cost	80.547	182.351	-	-	-	-	5.141.239
Other Assets	7.128	14.467	-	-	-	-	427.872
<b>Total Assets</b>	<b>87.781</b>	<b>197.175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>5.578.342</b>
Funds Borrowed	15.804	128.286	-	-	-	-	2.852.889
Other Provision	-	-	-	-	-	-	-
Other Liabilities	9.519	13.490	-	-	-	-	441.029
<b>Total Liabilities</b>	<b>25.323</b>	<b>141.776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.293.918</b>
<b>Net Balance Sheet Position</b>	<b>62.458</b>	<b>55.399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>2.284.424</b>
<b>Off Balance Sheet Position (Derivative)</b>	<b>(51.000)</b>	<b>(50.000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1.950.358)</b>
<b>Net Foreign Currency Position (*)</b>	<b>11.458</b>	<b>5.399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>334.066</b>

*(\*) Includes foreign currency position arising from operating lease transactions of the Company.*

<b>31 December 2021</b>	<b>USD</b>	<b>EUR</b>	<b>CHF</b>	<b>GBP</b>	<b>JPY</b>	<b>Other</b>	<b>TL Equivalent</b>
Cash, Cash Equivalents and Central Bank	94	143	3	1	1	1	3.386
Financial Assets Measured by Amortized Cost	77.836	151.099	-	-	-	-	3.228.591
Other Assets	4.080	27.642	-	-	-	-	458.798
<b>Total Assets</b>	<b>82.010</b>	<b>178.884</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3.690.775</b>
Funds Borrowed	48	55.030	-	-	-	-	808.583
Other Provision	-	-	-	-	-	-	-
Other Liabilities	5.539	9.585	-	-	-	-	212.610
<b>Total Liabilities</b>	<b>5.587</b>	<b>64.615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.021.193</b>
<b>Net Balance Sheet Position</b>	<b>76.423</b>	<b>114.269</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2.669.582</b>
<b>Off Balance Sheet Position (Derivative)</b>	<b>(72.300)</b>	<b>(128.800)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.961.046)</b>
<b>Net Foreign Currency Position (*)</b>	<b>4.123</b>	<b>(14.531)</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>(291.464)</b>

*(\*) Includes foreign currency position arising from operating lease transactions of the Company.***23. Provisions, contingent assets and liabilities**

As of 31 December 2022, TL 1,805,716 of letters of guarantee were given to customs authorities and banks (31 December 2021: TL 1,110,133).

As of 31 December 2022, total legal cases pending against the Company is TL 31,296 (31 December 2021: TL 26,296) and the provision recognized in the accompanying financial statements for such legal cases is TL 8,993 (31 December 2021: TL 5,827).

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***23. Provisions, contingent assets and liabilities (continued)**

Derivative transactions:

	31 December 2022		31 December 2021	
	Currency Amount	TL	Currency Amount	TL
Forward Foreign Currency Purchase Transaction: TL	1,965,995	1,965,995	2,845,600	2,845,600
	<b>1,965,995</b>	<b>1,965,995</b>	<b>2,845,600</b>	<b>2,845,600</b>
Forward Foreign Currency Sale Transaction: EURO	50,000	996,745	128,800	1,891,080
	<b>50,000</b>	<b>996,745</b>	<b>128,800</b>	<b>1,891,080</b>
Forward Foreign Currency Sale Transaction: USD	51,000	953,613	77,300	1,001,161
	<b>51,000</b>	<b>953,613</b>	<b>77,300</b>	<b>1,001,161</b>
Futures Sale Transactions: TL	-	-	66,805	66,805
	-	-	<b>66,805</b>	<b>66,805</b>
Futures Purchase Transactions: USD	-	-	5,000	66,805
	-	-	<b>5,000</b>	<b>66,805</b>
		<b>31 December 2022</b>	<b>31 December 2021</b>	
		<b>TL</b>	<b>TL</b>	
Maturity Analysis for Foreign Currency Sell Transactions:				
Short-Term		1,965,995	2,912,405	
Long-Term		-	-	
		<b>1,965,995</b>	<b>2,912,405</b>	
Maturity Analysis for Foreign Currency Sell Transactions:				
Short-Term		1,950,358	2,961,046	
Long-Term		-	-	
		<b>1,950,358</b>	<b>2,961,046</b>	

