

**DENİZ FİNANSAL KİRALAMA
ANONİM ŞİRKETİ**
FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023 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 2023, 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 2023, 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>Impairment of receivables from lease transactions</p> <p>In the financial statements of the Company as at 31 December 2023, the total of its receivables from the lease transactions, which has a share of 61% in the assets, is TL 13.475.698 thousand, and there is a total provision of TL 957.628 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>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>Information on provisions for receivables from lease transactions in the financial statements is explained in Note 6.</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 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 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, 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.)

5) Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 2023 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, 23 January 2024

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Deniz Finansal Kiralama A.Ş.

Statement of financial position (balance sheet) as of 31 December 2023

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

ASSETS		Notes	Audited current period 31 December 2023			Audited prior period 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	Cash, Cash Equivalents and Central Bank	3	147.198	38.112	185.310	4.132	9.231	13.363
II.	Financial Assets at Fair Value Through Profit/Loss (Net)	4	1.782.238	-	1.782.238	473.246	-	473.246
III.	Derivative Financial Assets	5	-	52.112	52.112	6.970	76.893	83.863
IV.	Financial Assets at Fair Value Through Other Comprehensive Income (Net)		-	-	-	-	-	-
V.	Financial Assets Measured at Amortised Cost (Net)	6	5.044.013	7.474.057	12.518.070	2.139.036	5.141.239	7.280.275
5.1	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	5.015.992	6.046.319	11.062.311	2.169.497	5.840.020	8.009.517
5.4.1	Financial Lease Receivables		7.154.974	6.990.677	14.145.651	3.100.321	6.700.940	9.801.261
5.4.2	Operational Lease Receivables		34.236	-	34.236	26.670	-	26.670
5.4.3	Unearned Income (-)		(2.173.218)	(944.358)	(3.117.576)	(957.494)	(860.920)	(1.818.414)
5.5	Other Financial Assets Measured at Amortized Cost		-	-	-	-	-	-
5.6	Non-Performing Receivables	6	286.947	2.126.440	2.413.387	300.873	75.424	376.297
5.7	Expected Loss Provisions /Specific Provisions (-)	6	(258.926)	(698.702)	(957.628)	(331.334)	(774.205)	(1.105.539)
VI.	Equity Investments	8	29.500	-	29.500	-	-	-
6.1	Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		29.500	-	29.500	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	Plant, Property and Equipment (Net)	9	5.461.831	-	5.461.831	2.189.868	-	2.189.868
VIII.	Intangible Assets (Net)	10	28.021	-	28.021	19.468	-	19.468
IX.	Investment Properties (Net)		-	-	-	-	-	-
X.	Current Tax Assets	19	64.192	-	64.192	47.233	-	47.233
XI.	Deferred Tax Assets	17	-	-	-	-	-	-
XII.	Other Assets	11	986.452	732.830	1.719.282	735.826	350.979	1.086.805
	Subtotal		13.543.445	8.297.111	21.840.556	5.615.779	5.578.342	11.194.121
XIII.	Assets Held for Sale and Discontinued Operations (Net)		74.554	-	74.554	71.206	-	71.206
13.1	Assets Held for Sale		74.554	-	74.554	71.206	-	71.206
13.2	Assets of Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		13.617.999	8.297.111	21.915.110	5.686.985	5.578.342	11.265.327

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 2023

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

LIABILITIES		Notes	Audited current period 31 December 2023			Audited prior period 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	Funds Borrowed	12	5.348.802	7.409.477	12.758.279	4.116.920	2.852.889	6.969.809
II.	Factoring Payables		-	-	-	-	-	-
III.	Debts from the Savings Fund Pool		-	-	-	-	-	-
IV.	Lease Payables (Net)	14	8.196	-	8.196	8.548	-	8.548
V.	Issued Securities (Net)	13	1.470.493	-	1.470.493	1.941.141	-	1.941.141
VI.	Financial Liabilities at Fair Value Through Profit/Loss (Net)		-	-	-	-	-	-
VII.	Derivative Financial Liabilities	15	1.001	-	1.001	11.336	-	11.336
VIII.	Provisions	18	45.190	-	45.190	47.370	-	47.370
8.1	Provisions for Restructuring		-	-	-	-	-	-
8.2	Reserves for Employee Benefits		20.121	-	20.121	12.075	-	12.075
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		25.069	-	25.069	35.295	-	35.295
IX.	Current Tax Liability	19	-	-	-	-	-	-
X.	Deferred Tax Liability	17	4.798	-	4.798	50.880	-	50.880
XI.	Subordinated Debt		-	-	-	-	-	-
XII.	Other Liabilities	16	286.383	1.203.923	1.490.306	211.091	441.029	652.120
	Subtotal		7.164.863	8.613.400	15.778.263	6.387.286	3.293.918	9.681.204
XIII.	Payables Related to Assets for Sale and Discontinued Operations (Net)		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	Shareholders' Equity		6.136.847	-	6.136.847	1.584.123	-	1.584.123
14.1	Paid in Capital	20	3.450.000	-	3.450.000	317.000	-	317.000
14.2	Capital Reserves	20	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		(2.965)	-	(2.965)	(3.331)	-	(3.331)
14.4	Accumulated Other Comprehensive Income that will be Reclassified to Profit or Loss		-	-	-	(3.131)	-	(3.131)
14.5	Profit Reserves	21	64.315	-	64.315	534.253	-	534.253
14.5.1	Legal Reserves		63.400	-	63.400	43.908	-	43.908
14.5.2	Status Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		915	-	915	490.345	-	490.345
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		2.549.227	-	2.549.227	663.062	-	663.062
14.6.1	Prior Periods Profit or Loss	22	-	-	-	-	-	-
14.6.2	Net Profit or Loss for the Period		2.549.227	-	2.549.227	663.062	-	663.062
	TOTAL LIABILITIES		13.301.710	8.613.400	21.915.110	7.971.409	3.293.918	11.265.327

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 2023

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

OFF-BALANCE SHEET ITEMS		Notes	Audited current period 31 December 2023			Audited prior period 31 December 2022		
			TL	FC	Total	TL	FC	Total
I	Recourse Factoring Transactions		-	-	-	-	-	-
II	Non-Recourse Factoring Transactions		-	-	-	-	-	-
III	Savings Financing Contracts Transactions		-	-	-	-	-	-
IV	Guarantees Received		37.058.935	245.514.769	282.573.704	15.296.561	143.600.185	158.896.746
V	Guarantees Given	24	3.562.087	-	3.562.087	1.805.716	-	1.805.716
VI	Commitments		10.106.091	2.088.260	12.194.351	3.782.968	462.207	4.245.175
6.1	Irrevocable commitments		-	-	-	-	-	-
6.2	Revocable commitments		10.106.091	2.088.260	12.194.351	3.782.968	462.207	4.245.175
6.2.1	Lease commitments		10.106.091	2.088.260	12.194.351	3.782.968	462.207	4.245.175
6.2.1.1	Financial lease commitments		1.361.698	2.088.260	3.449.958	622.445	455.871	1.078.316
6.2.1.2	Operational lease commitments		8.744.393	-	8.744.393	3.160.523	6.336	3.166.859
6.2.2	Other revocable commitments		-	-	-	-	-	-
VII	Derivative Financial Instruments	24	99.138	2.817.280	2.916.418	1.965.995	3.857.906	5.823.901
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		99.138	2.817.280	2.916.418	1.965.995	1.950.358	3.916.353
7.2.1	Forward buy/sell transactions		-	-	-	-	-	-
7.2.2	Swaps buy/sell transactions		99.138	2.817.280	2.916.418	1.965.995	1.950.358	3.916.353
7.2.3	Options buy/sell transactions		-	-	-	-	-	-
7.2.4	Futures buy/sell transactions		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
VIII	Items Held in Custody		1.277	5.799	7.076	1.278	3.669	4.947
TOTAL OFF-BALANCE SHEET COMMITMENTS			50.827.528	250.426.108	301.253.636	22.852.518	147.923.967	170.776.485

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 2023

(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 2023	31 December 2022
I.	Operating Income		2.542.264	1.096.874
	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		-	-
	Income from Financing Loans		-	-
1.3	Interest Received from Finance Loans		-	-
1.4	Fees and Commissions Received from Finance Loans		-	-
	Lease Income	25	2.542.264	1.096.874
1.5	Financial Lease Income		1.623.870	717.757
1.6	Operating Lease Income		918.394	379.117
1.7	Fees and Commissions Received from Lease Operations		-	-
	Savings Financing Income		-	-
1.8	Dividends Received from Savings Financing Income		-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-
II.	Finance Expenses (-)	28	(1.867.796)	(1.013.222)
2.1	Dividends Given to the Savings Fund Pool		-	-
2.2	Interests on Funds Borrowed		(1.632.424)	(727.562)
2.3	Interest Expenses on Factoring Payables		-	-
2.4	Financial Lease Expenses		(2.776)	(2.419)
2.5	Interest Expenses on Securities Issued		(175.237)	(254.301)
2.6	Other Interest Expenses		-	(1.682)
2.7	Fees and Commissions Paid		(57.359)	(27.258)
III.	Gross P/L (I-II)		674.468	83.652
IV.	Operating Expense (-)	26	(592.111)	(234.237)
4.1	Personnel Expenses		(89.101)	(33.331)
4.2	Provision Expense for Employment Termination Benefits		(2.634)	(1.630)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(78.897)	(36.039)
4.5	Other		(421.479)	(163.237)
V.	Operating Gross P/L (III+IV)		82.357	(150.585)
VI.	Other Operating Income	27	8.031.995	3.693.829
6.1	Interest Income from Banks		1.774	96
6.2	Interest on Securities		-	125
6.3	Dividend Income		-	-
6.4	Trading Gains on Securities		415.207	23.246
6.5	Derivative Financial Transactions Profit	27	174.128	362.384
6.6	Foreign Exchange Gains		5.258.514	2.792.333
6.7	Other		2.182.372	515.645
VII.	Specific Provisions for NPLs (-)	29	(695.893)	(269.900)
7.1	Specific Provisions		-	-
7.2	Expected Loss Provisions		(695.893)	(269.900)
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	Other Operating Expenses (-)	31	(4.915.542)	(2.532.786)
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		(614.645)	(460.986)
8.5	Foreign Exchange Loss		(4.264.584)	(2.041.308)
8.6	Other		(36.313)	(30.492)
IX.	Net Operating I/E (V+...+VIII)		2.502.917	740.558
X.	Income Resulted from Merger		-	-
XI.	Shares from Profits and Losses of Investment Valued by Equity Method		-	-
XII.	Net Monetary Position Gain/Loss		-	-
XIII.	P/L Before Tax from Continuing Operations (IX+X+XI)		2.502.917	740.558
XIV.	Continuing Operations Tax Provision (±)	32	46.310	(77.496)
14.1	Current tax provision		-	(4.447)
14.2	Deferred tax expense effect (+)		-	(73.049)
14.3	Deferred tax income effect (-)		46.310	-
XV.	Continuing Operations Period Net P/L (XIII+XIV)		2.549.227	663.062
XVI.	Income from Discontinued Operations		-	-
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		-	-
XVII.	Expenses from Discontinued Operations (-)		-	-
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		-	-
XVIII.	P/L Before Tax from Discontinued Operations (XV-XVI)		-	-
XIX.	Taxation On Income from Discontinued Operations (±)		-	-
19.1	Current tax provision		-	-
19.2	Deferred tax expense effect (+)		-	-
19.3	Deferred tax income effect (-)		-	-
XX.	Net P/L from Discontinued Operations (XVII+XVIII)		-	-
XXI.	Net Profit/Loss for the Period (XV+XIX)		2.549.227	663.062
	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 2023
(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 2023	1 January – 31 December 2022
I. Profit/Loss for the Period		2.549.227	663.062
II. Other Comprehensive Income		3.497	3.786
2.1 Other comprehensive income or expense that will not be reclassified to profit or Loss		366	(2.989)
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		(107)	(3.973)
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 Reclassified to Profit or Loss	17	473	984
2.2 Other comprehensive income or expense that will be reclassified to profit or loss		3.131	6.775
2.2.1 Foreign Currency Translation Differences		-	-
Valuation/or and Classification Gains/Losses of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.2.2 Gains/Losses from Cash Flow Hedges		3.832	9.033
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	17	(701)	(2.258)
III. Total Comprehensive Income (I+II)		2.552.724	666.848

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 2023
(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 Cancellations on Profit	Other Capital Reserves	1	2	3	4	5	6		Profit Reserves	Prior Periods' Profit / (Loss)	Net Profit or Loss for the Period
PRIOR PERIOD (31 December 2022)														
I. Prior Period End Balance	317.000	-	-	76.270	-	(342)	-	-	-	(9.906)	773.154	(320.085)	81.184	917.275
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)	773.154	(320.085)	81.184	917.275
IV. Total Comprehensive Income	-	-	-	-	(2.989)	-	-	-	-	6.775	-	-	663.062	666.848
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease Due to Other Changes	-	-	-	-	-	-	-	-	-	-	(238.901)	320.085	(81.184)	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	(238.901)	-	(81.184)	-
11.1 Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	(81.184)	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+IV+...+XI+XII)	317.000	-	-	76.270	-	(3.331)	-	-	-	(3.131)	534.253	-	663.062	1.584.123
CURRENT PERIOD (31 December 2023)														
I. Prior Period End Balance	317.000	-	-	76.270	-	(3.331)	-	-	-	(3.131)	534.253	-	663.062	1.584.123
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	-	(3.331)	-	-	-	(3.131)	534.253	-	663.062	1.584.123
IV. Total Comprehensive Income	2.000.000	-	-	-	366	-	-	-	-	3.131	-	-	2.549.227	2.552.724
V. Capital Increase in Cash	1.133.000	-	-	-	-	-	-	-	-	-	(1.133.000)	-	-	2.000.000
VI. Capital Increase from Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease Due to Other Changes	-	-	-	-	-	-	-	-	-	-	663.062	-	(663.062)	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	663.062	-	(663.062)	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+IV+...+XI+XII)	3.450.000	-	-	76.270	-	(2.965)	-	-	-	-	64.315	-	2.549.227	6.136.847

(1) Fixed assets accumulated revaluation increases / decreases.
(2) Accumulated re-measurement gains / losses of defined benefit plans.
(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 gains / losses, gains to be classified in profit / loss from other comprehensive income of investments valued by equity method and accumulated amounts of other comprehensive income items to be 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 2023

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

		Audited current period	Audited prior period
	Notes	31 December 2023	31 December 2022
A.	Cash Flows from Operating Activities		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	2.204.274	896.996
1.1.1	Interests received/leasing income	2.332.584	1.012.707
1.1.2	Interest paid/Leasing Expenses	(1.684.727)	(885.963)
1.1.3	Dividend received	-	-
1.1.4	Fees and commissions received	-	-
1.1.5	Other income	1.741.685	808.258
1.1.6	Collections from previously written-off doubtful receivables	159.663	149.847
1.1.7	Payments to personnel and service suppliers	(75.527)	(32.345)
1.1.8	Taxes paid	(64.187)	(16.075)
1.1.9	Other	(205.217)	(139.433)
1.2	Changes in Operating Assets and Liabilities	(6.926.269)	(4.064.850)
1.2.1	Net (increase) decrease in factoring receivables	-	-
1.2.2	Net (increase) decrease in financial loans	-	-
1.2.3	Net (increase) decrease in leasing receivables	(5.189.352)	(3.072.812)
1.2.4	Net (increase) decrease in other assets	-	-
1.2.5	Net increase (decrease) in factoring payables	(1.975.134)	(1.088.280)
1.2.6	Net increase (decrease) in lease payables	-	-
1.2.7	Net increase (decrease) in funds borrowed	-	-
1.2.8	Net increase (decrease) in overdue payables	-	-
1.2.9	Net increase (decrease) in other liabilities	-	-
1.2.10		-	-
1.2.11	Cash Flows from Operating Activities	238.217	96.242
I.	Cash Flows from Investing Activities	(4.721.995)	(3.167.854)
B.	Acquisition of Investments, Associates and Subsidiaries		
	Disposal of Investments, Associates and Subsidiaries		
2.1	Purchases of Property and Equipment	(29.500)	-
2.2	Disposals of Property and Equipment	-	-
	Acquisition of Financial Assets at Fair Value Through Other		
2.3	Comprehensive Income	(3.917.510)	(1.272.575)
	Disposals of Financial Assets at Fair Value Through Other		
2.4	Comprehensive Income	1.672.165	397.586
2.5	Purchase of Financial Assets at Amortized Costs	-	-
2.6	Sale of Financial Assets at Amortized Costs	-	5.845
2.7	Other	-	-
2.8		-	-
2.9	Net Cash (Used in) from Investing Activities	(20.879)	(16.103)
II.	Cash Flows from Financing Activities	(2.295.724)	(885.247)
C.	Cash obtained from funds borrowed and securities issued		
3.1	Cash used for repayment of funds borrowed and securities issued	12.13	5.194.888
3.2	Issued capital instruments	-	4.065.921
3.3	Dividends paid	2.000.000	-
3.4	Payments for finance leases	-	-
3.5	Other	(10.594)	(5.654)
3.6		-	-
	Net Cash (Used in) from Financing Activities	7.184.294	4.060.267
III.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		
IV.	Net Increase (Decrease) in Cash and Cash Equivalents	5.372	1.883
V.	Cash and Cash Equivalents at the Beginning of the Period	171.947	9.049
VI.	Cash and Cash Equivalents at the End of the Period	3	3
VII.	Cash Flows from Operating Activities	3	3
		185.310	13.363

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

Deniz Finansal Kiralama A.Ş.

Statement of profit distribution for the year ended 31 December 2023

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

	Current Period ^(*) (31/12/2023)	Prior Period (31/12/2022)
I. DISTRIBUTION OF CURRENT PERIOD PROFIT		
1.1 CURRENT PERIOD PROFIT	2.502.917	740.558
1.2 TAXES AND DUES PAYABLE (-)	46.310	(77.496)
1.2.1 Corporate Tax (Income Tax)	-	(4.447)
1.2.2 Income Tax Withholding	-	-
1.2.3 Other Tax and Legal Liabilities ^(**)	46.310	(73.049)
A. NET PERIOD PROFIT (1.1 - 1.2)	2.549.227	663.062
1.3 PRIOR YEAR'S LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVE (-)	-	(19.492)
1.5 OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-)	-	-
B. DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3-1.4-1.5)]	2.549.227	643.570
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	-	643.570
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
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 (-)	-	-
III. EARNINGS PER SHARE	-	-
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 (%)	-	-
IV. DIVIDEND PER SHARE	-	-
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 (%)	-	-

(*)

(*) 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".

(**) 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 2022.

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 2023

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

1. Organization and operations of the Company

Deniz Finansal Kiralama A.Ş. ("the Company") was established in 1997 and its main activity is to engage in domestic and international financial leasing activities in accordance with the provisions of the legislation. The registered office of the Company is located at Büyükdere Caddesi, No: 141, Kat: 16 Esentepe - Şişli / İstanbul / Turkey.

As of December 31, 2023, the Company is a subsidiary of Denizbank Finansal Hizmetler Group and its largest shareholder is Denizbank A.Ş. with 99,99% shareholding.

As of January 21, 2020, Denizbank AG, 51% shareholder of the Company, has transferred all of its shares to Denizbank A.Ş. in consideration of EUR 98.481.000 equivalent to TL 645.888.

As of December 31, 2023, the number of employees of the Company is 106 (December 31, 2022: 101).

Dividend to be paid:

As of December 31, 2023, the Company has no dividends payable (December 31, 2022: None).

2. Basis of presentation of financial statements

2.1 Basis for presentation

2.1.1 Applied accounting standards

The Company prepares its financial statements in accordance with the Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies published in the Official Gazette dated December 24, 2013 and numbered 28861, Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies. explanations made by communiqués and circulars published by the BRSA and Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") on matters not regulated by these communiqués and circulars; "BRSA Accounting and Financial Reporting Legislation". TFRS, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations issued by POA.