**Deniz Finansal Kiralama A.Ş.****Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***24. Operating income**

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Finance Lease Interest Income	717,757	359,485
Operating Lease Income	379,117	210,832
	<b>1,096,874</b>	<b>570,317</b>

**25. Operating expenses**

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Operational Lease Expenses	(163,046)	(60,793)
Personnel Expenses	(33,331)	(16,127)
Other General Administrative Expenses	(23,411)	(15,947)
Depreciation and Amortization Expenses	(10,706)	(8,271)
Consultancy Expenses	(934)	(572)
Information Technology Expenses	(648)	(793)
Severance Pay Provision	(1,630)	(405)
Travel and Vehicle Expenses	(531)	(219)
	<b>(234,237)</b>	<b>(103,127)</b>

**26. Other operating income**

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Foreign Exchange Gains	2,792,333	2,488,286
Gain on Derivative Instruments	362,384	501,762
Collections from NPLs	149,847	-
Capital Market Transactions Profit	23,246	-
Insurance Commission Income	7,085	-
Interest Received from Securities	125	4,205
Interest from Banks	96	1,331
Income from the Sale of Assets	264,763	65,825
Other	93,950	46,050
	<b>3,693,829</b>	<b>3,107,459</b>

**27. Finance expenses**

	<b>1 January- 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Interest Expenses	(727,562)	(258,321)
Interest Expense on Marketable Securities Issued	(254,301)	(144,909)
Fees and Commissions Paid	(27,258)	(15,855)
Other	(4,101)	(2,765)
	<b>(1,013,222)</b>	<b>(421,850)</b>



**Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***28. Provision for Expected Loss**

	<b>1 January – 31 December 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Provision for Expected Loss	(22,282)	(180,257)	(67,361)	(269,900)
	<b>(22,282)</b>	<b>(180,257)</b>	<b>(67,361)</b>	<b>(269,900)</b>
	<b>1 January – 31 December 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Provision for Expected Loss	(33,512)	(152,288)	(161,134)	(346,934)
	<b>(33,512)</b>	<b>(152,288)</b>	<b>(161,134)</b>	<b>(346,934)</b>

**29. Fees for services received from independent auditor/Independent audit firm**

The fee information for the reporting period regarding the services received from independent auditors or independent audit firms in accordance with the decision of the POA dated 26 March 2021 is given in the table below.

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Independent audit fee	(574)	(150)
Tax consultancy fee	-	-
Other assurance services fee	-	-
Other non-audit assurance services	-	-
	<b>(574)</b>	<b>(150)</b>

**30. Other operating expenses**

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Foreign Exchange Losses	(2,041,308)	(1,685,832)
Losses from Derivative Instruments	(460,986)	(1,007,847)
Other	(30,492)	(10,084)
	<b>(2,532,786)</b>	<b>(2,703,763)</b>

**Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***31. Taxation**

<b>Tax Provision</b>	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Corporate Tax Provision	(4,447)	(3,939)
Deferred Tax Income / (Expenses)	(73,049)	(16,979)
	<b>(77,496)</b>	<b>(20,918)</b>

Reconciliation of tax expense with the net income for the year is as follows:

<b>Tax Provision</b>	<b>1 January- 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Pre-tax profit	740,558	102,102
Tax rate	25%	25%
Tax effect	(185,139)	(25,526)
Non-deductible expenses and deductions (net) (*)	107,643	4,608
	<b>(77,496)</b>	<b>(20,918)</b>

(\*) As of 31 December 2022, deferred tax asset amounting to TL 79,765 was created over the financial loss amounting to TL 319,061 in the current period.

**Corporate Tax**

The Company is subject to the tax legislation and practices of the countries in which they operate.

The companies apply 25% (31 December 2021: 25%) tax rate over their quarterly profits when calculating their temporary tax payables, which they are obliged to declare via advance corporate tax declaration by the end of 14th and pay by the end of 17th of the 2<sup>nd</sup> month following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the corporate income tax calculated for the same fiscal year. Following the netting-off, if there is a remaining advance corporate tax balance, it can be offset or can be received in the form of cash refund.

With the Law No. 7394 on Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810 and With the paragraph added to the Article 26 of the Law on Amending Certain Laws and Decrees with the Force of Law and the temporary article 13 of the Corporate Tax Law No. 5520, it has been determined that the Corporate Tax rate will be restated as 25% for the corporate earnings of the 2022 taxation period.