The financial statements are prepared under the historical cost convention, except for derivative financial instruments and financial assets carried at fair value.

Approval of the financial statements:

The financial statements have been approved by the Board of Directors and authorized for issue on 23 January 2024.

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 set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Notes to the financial statements as of 31 December 2023

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

2. Basis of presentation of financial statements (continued)

2.1.3 Going concern

The Company has prepared its financial statements on a going concern basis.

2.1.4 Currency used

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the Company are expressed in Turkish Lira ("TL"), which is the functional currency of the Company and the presentation currency for the financial statements.

2.2.1 Changes in accounting policies

Changes in accounting policies arising from the first time adoption of a new TAS/TFRS are applied retrospectively in accordance with the transitional provisions of that TAS/TFRS, if any, or retrospectively if there is no transitional provision or if there has been a significant optional change in accounting policy, and the prior period financial statements are restated.

On November 23, 2023, the Public Oversight Authority (POA) announced that the financial statements of entities that apply Turkish Financial Reporting Standards ("TFRS") and the Financial Reporting Standard for Large and Medium-Sized Enterprises (BOBİ FRS) for the annual reporting period ending on or after December 31, 2023 should be presented as adjusted for the effects of inflation in accordance with the relevant accounting principles in "Turkish Accounting Standard 29 Financial Reporting in Hyperinflationary Economies" and "BOBİ FRS Section 25 Financial Reporting in Hyperinflationary Economies", however, institutions or organizations authorized to regulate and supervise in their fields may determine different transition dates for the application of the provisions in TAS 29 or BOBİ FRS. Based on this announcement, BRSA has decided not to subject the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies dated 31.12.2023 to inflation adjustment required under TAS 29 in accordance with its decision dated December 12, 2023 and numbered 10744.

In this framework, no inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements dated December 31, 2023.

2.2.2 Significant Accounting Evaluation, Estimates and Assumptions

If the changes in accounting estimates are for only one period, they are applied in the period in which the change is made and if they are for future periods, they are applied both in the period in which the change is made and prospectively in future periods. The Company has not made any significant changes in accounting estimates in the current year. Significant accounting errors are applied retrospectively and prior period financial statements are restated.

2.2.3 New and Revised Turkish Financial Reporting Standards

New and Revised Turkish Financial Reporting Standards

a) Amendments and interpretations effective from 2023

TAS 1 (Amendments)	<i>Disclosure of Accounting Policies</i>
TAS 8 (Amendments)	<i>Definition of Accounting Estimates</i>
TAS 12 (Amendments)	<i>Deferred Tax on Assets and Liabilities Arising from a Single Transaction</i>
TAS 12 (Amendments)	<i>International Tax Reform - Second Pillar Model Rules</i>

Deniz Finansal Kiralama A.Ş.

Notes to the financial statements as of 31 December 2023

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

2. Basis of presentation of financial statements (continued)

2.2 Changes in accounting policies (continued)

2.2.3 New and Revised Turkish Financial Reporting Standards (continued)

TAS 1 (Amendments) *Disclosure of Accounting Policies*

This amendment requires entities to consider materiality when disclosing accounting policies.

The amendment to TAS 1 is effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

TAS 8 (Amendments) *Definition of Accounting Estimates*

With this amendment, the definition of "change in accounting estimates" has been replaced with the definition of "accounting estimate", examples and explanatory paragraphs regarding estimates have been added, and the differences between the prospective application of estimates and retrospective correction of errors and the differences between these concepts have been clarified.

These amendments to TAS 8 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

TAS 12 (Amendments) *Deferred Tax on Assets and Liabilities Arising from a Single Transaction*

These amendments clarify that the exemption for the initial recognition of an asset or liability does not apply to transactions in which there are equal amounts of taxable and deductible temporary differences at the initial recognition of the asset and liability.

These amendments to TAS 12 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

TAS 12 (Amendments) *International Tax Reform - Second Pillar Model Rules*

The amendments provide a temporary exception to the requirements for deferred tax assets and liabilities related to Pillar 2 income tax. These amendments to TAS 12 are effective for annual periods beginning on or after January 1, 2023.

Basis of presentation of financial statements (continued)

2.2 Changes in accounting policies (continued)

2.2.3 New and Revised Turkish Financial Reporting Standards (continued)

b) Standards, amendments and interpretations to existing standards that are not yet effective

The Company has not yet adopted the following standards, amendments and interpretations to existing standards that are not yet effective

TFRS 17	<i>Insurance Contracts</i>
TFRS 17 (Amendments)	<i>Insurance Contracts and First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information</i>
TFRS 4 (Amendments)	<i>Extension of Temporary Exemption Period for the Application of TFRS 9</i>
TAS 1 (Amendments)	<i>Current and Non-current Liabilities Classification</i>
TFRS 16 (Amendments)	<i>Lease Liability in a Sale and Leaseback Transaction</i>
TAS 1 (Amendments)	<i>Long-term Liabilities with Loan Agreement Terms</i>
TAS 7 and TFRS 7 (Amendments)	<i>Supplier Financing Arrangements</i>
TSRS 1	<i>General requirements for disclosure of sustainability-related financial information</i>
TSRS 2	<i>Climate-related Disclosures</i>

TFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current settlement value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts. IFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace IFRS 4 Insurance Contracts on January 1, 2025.

TFRS 17 (Amendments) Insurance Contracts and First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information

Amendments to TFRS 17 to reduce implementation costs, improve disclosure of results and ease transition.

In addition, the amendment on comparative information permits entities that are first-time adopters of TFRS 7 and TFRS 9 to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had previously been applied to that financial asset.

The amendments are to be applied when TFRS 17 is first adopted

TFRS 4 (Amendments) Extending the Temporary Exemption Period for the Application of TFRS 9

As the effective date of TFRS 17 has been postponed to 1 January 2024 for insurance, reinsurance and pension companies, the expiry date of the temporary exemption period for the application of TFRS 9 provided to these companies has also been revised to 1 January 2024.

TAS 1 (Amendments) Classification of Liabilities as Current or Non-Current

The purpose of these amendments is to ensure consistent application of the requirements of the standard by assisting entities in deciding whether debt and other liabilities in the statement of financial position that have no fixed maturity should be classified as current (expected to be settled within one year) or non-current.

The amendments to TAS 1 are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted, but deferred for one year.

Deniz Finansal Kiralama A.Ş.

Notes to the financial statements as of 31 December 2023

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

2. Basis of presentation of financial statements (continued)

2.2 Changes in accounting policies (continued)

New and Revised Turkish Financial Reporting Standards (continued)

b) Standards, amendments and interpretations to existing standards that are not yet effective (continued)

IFRS 16 (Amendments) Lease Liability in a Sale and Leaseback Transaction

These amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that meet the requirements in TFRS 15 to be recognized as sales.

These amendments to TFRS 16 are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

TAS 1 (Amendments) Long-term Liabilities with Loan Agreement Terms

The amendments to TAS 1 clarify how conditions that an entity must meet within twelve months after the reporting period affect the classification of a liability.

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

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

TAS 7 and TFRS 7 (Amendments) Supplier Financing Arrangements

The amendments to TAS 7 and TFRS 7 add guidance that requires entities to provide qualitative and quantitative information about supplier financing arrangements and disclosure requirements to existing disclosure requirements. The amendments are effective for annual periods beginning on or after January 1, 2024.

TSRS 1 General Disclosure Requirements for Sustainability-Related Financial Information

TSRS 1 sets out general requirements for sustainability-related financial disclosures, requiring an entity to disclose information about sustainability-related risks and opportunities that is useful for primary users of general purpose financial reports to make decisions about funding the entity. The application of this standard is mandatory for annual reporting periods beginning on or after January 1, 2024 for entities that meet the relevant criteria in POA's announcement dated January 5, 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 Climate Related Explanations

TSRS 2 sets out requirements for the identification, measurement and disclosure of climate-related risks and opportunities that are useful to primary users of general purpose financial reports in making decisions about funding the entity. The application of this standard is mandatory for annual reporting periods beginning on or after January 1, 2024 for entities that meet the relevant criteria in POA's announcement dated January 5, 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

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 where the lessee retains substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases. Finance lease receivables are recognized at the amount of the Company's net investment in the lease. Finance lease income is allocated over accounting periods so as to provide a constant rate of interest return on the Company's net investment in the lease. Operating lease income is recognized in the income statement on a straight-line basis over the lease term. Direct initial costs incurred in negotiating and arranging the lease are also included in the cost of the leased asset and amortized on a straight-line basis over the lease term.

Leases - The Company as lessee

Leases where the lessee retains substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases.

Assets held under finance leases are capitalized at their fair value at the inception of the lease, or, if lower, at the present value of the minimum lease payments. A liability to the lessor for the same amount is recognized as a finance lease liability in the balance sheet. Finance lease payments are split into finance costs and principal payments that reduce the lease liability so that interest is calculated at a fixed rate on the remaining principal balance of the liability.

Finance costs are recognized in the income statement in accordance with the Company's general borrowing policy. Payments made under operating leases (including any incentives received or receivable from the lessor for the lease transaction) are recognized in the income statement on a straight-line basis over the lease term.

Operational leases

Whether an arrangement is or contains a lease depends on the substance of the arrangement, but requires an assessment of whether the performance of the arrangement is dependent on the use of a particular asset or assets and whether the arrangement includes the right to use the asset.

As a Lessee

(i) In case of Lessor

All risk and rewards of the lessor for the related assets are leases retained by the lessor. Operating lease payments are recognized as an expense over the lease term.

As lessor

(ii) In the position of lessor

Total revenue from operating fleet leases is recognized in the income statement on a straight-line basis over the lease term.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Financial Instruments

Financial assets and liabilities are recognized in the Company's balance sheet when the Company becomes a legal party to the financial instruments.