With this amendment, 25% rate is valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 2022.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate income tax base of up to next 5 years. Declarations and related accounting records can be examined by the tax office within up to next 5 years.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, 15% withholding tax rate is applied to dividends paid.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these financial statements, have been calculated on a separate-entity basis.

**Income Withholding Tax**

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies.

Notes to the financial statements as of 31 December 2022

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

31. Taxation (continued)

*Income Withholding Tax (continued)*

The rate of income withholding tax is 10% starting from 24 April 2003 by the end of 22 July 2006. However, this rate was changed to 15% commencing from 22 July 2006 upon the order no: 2006/10731 of the Council of Ministers. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

32. Earnings per share

The Company's shares are not traded in the stock exchange, therefore, earnings per share have not been calculated in the accompanying financial statements.

33. Other issues that significantly affect the financial statements or other issues required for the clear understanding of financial statements issues

None.

34. Additional information about financial instruments

(a) Capital Risk Management

In accordance with Article 12 of the "Regulation on Establishment and Operation Principles of Financial leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013, the Company is required to keep its equity in accordance with the standard set out in the regulation.

The Company manages its capital by sustaining its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

(b) Significant Accounting Policies

The Company's significant accounting policies on the financial instruments are disclosed in Note 3 "Summary of valuation principles/ significant accounting policies".

(c) Financial Instruments

	31 December 2022	31 December 2021
<b>Financial assets:</b>		
Cash, Cash Equivalents and Central Bank	13,363	4,314
Financial Assets at Fair Value Through Profit/Loss	473,246	-
Derivative Financial Assets	83,863	44,490
Financial Assets Measured by Amortized Cost	7,280,275	4,273,018
<b>Financial Liabilities:</b>		
Derivative Financial Liabilities	(11,336)	(112,121)
Other Liabilities (*)	(645,136)	(310,181)
Funds Borrowed	(6,969,809)	(3,826,663)
Issued Securities	(1,941,141)	(928,120)

(\*) Taxes and liabilities amounting to TL 6,984, which are included in other liabilities, are not included in this table (31 December 2021: TL 826).

**34. Additional information about financial instruments (continued)**

**(d) Financial Risk Management Objectives**

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

The Company uses derivative instruments to minimize the effects of such risks and it also uses such instruments for hedging. The Company does not trade financial instruments (including derivative financial instruments) for speculative purposes and does not have any activity related to the purchase and sale of such vehicles.

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

**(e) Market Risk**

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates (refer to section f) and interest rates (refer to section g). To manage risks relating to exchange rates and interest rates, the Company uses various derivative financial instruments including the below:

- "Forward foreign currency contracts" to hedge the exchange rate risk arising from operations and
- "Currency swaps" to control the exchange rate risk of foreign currency denominated liabilities,

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

There has been no change in the Company's exposure to market risk or the method it uses to manage and measure such risks in the current year.

**(f) Foreign Currency Risk Management**

Foreign currency risks result from foreign currency transactions. The Company manages its foreign currency risk arising from its operations and cash flows of finance contracts by using the "forward foreign currency contracts".

The Company's assets and liabilities denominated in foreign currencies are disclosed in Note 22.

**Foreign Currency Sensitivity**

Exchange rate risks which the Company is exposed to are summarized in the below table.

The table below indicates the sensitivity of the Company to USD, EUR and other foreign currencies when there is a 10% of change in such exchange rates. The Company use 10% of rate change when it reports its foreign currency risk to the top management and this rate represents the top management's expectation on the exchange rate fluctuations. Sensitivity analyses made in relation to the Company's exposure to foreign currency at the reporting period is determined based on the fluctuations at the beginning of the fiscal year and the analyses are fixed during the reporting period. Positive amount refers to an increase profit/loss.

Exchange rate information used by the Company as of 31 December 2022 and 31 December 2021 is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
USD	18.6983	12.9775
EUR	19.9349	14.6823
CHF	20.2019	14.1207
GBP	22.4892	17.4530

## Notes to the financial statements as of 31 December 2022

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

## 34. Additional information about financial instruments (continued)

## Foreign Currency Sensitivity (continued)

	31 December 2022			
	Gain / Loss		Shareholders' Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
1 - Net USD asset/liability	116,786	(116,786)	-	-
2 - USD hedging (-)	(95,361)	95,361	-	-
<b>3 - USD, net effect (1+2)</b>	<b>21,425</b>	<b>(21,425)</b>	-	-
4 - Net EUR asset/liability	110,437	(110,437)	-	-
5 - EUR hedging (-)	(99,675)	99,675	-	-
<b>6 - EUR, net effect (4+5)</b>	<b>10,763</b>	<b>(10,763)</b>	-	-
<b>TOTAL (3 + 6)</b>	<b>32,188</b>	<b>(32,188)</b>	-	-

  

	31 December 2021			
	Gain / Loss		Shareholders' Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
1 - Net USD asset/liability	99,178	(99,178)	-	-
2 - USD hedging (-)	(93,827)	93,827	-	-
<b>3 - USD, net effect (1+2)</b>	<b>5,351</b>	<b>(5,351)</b>	-	-
4 - Net EUR asset/liability	167,773	(167,773)	-	-
5 - EUR hedging (-)	(189,108)	189,108	-	-
<b>6 - EUR, net effect (4+5)</b>	<b>(21,335)</b>	<b>21,335</b>	-	-
<b>TOTAL (3 + 6)</b>	<b>(15,984)</b>	<b>15,984</b>	-	-

## Futures exchange contracts and foreign currency swaps

The Company conducts forward exchange rate contracts and foreign exchange swaps in order to meet the risks arising from payments and collections in certain foreign currencies and expected sales and purchases.

As of 31 December 2022, there is an unrealized net loss of TL 12,246 (31 December 2021: profit of TL 67,631), which consists of changes in the fair value of the forward exchange rate contracts.

**Notes to the financial statements as of 31 December 2022***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***34. Additional information about financial instruments (continued)****(g) Interest Rate Risk Management**

The Company is exposed to interest rate risks as the Company borrows at both fixed and floating rates. Such risk is covered and controlled by making proper classification between fixed and floating rate liabilities.

**Interest Rate Sensitivity**

The interest rate sensitivity analysis below is based on the Company's exposure to interest rate risks at the reporting period and estimated interest rate fluctuations at the beginning of the fiscal year and is fixed during the reporting period. The Company management makes its sensitivity analysis based on a 100-basis point interest rate fluctuation scenario. This rate is also used in top management reporting.

**Interest Position Table**

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Fixed Rate Financial Instruments</b>		
<b>Financial Assets:</b>		
Time Deposits	-	-
Finance Lease Receivables	7,136,885	3,931,086
<b>Financial Liabilities:</b>		
Funds Borrowed	5,400,405	3,756,195
Marketable Securities Issued	1,941,141	928,120
<b>Floating rate financial instruments</b>		
<b>Financial Assets:</b>		
Finance Lease Receivables	116,720	334,804
<b>Financial Liabilities:</b>		
Funds Borrowed	1,569,404	70,468
Marketable Securities Issued	-	-

If interest rates were 100 basis points higher at the balance sheet date and all other variables were held constant:

The Company's interest income from floating rate finance lease contracts would increase by TL 1,167 (31 December 2021: TL 3,348).

The Company's interest expense on floating rate borrowings would increase by TL 15,694 (31 December 2021: TL 705).

**(h) Credit Risk Management**

Credit risks refer to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, by means of mitigating the risk of financial loss from defaults. The Company's exposure to credit risks and credit ratings of its counterparties are monitored on a continuous basis. Credit exposure is controlled by counterparty limits that are set by the Board of Directors.

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

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**Notes to the financial statements as of 31 December 2022**

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

**34. Additional information about financial instruments (continued)**

Credit risks based on categories of financial instruments

	Finance Lease Receivables				Derivative Financial Assets
	Related Party	Other Party	Deposit at bank	Financial Assets at Fair Value Through Profit/Loss	
<b>31 December 2022</b>					
Maximum credit risk exposed as of the reporting date (*)	202,595	7,077,680	13,363	473,246	83,863
- The part of the maximum risk secured by guarantee, etc.	-	6,641,731	-	-	-
A. Net book value of financial assets that are not past due or impaired - part secured by guarantee, etc.	202,595	6,999,650	13,363	473,246	83,863
B. Book value of financial assets whose conditions have been renegotiated, otherwise they will be deemed overdue or impaired	-	6,299,234	-	-	-
C. Net book value of assets that are overdue but not impaired - part secured by guarantee, etc.	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-
- Overdue (gross book value)	-	78,030	-	-	-
- Impairment (-)	-	376,297	-	-	-
- The part of the net value secured with guarantee, etc. (**)	-	(298,267)	-	-	-
- Not overdue (gross book value)	-	342,497	-	-	-
- Impairment (-)	-	-	-	-	-
- The part of the net value secured with guarantee, etc. (**)	-	-	-	-	-
E. Factors that include off-balance credit risk	-	-	-	-	-
Maximum credit risk exposed as of the reporting date (*)	-	-	-	-	-

(\*) No credit enhancing item such as; guarantees received, is taken into account in the calculation and investments under leasing and advances given for leasing transactions are not included in the total.