Finance Lease Receivables and Other Receivables

Finance lease receivables and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Provision is recognized for finance lease receivables and other receivables, the collection of which may be doubtful in the future, and written off against the profit for the period. Provision for non-performing receivables is the amount set aside by the Company in order to cover possible losses that may arise in the future related to existing finance lease receivables, by evaluating the Company's loan portfolio in terms of quality and risk, taking into account economic conditions and other factors and related legislation.

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

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

Under IFRS 9, an entity assesses whether there has been a significant increase in the credit risk of the financial instrument within the scope of impairment since initial recognition. In making this assessment, the change in the default risk of the financial instrument is taken into account.

The estimate of expected credit losses is unbiased, probability-weighted and contains supportable information about past events, current conditions and forecasts of future economic conditions. An important determinant in the calculation of expected credit losses under IFRS 9 is the assessment of whether there has been a significant increase in the credit risk of the financial asset. These financial assets are categorized into the following three categories based on the increase in credit risk observed since initial recognition:

Stage 1:

Financial assets that are subject to an insignificant increase in credit risk at initial recognition or subsequent to initial recognition. For these assets, the provision for credit risk impairment is recognized in the amount of expected credit losses over the 12-month default risk. The 12-month expected credit loss is calculated based on the expectation of a default occurring in the 12 months following the reporting date.

Stage 2:

A financial asset is transferred to Stage 2 if, at the reporting date, there is a significant increase in the credit risk of the financial asset compared to the initial recognition. The provision for credit risk impairment is determined based on the expected credit loss over the lifetime default risk of the financial asset.

The following basic criteria are considered for the classification of a financial asset in the second phase:

- Less than 150 days and more than 30 days overdue
- Restructuring of the loan due to insolvency

Stage 3:

Financial assets for which there is sufficient and objective information for impairment are classified in Phase 3. The probability of default is taken into account as 100% in the calculation of the provision for impairment and the provision is calculated according to the lifetime expected credit loss of the financial asset. A financial asset must be more than 150 days overdue to be classified in phase 3.

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

2.3 Summary of significant accounting policies (continued)

Other Financial Assets

Financial assets are recognized at fair market value less costs directly attributable to the acquisition, except for financial assets at fair value through profit or loss, which are recognized at fair value. Investments are recognized or derecognized on the trade date, which is the date on which a contractual agreement is entered into to deliver the investment instruments in accordance with the terms specified 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 based on the nature and purpose of the financial assets and is determined at initial recognition.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets that are not held for trading but are recognized in this category on initial recognition. A financial asset is classified in this category when it is acquired for the purpose of disposal in the short term or when it is determined that a more accurate accounting presentation would be provided at initial recognition. Derivatives that are not designated as effective hedges of financial risk are also classified as financial assets at fair value through profit or loss.

Effective interest rate method:

The effective interest 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 payments through the expected life of the financial asset, or, where appropriate, a shorter period.

Income from financial assets classified as held-to-maturity and available-for-sale debt instruments and loans and receivables is calculated using the effective interest method.

Assets measured at amortized cost:

Debt instruments with fixed or determinable payments and fixed maturities that the Company has the positive intent and ability to hold to maturity are classified as assets (investments) measured at amortized cost. Assets (investments) measured at amortized cost are carried at amortized cost less impairment losses and the related income is recognized using the effective interest method.

Financial assets at fair value through other comprehensive income:

Quoted equity instruments and certain debt securities held by the Company that are traded in an active market are classified as assets at fair value through other comprehensive income and are stated at fair value. The Company has unquoted equity instruments that are not traded in an active market and are classified as assets at fair value through other comprehensive income and are carried at cost since their fair values cannot be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the financial assets revaluation reserve, except for impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized in the income statement. When 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 the income statement.

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

Deniz Finansal Kiralama A.Ş.

Notes to the financial statements as of 31 December 2023

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

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Financial assets at fair value through other comprehensive income (continued)

The fair value of assets at fair value through other comprehensive income denominated in foreign currencies is determined in the currency in which they are denominated and translated at the exchange rate at the end of the reporting period. Foreign exchange gains/losses recognized in the income statement are determined at the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

Impairment of Financial Assets

Financial assets other than financial assets at fair value through profit or loss are assessed at each balance sheet date to determine whether there is any indication that a financial asset or a group of financial assets is impaired. A financial asset is impaired and an impairment loss is recognized if, after initial recognition, there is objective evidence of impairment as a result of the occurrence of one or more events that have occurred and the impact of the loss event on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. For financial assets carried at amortized cost, except for finance lease receivables and operating lease receivables mentioned above, the amount of impairment is the difference between the present value of estimated future cash flows discounted at the effective interest rate of the financial asset and its carrying amount.

For all other financial assets, except for finance lease receivables and operating lease receivables, impairment losses are recognized directly against the carrying amount of the financial asset.

If the receivables are uncollectible, the amount is written off against the allowance account. Changes in the allowance account are recognized in the income statement.

With the exception of equity instruments at fair value through other comprehensive income, 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 that 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.

Any subsequent increase in the fair value of an equity instrument at fair value through other comprehensive income is recognized directly in equity.

Revenue

Finance lease income: The value of assets leased under finance leases is recognized as finance lease receivables in the balance sheet at the inception of the lease. Interest income, which is the difference between the total finance lease receivable and the investment value of the leased asset, is recognized in the income statement for the period in which it arises by allocating the receivable to each accounting period at a fixed interest rate over the lease term. Interest income not accrued in the relevant period is recognized as unearned interest income.

Operating lease income is recognized in the income statement on a straight-line basis over the lease term. Direct initial costs incurred in negotiating and arranging the lease are also included in the cost of the leased asset and amortized on a straight-line basis over the lease term.

Other interest income is accrued over the lease term at the effective interest rate that discounts estimated future cash inflows through the remaining principal amount of the leased asset to its carrying amount.

Dividend income from equity investments is recognized when the shareholders' right to receive dividends is established.

Borrowing costs

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

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Foreign currency transactions

Transactions denominated in foreign currencies are translated into Turkish Lira at the exchange rate prevailing at the time of the transaction. Gains and losses arising from these transactions and from the settlement and translation of foreign currency denominated monetary assets and liabilities are recognized in the income statement. These balances are translated at period-end exchange rates.

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 fixtures	5 years
Custom costs	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 fixed assets

Intangible fixed assets are initially recognized at cost, being the acquisition cost plus any other direct costs necessary to bring the asset to its working condition. Subsequent to initial recognition, intangible fixed assets are carried at cost less accumulated amortization and any accumulated impairment losses. Intangible fixed assets are amortized on a straight-line basis over their estimated useful lives of 3-5 years.

Employee benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan in accordance with the revised TAS 19 Employee Benefits ("TAS 19"). The retirement benefit obligation recognized in the balance sheet is calculated by estimating the net present value of the future probable obligation of the Company arising from the retirement of all employees and reflected in the financial statements.

The Company recognizes dividends and bonuses as a liability and expense based on a method that takes into account the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes a provision where there is a contractual obligation or a past practice that creates an implied obligation.

Taxation

Income tax

Corporate tax is calculated in accordance with the Tax Procedure Law and tax expenses other than this tax are recognized in operating expenses.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Deferred tax

The Company calculates and recognizes deferred tax for all taxable temporary differences arising between the carrying amount of an asset or liability and its tax bases which is determined in accordance with the Turkish Accounting Standard for Income Taxes ("TAS 12") and the related BRSA guidance. Deferred tax is calculated using enacted tax rates enacted or substantively enacted at the balance sheet date in accordance with tax legislation in force.

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

Deferred tax assets and liabilities are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilized (Note 16).

In accordance with the regulation introduced by the Law numbered 7456 "Law on the Issuance of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375", the corporate tax rate has been determined as 30% to be applied to the corporate earnings of the taxation period starting from 2023. Therefore, deferred tax calculation has been made by the Company for the assets and liabilities as of December 31, 2023 according to the 30% rate.

Provisions, Contingent Liabilities and Contingent Assets

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

The amount recognized as provision is calculated by estimating the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation.

If the provision is measured using the estimated cash flows required to settle the present obligation, the carrying amount of the provision is equal to 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 distributed on ordinary shares are recognized in the period in which they are declared.

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

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 (principally foreign currency forward contracts and foreign currency swaps) to manage its exposure to the financial risks associated with fluctuations in foreign exchange rates arising from future foreign currency and credit transactions. Derivative financial instruments are measured at fair value at the contract date and remeasured at fair value in subsequent reporting periods.

TFRS 9 provides the option to defer the adoption of hedge accounting in TFRS 9 and continue to apply the hedge accounting provisions of TAS 39. In this context, the Company continues to apply the hedge accounting provisions of TAS 39.

The Company's derivative financial instruments are classified as "Held for hedging" or "Held for trading" in accordance with TAS 39. Accordingly, certain derivative transactions are accounted for as "held for trading" in accordance with TAS 39, even though they provide effective economic hedges of risks for the Company.

Liabilities and receivables arising from derivative transactions are recognized in off-balance sheet accounts at their contractual amounts.

Subsequent to initial recognition, derivative transactions are measured at fair value. In accordance with their classification, derivative transactions are recognized in "Derivative Financial Assets" if the fair value is positive and in "Derivative Financial Liabilities" if the fair value is negative.

Differences in the fair value of derivatives held for trading are recognized in the income statement under "Gains/losses on derivative financial instruments".

When a derivative financial instrument is initially designated as a hedge, the Company discloses in writing the relationship between the hedged item and the hedging instrument, the risk management objectives and strategies for the hedging transaction and the methods that will be used to measure the effectiveness of the hedge.

Financial Liabilities

The Company's financial liabilities and equity instruments are classified according to contractual arrangements and the basis of identification of a financial liability and an equity instrument. A contract that represents the Company's right in the assets of the Company after deducting all liabilities is an equity instrument. The accounting policies applied for certain financial liabilities and equity instruments are set out below.

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognized at fair value and remeasured at each reporting date at fair value at the balance sheet date. Changes in fair value are recognized in the income statement. The net gain or loss recognized in the income statement includes any interest paid on the financial liability.