(\*\*) Includes guarantees of assets impaired but not past due.

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**Notes to the financial statements as of 31 December 2022**

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

**34. Additional information about financial instruments (continued)**

	Finance Lease Receivables					Derivative Financial Assets
	31 December 2021	Related Party	Other Party	Deposit at bank	Financial Assets at Fair Value Through Profit/Loss	
Maximum credit risk exposed as of the reporting date (*)	157,193	4,115,825	4,314	-	44,490	
- The part of the maximum risk secured by guarantee, etc.	-	3,884,584	-	-	-	
A. Net book value of financial assets that are not past due or impaired - part secured by guarantee, etc.	157,193	4,752,076	4,314	-	44,490	
B. Book value of financial assets whose conditions have been renegotiated, otherwise they will be deemed overdue or impaired	-	3,552,903	-	-	-	
C. Net book value of assets that are overdue but not impaired - part secured by guarantee, etc.	-	-	-	-	-	
D. Net book values of impaired assets	-	-	66,192	-	-	
- Overdue (gross book value)	-	-	381,425	-	-	
- Impairment (-)	-	-	(315,233)	-	-	
- The part of the net value secured with guarantee, etc. (**)	-	-	286,250	-	-	
- Not overdue (gross book value)	-	-	-	-	-	
- Impairment (-)	-	-	-	-	-	
- The part of the net value secured with guarantee, etc. (**)	-	-	-	-	-	
E. Factors that include off-balance credit risk	-	-	-	-	-	

(\*) No credit enhancing item such as; guarantees received, is taken into account in the calculation and investments under leasing and advances given for leasing transactions are not included in the total.

(\*\*) Includes guarantees of assets impaired but not past due.



**34. Additional information about financial instruments (continued)**

**(i) Liquidity Risk Management**

The Company management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages its liquidity risk by maintaining adequate reserves and borrowing facilities by constantly monitoring forecasts and actual cash flows and matching the maturity profile of financial assets and liabilities.

**Liquidity Risk Table**

The following table details the Company's expected maturity for its non-derivative financial assets and liabilities. The tables below have been drawn up based on the earliest probable maturities of the financial assets and liabilities. Interest amounts to be collected and disbursed on the Company's assets and liabilities have also been included in the table below.

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**Notes to the financial statements as of 31 December 2022**

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

**34. Additional information about financial instruments (continued)**

**31 December 2022**

Contractual Maturities	Carrying Value	Contractual cash inflow/outflow (I+II+III+IV)				
		Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)	
Non-Derivative Financial Liabilities:						
Funds Borrowed	6,969,809	5,121,891	227,439	135,330	1,486,393	
Other Liabilities (*)	645,136	645,136	-	-	-	
Marketable Securities Issued	1,941,141	1,744,372	256,163	-	-	
<b>Total Liabilities</b>	<b>9,556,086</b>	<b>7,511,399</b>	<b>483,602</b>	<b>135,330</b>	<b>1,486,393</b>	

(\*) Taxes and liabilities payable amounting to TL 6,984, which are included in other liabilities, are not included in this table.

The Company makes payments based on contractual maturities.

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**Notes to the financial statements as of 31 December 2022**

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

**34. Additional information about financial instruments (continued)**

**31 December 2021**

Contractual Maturities	Carrying Value	Contractual cash inflow/outflow (I+II+III+IV)			
		Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-Derivative Financial Liabilities:					
Funds Borrowed	3,826,663	3,687,303	40,462	110,650	-
Other Liabilities (*)	310,181	310,181	-	-	-
Marketable Securities Issued	928,120	928,120	-	-	-
<b>Total Liabilities</b>	<b>5,064,964</b>	<b>4,925,604</b>	<b>40,462</b>	<b>110,650</b>	<b>-</b>

(\*) Taxes and liabilities payable amounting to TL 826, which are included in other liabilities, are not included in this table.

The Company makes payments based on contractual maturities.