Deniz Finansal Kiralama A.Ş.

Notes to the financial statements as of 31 December 2023

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

2. Basis of presentation of financial statements (continued)

2.3 Summary of significant accounting policies (continued)

Other financial liabilities

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

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

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 through the expected life of the financial instrument or, where appropriate, a shorter period to the net present value of the financial liability.

Cash flow hedge accounting

Within the scope of foreign currency risk management, the Company has started to apply cash flow hedge accounting as of April 1, 2018 by matching future operating lease receivables denominated in EUR ("EUR", "EUR") and estimated future used car sales whose fair values are tracked in EUR with EUR denominated borrowings.

In the cash flow hedge accounting that the Company has started to apply, the Company has determined future operating lease receivables and estimated future used vehicle sales, whose fair values are tracked in EUR, as hedged items and EUR denominated loans received as hedging instruments.

As of December 31, 2023, there is no cash flow hedge accounting (December 31, 2022: TL 3.131 loss).

Cash flow hedge accounting

Within the scope of interest rate risk management, the Company started to apply fair value hedge accounting as of April 4, 2022 by matching interest rate fixed finance lease receivables denominated in EUR with an interest rate swap instrument.

At inception and on an ongoing basis, the Company assesses whether the hedging method is effective on changes in the expected fair value of the related instruments over the period to which the method is applied, or whether the effectiveness of the hedge on the realized results is within the range of 80% - 125%.

As of December 31, 2023, finance lease receivables subject to hedge accounting are classified as non-performing receivables and fair value hedge accounting is no longer effective and discontinued. The fair value difference amounting to TL 18.572 on finance lease receivables subject to hedge accounting will be amortized according to the maturity of the related hedge accounting transaction.

Earnings per share

In Turkey, companies can increase their share capital by distributing "bonus shares" to shareholders from retained earnings. Such "bonus share" distributions are treated as issued shares in earnings per share computations. Accordingly, the weighted average number of shares used in earnings per share computations is calculated by taking into consideration the retrospective effect of such share distributions.

Since the Company's shares are not traded on the stock exchange, earnings per share calculation is not presented.

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

2.3 Summary of significant accounting policies (continued)

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.

Segmental Reporting

The Company operates in the fields of financial leasing, real estate leasing and operational leasing and does not include segment reporting since its shares are not traded on the stock exchange.

2.3.1 Explanations on TFRS 16 Leases standard

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the commencement date.

Right-of-use asset

The right-of-use asset is initially recognized at cost and includes the following:

- The initial measurement amount of the lease liability,
- All lease payments made on or before the commencement date, less any lease incentives received,
- All initial direct costs incurred by the company

When the Company applies the cost method, the right-of-use asset

- Net of accumulated depreciation and accumulated impairment losses and
- Measures at cost adjusted for the remeasurement of the lease liability.

The Company depreciates right-of-use assets in accordance with the depreciation provisions of TAS 16 Property, Plant and Equipment.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determinable. If this rate is not readily determinable, the Company uses the Company's alternative borrowing rate.

At the commencement date, lease payments included in the measurement of the lease liability consist of payments due for the right to use the underlying asset during the lease term that are not paid at the commencement date. Subsequent to the commencement date, the Company measures the lease liability as follows:

- Increase the carrying amount to reflect interest on the lease liability,
- Reduces the carrying amount to reflect the lease payments made; and
- Re-measures the carrying amount to reflect reassessments and structurings, or to reflect lease payments that are fixed in substance as revised.

Interest on the lease liability for each period of the lease term is calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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

2.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosed contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best judgment and knowledge, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any subsequent periods affected.

The significant judgments, estimates and assumptions used in the preparation of the financial statements are described below:

Recognition of deferred tax assets

Deferred tax assets may be recognized to the extent that it is probable that future taxable profits will be available against which deferred tax assets can be utilized. The amount of future taxable profits and the amount of future probable tax benefits are based on the medium-term business plan prepared by the Management and estimates derived therefrom. The business plan is based on Management's expectations, which are considered reasonable under the circumstances.

Allowance for impairment of finance lease receivables

Assumptions and methods used to estimate the timing and amount of future cash flows from finance lease transactions are frequently reviewed to eliminate the difference between the impairment estimates on receivables from finance lease transactions and the realized losses. The Company calculates deferred tax on the non-performing receivables portfolio added to the corporate tax base with the assumption that the non-performing receivables will be taxable through collection and/or sale in the future.

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***3. Banks**

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Demand Deposits	147.198	38.112	4.132	9.231
	147.198	38.112	4.132	9.231

As of 31 December 2023, the Company does not have any TL or FC time deposits (31 December 2022: None).

There is no blockage on bank deposits (31 December 2022: None).

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

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Investment Fund	1.782.238	-	473.246	-
	1.782.238	-	473.246	-

5. Derivative Financial Assets/Liabilities

31 December 2023	Nominal	Fair Value	
		Assets	Liabilities
Derivative Financial Assets Held for Trading Currency Swaps Buy/Sell Transactions	2.916.418	52.112	1.001
Hedging Derivative Financial Assets Interest Rate Swap Buy/Sell Transactions	-	-	-
Total	2.916.418	52.112	1.001

31 December 2022	Nominal	Fair Value	
		Assets	Liabilities
Derivative Financial Assets Held for Trading Currency Swaps Buy/Sell Transactions	3.916.353	6.970	11.336
Hedging Derivative Financial Assets Interest Rate Swap Buy/Sell Transactions	1.907.548	76.893	-
Total	5.823.901	83.863	11.336

Deniz Finansal Kiralama A.Ş.

Notes to the financial statements as of 31 December 2023

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

5. Derivative Financial Assets/Liabilities (continued)

As of December 31, 2023, there is no transaction regarding fair value hedge accounting.

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

6. Lease transactions

a. Finance Lease Receivables:

	31 December 2023	31 December 2022
Operational Lease Receivables	34.236	26.670
Invoiced Finance Lease Receivables	23.210	807.762
Non-Performing Finance Lease Receivables	2.413.387	376.297
Not-invoiced Finance Lease Receivables	13.770.097	8.808.509
Less: Unearned Interest Income	(3.117.576)	(1.818.414)
Finance Lease Interest Accruals	352.344	184.990
<u>Expected Loss Provisions</u>	(957.628)	(1.105.539)
Stage 1	(39.825)	(42.051)
Stage 2	(345.880)	(765.221)
Stage 3	(571.923)	(298.267)
Net Finance Lease Receivables	12.518.070	7.280.275

As of 31 December 2023, the compound interest rate applicable for the finance lease receivables is 40,00% for TL, 7,1 % for USD and 7,3 % for EUR (31 December 2022: 26.00% for TL, 6,5 % for USD and 5,7 % for EUR).

The allocation of finance lease receivables according to their maturities as of 31 December 2023 is as follows:

	2024	2025	2026	2027	2028	2029 and later	Total
Finance Lease Receivables (Net) (*)	13.410.878	1.478.443	377.103	126.709	40.299	167.978	15.601.410
Unearned Interest	(2.593.543)	(378.841)	(90.653)	(28.435)	(10.213)	(15.891)	(3.117.576)
Finance Lease Receivables (Net)	10.817.335	1.099.602	286.450	98.274	30.086	152.087	12.483.834

(*) Operating lease receivables amounting to TL 34.236 are not included in the total.

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Notes to the financial statements as of 31 December 2023

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

6. Lease transactions (continued)

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)
Finance Lease Receivables (Net)	203.229	2.354.104	1.472.771	1.119.814	699.346	1.404.341	7.253.605

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

As of 31 December 2023, the distribution of finance lease receivables in terms of foreign currencies is as follows:

Currency (*)	Principal in Foreign Currency	Principle	Unearned Interest in Foreign Currency	Unearned Interest
USD	71.667	2.109.753	(8.517)	(250.735)
EURO	193.672	6.308.663	(21.294)	(693.624)
TL	-	7.182.994	-	(2.173.217)
Total		15.601.410		(3.117.576)

(*) Operating lease receivables amounting to TL 34.236 are not included in the total.

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	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)
Total		9.072.019		(1.818.414)

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

The distribution of the finance lease receivables based on type of interest in 2023 and 2022 is as follows:

	31 December 2023 (*)		31 December 2022 (*)	
	TL	FC	TL	FC
Fixed interest rate	7.074.761	7.484.731	3.017.017	5.938.282
Floating interest rate	108.233	933.685	52.843	63.877
	7.182.994	8.418.416	3.069.860	6.002.159

(*) Operating lease receivables amounting to TL 34.236 (31 December 2022: TL26.670) are not included in the total

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***6. Lease transactions (continued)**

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 2023	31 December 2022
Mortgages	231.937	179.390
Assignments	27.771	14.356
Hostage Blockage	16.879	20.794
Letters of Guarantee	49.233	38.376
Bills of Guarantee	9.442.335	6.046.318
	9.768.155	6.299.234

The details of expected loss provision as of 31 December 2023 are as follows:

31 December 2023 (*)	Financial Lease Receivables	Expected Loss Provisions (-)	Financial Lease Receivables, Net
Stage 1	9.893.999	(39.825)	9.854.174
Stage 2	1.134.076	(345.880)	788.196
Stage 3	2.413.387	(571.923)	1.841.464
Total	13.441.462	(957.628)	12.483.834

(*) Operating lease receivables amounting to TL 34.236 are not included in the total.