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Notes to the financial statements as of 31 December 2022

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

34. Additional information about financial instruments (continued)

31 December 2022

Contractual Maturities	Carrying Value	Contractual cash inflow/outflow (I+II+III+IV)				
		Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)	
Cash Inflows from Derivatives	1,965,995	1,965,995	-	-	-	
Cash Outflows from Derivatives	(1,950,358)	(1,950,358)	-	-	-	

31 December 2021

Contractual Maturities	Carrying Value	Contractual cash inflow/outflow (I+II+III+IV)				
		Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)	
Cash Inflows from Derivatives	2,912,405	2,912,405	-	-	-	
Cash Outflows from Derivatives	(2,961,046)	(2,961,046)	-	-	-	

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**Notes to the financial statements as of 31 December 2022**

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

**34. Additional information about financial instruments (continued)**

(i) Fair Value of Financial Instruments

Except for the items below, the Company management estimates that the carrying value of the financial assets and liabilities approximates their fair value.

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

The table below refers to the comparison of carrying amounts and fair values of financial instruments which are carried at other than their fair values in the financial statements.

31 December 2022	Financial assets held for trading	Available for sale financial assets and subsidiaries	Financial assets at amortized cost	Loans and receivables	Carrying value	Fair value
<b>Financial assets</b>						
Cash, Cash Equivalents and Central Bank	-	-	13,363	-	13,363	13,363
Financial Assets at Fair Value Through Profit/Loss (Net)	473,246	-	-	-	473,246	473,246
Derivative Financial Assets	83,863	-	-	-	83,863	83,863
Financial Assets Measured at Amortized Cost (*)	-	-	-	7,223,081	7,223,081	7,126,028
<b>Financial liabilities</b>						
Derivative Financial Liabilities	11,336	-	-	-	11,336	11,336
Other Liabilities (**)	-	-	-	-	645,136	645,136
Funds Borrowed	-	-	-	-	6,969,809	6,971,053
Issued Securities	-	-	-	-	1,941,141	2,000,535

(\*) Terminated transactions amounting to TL 57,194 included in Financial Assets Measured at Amortized Cost are not included in this table.

(\*\*) Taxes and liabilities amounting to TL 6,984, which are included in other liabilities, are not included in this table.

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**Notes to the financial statements as of 31 December 2022**

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

**34. Additional information about financial instruments (continued)**

31 December 2021	Financial assets held for trading	Available for sale financial assets and subsidiaries	Financial assets at amortized cost	Loans and receivables	Carrying value	Fair value
<b>Financial assets</b>						
Cash, Cash Equivalents and Central Bank	-	-	4,314	-	4,314	4,314
Derivative Financial Assets	44,490	-	-	-	44,490	44,490
Financial Assets Measured at Amortized Cost (*)	-	-	-	4,079,365	4,079,365	4,731,127
<b>Financial liabilities</b>						
Derivative Financial Liabilities	112,121	-	-	-	112,121	112,121
Other Liabilities (**)	-	-	-	-	310,181	310,181
Funds Borrowed	-	-	-	-	3,826,663	3,828,322
Issued Securities	-	-	-	-	928,120	928,120

(\*) Terminated transactions amounting to TL 193,653 included in Financial Assets Measured at Amortized Cost are not included in this table.

(\*\*) Taxes and liabilities amounting to TL 826, which are included in other liabilities, are not included in this table.

**Notes to the financial statements as of 31 December 2022**

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

**34. Additional information about financial instruments (continued)**

(k) Fair Value Level of Financial Instruments

**Fair value levels as of 31 December 2022**

Financial Instruments	31 December 2022	Level 1	Level 2	Level 3
Derivative financial assets/(liabilities), net	72,527	-	72,527	-

**Fair value levels as of 31 December 2021**

Financial Instruments	31 December 2021	Level 1	Level 2	Level 3
Derivative financial assets/(liabilities), net	(67,631)	-	(67,631)	-

Level 1 :Implies that in determining the fair values of assets and liabilities, active market trading price is used for valuation purposes.

Level 2 :Implies that in determining the fair values of assets and liabilities, should other market price be observed other than first degree market prices, then observed market price is used for valuation purposes.

Level 3 :Implies that in determining the fair values of assets and liabilities, data not based on market observation is used for valuation purposes.

**35. Subsequent events**

It has been stated that a state of emergency has been declared in 10 provinces in the region due to the problems caused by the earthquakes in Kahramanmaraş, affecting many of our provinces and devastating our whole country. The developments regarding the natural disaster are being closely monitored and works are continuing to determine the situation.