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

31 December 2022 (*)	Financial Lease Receivables	Expected Loss Provisions (-)	Financial Lease Receivables, Net
Stage 1	6.13.946	(42.051)	6.095.895
Stage 2	1.844.901	(765.221)	1.079.680
Stage 3	376.297	(298.267)	78.030
Total	8.359.144	(1.105.539)	7.253.605

(*) Operating lease receivables amounting to TL 26.670 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 2023 and 31 December 2022 are as follows:

Guarantee Types:	31 December 2023	31 December 2022
Cheque Blockage	-	-
Mortgages	742	931
Bills of Guarantee	2.244.285	310.864
Letters of Guarantee	51.175	30.702
	2.296.202	342.497

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***6. Lease transactions (continued)**

As of 31 December 2023, movement table of provisions for non-performing lease receivables is as follows:

Expected Loss Provision Movement Table:	Stage 1	Stage 2	Stage 3	Total
End of Prior Period	(42.051)	(765.221)	(298.267)	(1.105.539)
Reserved provision	(125.214)	(101.642)	(469.037)	(695.893)
Collections and provision reversals	127.471	493.656	196.993	818.120
Interstage Additions / Disposals	(31)	27.327	(27.296)	-
Amount written off during the period	-	-	25.684	25.684
Provision at the End of the Period	(39.825)	(345.880)	(571.923)	(957.628)

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

Expected Loss Provision Movement Table:	Stage 1	Stage 2	Stage 3	Total
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)
Provision at the End of the Period	(42.051)	(765.221)	(298.267)	(1.105.539)

b. Operational Lease Receivables:

	31 December 2023	31 December 2022
Trade receivables	33.042	26.670
Trade receivables from related parties	1.194	-
	34.236	26.670

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:

	31 December 2023	31 December 2022
2023	-	434.864
2024	1.249.952	317.903
2025	973.211	209.353
2026 and later	397.633	-
	2.620.796	962.120

The Company also tracks the second-hand values of the vehicles it has leased to its customers amounting to TL 6.123.597 (31 December 2022: TL 2.204.739) under its operating lease commitments. The Company requests mortgage, pledge blockage agreement, letter of guarantee, check or bill from its main customers.

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***7. Related party disclosures**

Derivative Financial Assets from Related Parties	31 December 2023	31 December 2022
Denizbank A.Ş.	52.112	79.960
	52.112	79.960

Finance Lease Receivables from Related Parties	31 December 2023	31 December 2022
Denizbank A.Ş.	125.132	200.066
Deniz Yatırım A.Ş.	-	529
Deniz Portföy A.Ş.	26	-
	125.158	200.595

Funds Borrowed from Related Parties**Denizbank A.Ş**

Currency	Interest Rate	Maturity	31 December 2023
TL	%44,00	02/01/2024	79.791
			79.791

Denizbank A.Ş

Currency	Interest Rate	Maturity	31 December 2023
EURO	%6,25	02/01/2024	1.016.713
			1.016.713

Denizbank A.Ş

Currency	Interest Rate	Maturity	31 December 2023
USD	%7,50	02/01/2024	1.299.625
			1.299.625

Denizbank Bahreyn

Currency	Interest Rate	Maturity	31 December 2023
EURO	%6,20	13/11/2028	1.255.185
EURO	%6,17	11/05/2032	827.477
EURO	%6,23	15/10/2027	499.501
EURO	%6,24	20/07/2027	671.175
EURO	%5,94	22/12/2026	469.778
			3.723.116

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***7. Related party disclosures (continued)**Denizbank Moscow JSC

Currency	Interest Rate	Maturity	31 December 2023
EURO	%5,87	13/12/2024	391.077
EURO	%5,84	27.12.2024	97.785
			488.862

Denizbank A.Ş.

Currency	Interest Rate	Maturity	31 December 2022
TL	%13,45	02/01/2023	1.407.951
			1.407.951

Denizbank A.Ş.

Currency	Interest Rate	Maturity	31 December 2022
EURO	%6,00	02/01/2023	715.902
EURO	%4,30	13/11/2028	920.455
EURO	%3,95	11/05/2032	565.936
			2.202.293

Denizbank A.Ş.

Currency	Interest Rate	Maturity	31 December 2022
USD	%7,25	02/01/2023	241.305
			241.305

Deposits at Related Parties

	31 December 2023	31 December 2022
Denizbank A.Ş. - Vadesiz Mevduat	178.173	11.282
Denizbank AG Viyana – Vadesiz Mevduat	99	61
		178.272
		11.343

Finance Lease Interest Income from Related Parties

	1 January- 31 December 2023	1 January- 31 December 2022
Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	-	1
Denizbank A.Ş.	48.413	36.095
Deniz Yatırım A.Ş.	-	156
		48.413
		36.252

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***7. Related party disclosures (continued)**Operating Lease Income from Related Parties

	1 January- 31 December 2023	1 January- 31 December 2022
Denizbank AŞ	171.925	58.835
Intertech Bilgi İşlem ve Pazarlama Tic. A.Ş.	6.501	1.469
Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.	941	379
Deniz Faktoring A.Ş.	2.077	712
Deniz Portföy A.Ş.	672	445
Deniz Yatırım A.Ş.	2.093	807
NEOHUB	1.510	610
	185.719	63.257

Interest Income from Related Parties

	1 January- 31 December 2023	1 January- 31 December 2022
Denizbank A.Ş.	1.774	96
	1.774	96

Finance Expenses (*)

	1 January- 31 December 2023	1 January- 31 December 2022
Denizbank A.Ş. Bahreyn	(123.465)	(6.799)
Denizbank A.Ş.	(486.049)	(296.497)
Denizbank Moscow	(14.387)	-
	(623.901)	(303.296)

(*) 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

	1 January- 31 December 2023	1 January- 31 December 2022
Denizbank A.Ş.	62.827	152.178
	62.827	152.178

Foreign Currency Losses and Losses on Derivative Transactions

	1 January- 31 December 2023	1 January- 31 December 2022
Denizbank A.Ş.	(41.419)	(330.164)
	(41.419)	(330.164)

Deniz Finansal Kiralama A.Ş.

Notes to the financial statements as of 31 December 2023

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

7. Related party disclosures (continued)

General Administrative Expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Denizbank A.Ş.	(11.138)	(5.555)
Intertech A.Ş.	(3.694)	(546)
	(14.832)	(6.101)

Compensation of Key Management Personnel

The Company provided TL 9.990 of benefits (health insurance, private pension plan, bonus etc.) to its key management personnel consisting of general manager and assistant general managers in year 2023(31 December 2022: TL 3.092).

8. Subsidiaries

	<u>Share %</u>	1 January- 31 December 2023	1 January- 31 December 2022
Ekspres Gayrimenkul Turizm Yatırım İşletme Ve Tic.	% 70,58	29.500	-
		29.500	-

The 70.58% share of Ekspres Gayrimenkul Turizm Yatırım İşletme ve Ticaret A.Ş., owned by Denizbank, was transferred to Deniz Finansal Kiralama A.Ş. for 29.500 TL. It was purchased by.

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***9. Property, plant and equipment**

	1 January 2023	Additions	Disposals	31 December 2023
Cost:				
Furniture and fixtures	1.491	1.025	-	2.516
Vehicles	2.212.284	3.638.408	(587.477)	5.263.215
Real estate	2.419	278.077	(70.000)	210.496
Leasehold improvements	1.183	-	-	1.183
Existence of right of use	15.117	7.466	-	22.583
	2.232.494	3.924.976	(657.477)	5.499.993
Accumulated depreciation:				
Furniture and fixtures	(506)	(333)	-	(839)
Vehicles	(31.089)	(1.415)	15.334	(17.170)
Real estate	(194)	(2.078)	-	(2.272)
Leasehold improvements	(1.182)	(1)	-	(1.183)
Existence of right of use	(9.655)	(7.043)	-	(16.698)
	(42.626)	(10.870)	15.334	(38.162)
Net book value				5.461.831
	1 January 2022	Additions	Disposals	31 December 2022
Cost:				
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
	1.092.912	1.272.405	(132.823)	2.232.494
Accumulated depreciation:				
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)
	(51.900)	(3.144)	12.418	(42.626)
Net book value				2.189.868

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

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***10. Intangible assets**

	31 December 2023		31 December 2022	
Cost (Software)				
Opening Balance, 1 January		39.218		23.115
License purchases		20.879		16.103
Closing Balance		60.097		39.218
Amortization				
Opening Balance, 1 January		(19.750)		(12.188)
Licenses		(12.326)		(7.562)
Sales		-		-
Closing Balance		(32.076)		(19.750)
Net Book Value		28.021		19.468

11. Other assets

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Advances for Rental Operations	187.921	617.470	244.997	279.875
Prepaid Expenses (**)	115.727	-	40.226	-
Investments Subject to Leasing (*)	247.867	115.359	273.064	61.357
Other and Insurance Receivables	21.959	-	11.973	9.747
VAT Carried to the Next Period	412.149	-	164.796	-
Other	829	1	770	-
	986.452	732.830	735.826	350.979

(*) The Company buys machinery and equipment from foreign and domestic vendors based on its lease agreements. As of 31 December 2023 and 31 December 2022, 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.

12. Funds borrowed

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Short-Term Funds Borrowed				
Short-Term Funds Borrowed	5.348.802	4.453.977	4.116.920	1.232.134
Short-Term Portions of Long-Term Funds Borrowed	-	-	-	-
Total Short-Term Liabilities	5.348.802	4.453.977	4.116.920	1.232.134
Long-Term Funds Borrowed				
Long-Term Portions of Long-Term Funds Borrowed	-	2.955.500	-	1.620.755
Total Long-Term Funds Borrowed	-	2.955.500	-	1.620.755
Total Funds Borrowed	5.348.802	7.409.477	4.116.920	2.852.889

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***12. Funds borrowed (continued)**

Maturity Analysis of Funds Borrowed:	31 December 2023	31 December 2022
Within 1 year	9.802.779	5.349.054
Within 1-2 years	59.515	75.047
Within 2-3 years	469.833	59.317
Within 3-4 years	1.170.817	-
Within 4-5 years	1.255.335	-
Over 5 years	-	1.486.391
	12.758.279	6.969.809

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

Currency	Interest Rate %	Currency Amount	31 December 2023
TL	%43,79	5.279.828	5.279.828
USD	%7,72	49.120	1.446.004
EURO	%6,20	91.457	2.979.125
Accrued interest on funds borrowed			97.822
Total			9.802.779

Currency	Interest Rate %	Currency Amount	31 December 2022
TL	%12,00 - %20,00	4.092.388	4.092.388
USD	%7,25 - %7,50	15.650	292.628
EURO	%1,74 - %6,29	47.097	938.874
Accrued interest on funds borrowed			25.164
Total			5.349.054

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

Currency	Interest Rate %	Currency Amount	31 December 2023
USD	%9,98	87	2.561
EURO	%6,20	90.048	2.933.199
Accrued interest on funds borrowed			19.740
Total			2.955.500

Currency	Interest Rate %	Currency Amount	31 December 2022
USD	%9,72	145	2.711
EURO	%1,74 - %6,30	80.995	1.614.633
Accrued interest on funds borrowed			3.411
Total			1.620.755

Loan interest rates are expressed in simple terms.

Deniz Finansal Kiralama A.Ş.

Notes to the financial statements as of 31 December 2023

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

12. Funds borrowed (continued)

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Fixed rate	5.348.802	3.135.474	4.116.920	1.283.485
Floating rate	-	4.274.003	-	1.569.404
	5.348.802	7.409.477	4.116.920	2.852.889

13. Issued Securities

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Bonds	1.470.493	-	1.941.141	-
Bills	-	-	-	-
	1.470.493	-	1.941.141	-

The details of the issued bonds in 2023 and 2022 are as follows (nominal):

Export Date	Exported Nominal Amount	Compound Interest Rate	Amortization Date	Coupon Term	Type
20 October 2023	145.000	40,00%	15 March 2024	Maturity Date	Bond
6 December 2023	375.000	45,00%	1 March 2024	Maturity Date	Coupon Payment Bond
27 December 2023	180.000	45,25%	5 April 2024	Maturity Date	Coupon Payment Bond
21 November 2023	267.000	41,25%	3 May 2024	Maturity Date	Coupon Payment Bond
29 December 2023	280.000	48,00%	25 June 2024	Maturity Date	Coupon Payment Bond
31 October 2023	200.000	41,25%	2 August 2024	Montly	Coupon Payment Bond
	1.447.000				

(*) Denotes annual interest rates.

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
	2.015.000				

(*) Denotes annual interest rates.

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***14. Lease payables (net)**

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Financial Leasing Transactions Payables (Building Rent)	8.828	-	10.367	-
Deferred Rental Expenses	(632)	-	(1.819)	-
	8.196	-	8.548	-

15. Derivative financial liabilities

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Fair Values of Currency Swap Transactions	1.001	-	11.336	-
	1.001	-	11.336	-

16. Other liabilities

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Order Advances Received (*)	246.189	191.934	162.523	141.247
Payables to Finance Lease Suppliers	29.057	160.539	20.706	52.845
Fees and Other Income Tax Withholding	6.028	-	5.552	-
Social Insurance Premiums to be Paid	1.551	-	665	-
Other Taxes Payable	1.044	-	767	-
Committed Financial Leasing Receivables (**)	2.514	297.085	20.878	246.937
Other (***)	-	554.365	-	-
	286.383	1.203.923	211.091	441.029

(*) 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.

(***) This amount collected from the customer regarding the financial leasing fee, whose lawsuit and legal proceedings are still ongoing, remained in the temporary account due to the ongoing legal process and its failure to conclude on 31.12.2023.

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 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***17. 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/IFRS.

	31 December 2023	31 December 2022
Temporary Differences Subject to Deferred Tax		
Retirement Pay Provision	5.505	7.666
Unused Vacation Provision	934	967
Bonus Provision	13.682	3.442
Other Expense Provisions	141	107
Income Accruals for Finance Leases and Ongoing Leasing Contracts	(421.910)	(229.029)
Allowance for Doubtful Finance Lease Receivables	385.705	807.273
Derivatives	1.001	(12.246)
General Provisions for Finance Lease Receivables	6.546	4.627
Financial Instrument Valuation Differences	37.707	553
Tax Base Differences in Property, Plant and Equipment	(751.103)	(1.087.683)
Prepaid Interest	7.059	854
Correction Regarding the Securities Commission	(3.477)	(529)
Letter of Guarantee Commission	(3.427)	(1.790)
Right-of-Use Asset	2.310	3.085
Specific Provision Exchange Difference	(49.890)	(188.708)
Exchange Difference of NPL Terminations	193.391	192.076
Investment Fund Participation Certificates	-	(23.246)
Financial Loss (*)	559.833	319.060
	(15.993)	(203.521)
	31 December 2023	31 December 2022
Deferred Tax Assets/(Liabilities)		
Retirement Pay Provision	1.651	1.916
Unused Vacation Provision	280	242
Bonus Provision	4.104	860
Other Expense Provisions	42	27
Income Accruals for Finance Leases and Ongoing Leasing Contracts	(126.573)	(57.257)
Allowance for Doubtful Finance Lease Receivables	115.712	201.818
Derivatives	300	(3.062)
General Provisions for Finance Lease Receivables	1.964	1.157
Financial Instrument Valuation Differences	11.312	138
Tax Base Differences in Property, Plant and Equipment	(225.331)	(271.921)
Prepaid Interest	2.118	213
Correction Regarding the Securities Commission	(1.043)	(132)
Letter of Guarantee Commission	(1.028)	(448)
Right-of-Use Asset	694	773
Specific Provision Exchange Difference	(14.967)	(47.177)
Exchange Difference of NPL Terminations	58.017	48.019
Investment Fund Participation Certificates	-	(5.811)
Financial Loss (*)	167.950	79.765
Deferred Tax Asset/(Liability) (Net)	(4.798)	(50.880)

(*) As of 31 December 2023, deferred tax asset amounting to TL 559.833 (31 December 2022 TL 319.060) has been made over the financial loss amounting to TL 167.950 (31 December 2022 TL 79.765) in the current period.

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***17. Deferred tax assets and liabilities (continued)**

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

	31 December 2023	31 December 2022
Opening Balance as of 1 January		
Deferred taxes accounted in under equity	(50.880)	23.443
~ Cash flow hedge accounting	(228)	(1.274)
~ Severance provision	(701)	(2.258)
	473	984
Deferred Tax Income / (Loss)	46.310	(73.049)
Closing Balance as of 31 December	(4.798)	(50.880)

18. Provisions

	31 December 2023	31 December 2022
Provision for Employee Rights Obligation	20.121	12.075
Provision for Litigation	16.126	8.994
Other Provisions	8.943	26.301
	45.190	47.370

▪ *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.

	31 December 2023	31 December 2022
Discount Rate	5,33%	1,91%
Interest Rate	24,18%	21,83%
Estimated increase rate of salaries/retirement pay ceiling	17,90%	19,55%

Employee Benefits Provisio	31 December 2023	31 December 2022
Retirement Pay Provision	5.505	7.666
Unused Vacation Provision	934	967
Bonus Provision	13.682	3.442
	20.121	12.075

Provision for Severance Pay	31 December 2023	31 December 2022
Beginning of the Year	7.666	2.063
Service Cost	961	269
Interest cost	1.673	495
Actuarial Loss	107	3.973
Historical Service Cost	498	1.148
Payments made during the period (-)	(5.400)	(282)
End of the Period	5.505	7.666

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***18. Provisions (continued)**

Bonus Provision	31 December 2023	31 December 2022
Beginning of the year	3.442	1.890
Additional provision	16.366	4.199
Bonus Paid	(6.126)	(2.647)
End of the Period	13.682	3.442

Unused Vacation Provision	31 December 2023	31 December 2022
Beginning of the year	967	363
Allowance paid	(849)	(96)
Additional provision	816	700
End of the Period	934	967

19. Current tax debt / (receivable)

	31 December 2023	31 December 2022
Corporate Tax Provision	-	-
Prepaid Taxes	(64.192)	(47.233)
Corporate Tax Provision / (Receivable) (net)	(64.192)	(47.233)

20. Paid-in capital and capital reserves

As of 31 December 2023 and 31 December 2022, distribution of the share capital held based on shareholders and shares is as follows.

Shareholders	(%)	31 December 2023
Denizbank A.Ş.	99,99	3.450.000
Derya Kumru	<1	<1
Ali Murat Dizdar	<1	<1
Mehmet Aydođdu	<1	<1
Tanju Kaya	<1	<1
	100	3.450.000

At the extraordinary general assembly meeting held on 09 August 2023, the company's capital was increased from 317.000 TL to 3.450.000 TL. 1.133.000 TL of the increased capital was covered by the extraordinary reserves account, and Denizbank A.Ş. covered the remaining 2.000.000 TL in cash.

Shareholders	(%)	31 December 2022
Denizbank A.Ş.	99,99	317.000
Derya Kumru	<1	<1
Ali Murat Dizdar	<1	<1
Hayri Cansever	<1	<1
Tanju Kaya	<1	<1
	100	317.000

As of 31 December 2023, the Company's paid-in-capital consists of 3.450.000.000 shares of TL 1 nominal each (31 December 2022: 317.000.000 shares of TL 1 nominal each).

There are no preferred stocks representing the share capital.

Deniz Finansal Kiralama A.Ş.

Notes to the financial statements as of 31 December 2023

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

21. Profit reserves

	31 December 2023	31 December 2022
Legal Reserves	63.400	43.908
Extraordinary Reserves	915	490.345
	64.315	534.253

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 March 23, 2023, it was resolved to set aside TL 19.492 of the profit for the year 2022, which is TL 663.062, as legal reserves, and since no dividend distribution will be made, the remaining TL 643.570 will be set aside as extraordinary reserves. In the extraordinary general assembly held on 09.08.2023, it was decided to increase the capital of the company from TL 317.000 to TL 3.450.000, TL 1.133.000 of the increased capital was paid from the extraordinary reserves account and Denizbank A.Ş. paid the remaining TL 2.000.000 in cash.

22. 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 2023, the Company has no deferred tax income from deferred tax assets (31 December 2022: None).

23. Foreign currency position

31 December 2023	USD	EURO	CHF	GBP	CAD	Other	TL Equivalent
Cash, Cash Equivalents and Central Bank	328	758	-	-	1	-	38.112
Financial Assets Measured by Amortized Cost	63.150	172.379	-	-	-	-	7.474.057
Other Assets (**)	13.652	11.760	-	-	-	-	784.942
Total Assets	77.130	184.897	-	-	1	-	8.297.111
Funds Borrowed	49.339	182.878	-	-	-	-	7.409.477
Other Provision	29.074	10.818	-	-	-	-	1.203.923
Other Liabilities	-	-	-	-	-	-	-
Total Liabilities	78.413	193.696	-	-	-	-	8.613.400
Net Balance Sheet Position	(1.283)	(8.799)	-	-	1	-	(316.289)
Off Balance Sheet Position (Derivative)	-	3.000	-	-	-	-	97.722
Net Foreign Currency Position (*)	(1.283)	(5.799)	-	-	1	-	(218.567)

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

(**) Includes derivative financial assets.

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***23. Foreign currency position (continued)**

31 December 2022	USD	EUR	CHF	GBP	JPY	Other	TL Equivalent
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
Total Assets	87.781	197.175	-	-	-	1	5.578.342
Funds Borrowed	15.804	128.286	-	-	-	-	2.852.889
Other Provision	-	-	-	-	-	-	-
Other Liabilities	9.519	13.490	-	-	-	-	441.029
Total Liabilities	25.323	141.776	-	-	-	-	3.293.918
Net Balance Sheet Position	62.458	55.399	-	-	-	1	2.284.424
Off Balance Sheet Position (Derivative)	(51.000)	(50.000)	-	-	-	-	(1.950.358)
Net Foreign Currency Position (*)	11.458	5.399	-	-	-	1	334.066

() Includes foreign currency position arising from operating lease transactions of the Company.***24. Provisions, contingent assets and liabilities**

As of 31 December 2023, TL 3.562.087 of letters of guarantee were given to customs authorities and banks (31 December 2022: TL 1.805.716).

As of 31 December 2023, total legal cases pending against the Company is TL 38.355 (31 December 2022: TL 31.296) and the provision recognized in the accompanying financial statements for such legal cases is TL 16.126 (31 December 2022: TL 8.993).

Deniz Finansal Kiralama A.Ş.

Notes to the financial statements as of 31 December 2023

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

24. Provisions, contingent assets and liabilities (continued)

Derivative transactions:

	31 December 2023		31 December 2022	
	Currency Amount	TL	Currency Amount	TL
Forward Foreign Currency Purchase Transaction: TL	-	-	1.965.995	1.965.995
	-	-	1.965.995	1.965.995
Forward Foreign Currency Purchase Transaction: EUR	3.000	97.722	-	-
	3.000	97.722	-	-
Forward Foreign Currency Sale Transaction: EUR	-	-	50.000	996.745
	-	-	50.000	996.745
Forward Foreign Currency Sale Transaction: TL	99.138	99.138	-	-
	99.138	99.138	-	-
Forward Foreign Currency Sale Transaction: USD	-	-	51.000	953.613
	-	-	51.000	953.613
Futures Sale Transactions: EUR	41.744	1.359.779	-	-
	41.744	1.359.779	-	-
Futures Purchase Transactions: EUR	41.744	1.359.779	-	-
	41.744	1.359.779	-	-
			31 December 2023 TL	31 December 2022 TL
Maturity Analysis for Foreign Currency Sell Transactions:				
Short-Term			97.722	1.965.995
Long-Term			1.359.779	-
			1.457.501	1.965.995
Maturity Analysis for Foreign Currency Sell Transactions:				
Short-Term			99.138	1.950.358
Long-Term			1.359.779	-
			1.458.917	1.950.358

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***25. Operating income**

	1 January- 31 December 2023	1 January- 31 December 2022
Finance Lease Interest Income	1.623.870	717.757
Operating Lease Income	918.394	379.117
	2.542.264	1.096.874

26. Operating expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Operational Lease Expenses	(430.777)	(163.046)
Personnel Expenses	(89.101)	(33.331)
Other General Administrative Expenses	(41.012)	(23.411)
Depreciation and Amortization Expenses	(21.165)	(10.706)
Consultancy Expenses	(2.228)	(934)
Information Technology Expenses	(4.054)	(648)
Severance Pay Provision	(2.634)	(1.630)
Travel and Vehicle Expenses	(1.140)	(531)
	(592.111)	(234.237)

27. Other operating income

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign Exchange Gains	5.258.514	2.792.333
Gain on Derivative Instruments	174.128	362.384
Reversal of provisions for uncollectible provisions	858.154	149.847
Capital Market Transactions Profit	415.207	23.246
Insurance Commission Income	17.157	7.085
Interest Received from Securities	-	125
Interest from Banks	1.774	96
Income from the Sale of Assets	1.030.022	264.763
Other	277.039	93.950
	8.031.995	3.693.829

28. Finance expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Interest Expenses	(1.632.424)	(727.562)
Interest Expense on Marketable Securities Issued	(175.237)	(254.301)
Fees and Commissions Paid	(57.359)	(27.258)
Other	(2.776)	(4.101)
	(1.867.796)	(1.013.222)

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***29. Provision for Expected Loss**

	1 January – 31 December 2023			
	Level 1	Level 2	Level 3	Total
Provision for Expected Loss	(125.214)	(101.642)	(469.037)	(695.893)
	(125.214)	(101.642)	(469.037)	(695.893)

	1 January – 31 December 2022			
	Level 1	Level 2	Level 3	Total
Provision for Expected Loss	(22.282)	(180.257)	(67.361)	(269.900)
	(22.282)	(180.257)	(67.361)	(269.900)

30. 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.

	1 January- 31 December 2023	1 January- 31 December 2022
Independent audit fee	(662)	(574)
Tax consultancy fee	-	-
Other assurance services fee	-	-
Other non-audit assurance services	-	-
	(662)	(574)

31. Other operating expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign Exchange Losses	(4.264.584)	(2.041.308)
Losses from Derivative Instruments	(614.645)	(460.986)
Other	(36.313)	(30.492)
	(4.915.542)	(2.532.786)

32. Taxation

Tax Provision	1 January- 31 December 2023	1 January- 31 December 2022
Corporate Tax Provision	-	(4.447)
Deferred Tax Income / (Expenses)	46.310	(73.049)
	46.310	(77.496)

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Notes to the financial statements as of 31 December 2023

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32. Taxation (continued)

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

Tax Provision	1 January- 31 December 2023	1 January- 31 December 2022
Pre-tax profit	2.502.917	740.558
Tax rate	%30	%25
Tax effect	(750.875)	(185.139)
Effect of TPL Inflation Adjustment	475.110	-
Non-deductible expenses and deductions (net) (*)	322.075	107.643
	46.310	(77.496)

As of 31 December 2023, tax deductible losses amounting to TL 559.833 (2022: TL 319.060) and the expiration date details that can be used for deduction are as follows;

	31 December 2023	31 December 2022
Retained earnings ending in 2023	-	-
Retained earnings ending in 2024	-	-
Retained earnings ending in 2025	-	-
Retained earnings ending in 2026	-	-
Retained earnings ending in 2027	401.313	319.060
Retained earnings ending in 2028	158.520	-
Toplam	559.833	319.060

Corporate Tax

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

The companies apply 30% (31 December 2022 25%) tax rate over their quarterly profits when calculating their temporary tax payables, which they are obliged declare via advance corporate tax declaration by the end 14th and pay by the end of 17th of the 2nd 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 remaining advance corporate tax balance, it can be offset or can be received in the form of cash refund. Pursuant to the regulation introduced by the Law No. 7456 "Law on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurred on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375", the corporate tax rate has been determined as 30% to be applied to the corporate income of the taxation period starting from 2023.

According to the provisional article 33 added to the Tax Procedure Law with the Law No. 7352 published in the Official Gazette dated 29.01.2022; it is ruled that the financial statements dated 31.12.2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met. It has been determined that the profit / loss difference arising from the inflation adjustment will be shown in the retained earnings / loss account; the retained earnings determined in this way will not be subject to tax and the retained losses will not be accepted as losses. Banks, financial leasing, factoring, savings and financing companies, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will also apply inflation accounting together with other taxpayers within the scope, but there will be no tax consequences as of 31.12.2023.

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.

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Notes to the financial statements as of 31 December 2023

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32. Taxation (continued)

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.

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.

33. 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.

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

None.

35. 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 2023	31 December 2022
Financial assets:		
Cash, Cash Equivalents and Central Bank	185.310	13.363
Financial Assets at Fair Value Through Profit/Loss	1.782.238	473.246
Derivative Financial Assets	52.112	83.863
Financial Assets Measured by Amortized Cost	12.518.070	7.280.275
Financial Liabilities:		
Derivative Financial Liabilities	(1.001)	(11.336)
Other Liabilities (*)	(1.481.683)	(645.136)
Funds Borrowed	(12.758.279)	(6.969.809)
Issued Securities	(1.470.493)	(1.941.141)

(*) Taxes and liabilities amounting to TL 8.623, which are included in other liabilities, are not included in this table (31 December 2022: TL 6.984).

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Notes to the financial statements as of 31 December 2023

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35. 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 23.

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 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
USD	29,4382	18,6983
EUR	32,5739	19,9349
CHF	34,9666	20,2019
GBP	37,4417	22,4892
CAD	22,1962	13,7896

Deniz Finansal Kiralama A.Ş.**Notes to the financial statements as of 31 December 2023***(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)***35. Additional information about financial instruments (continued)**Foreign Currency Sensitivity (continued)

	31 December 2023			
	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	(3.777)	3.777	-	-
2 - USD hedging (-)	-	-	-	-
3 - USD, net effect (1+2)	(3.777)	3.777	-	-
4 - Net EUR asset/liability	(28.662)	28.662	-	-
5 - EUR hedging (-)	9.772	(9.772)	-	-
6 - EUR, net effect (4+5)	(18.890)	18.890	-	-
TOTAL (3 + 6)	(22.667)	22.667	-	-

	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	-	-
3 - USD, net effect (1+2)	21.425	(21.425)	-	-
4 - Net EUR asset/liability	110.437	(110.437)	-	-
5 - EUR hedging (-)	(99.675)	99.675	-	-
6 - EUR, net effect (4+5)	10.762	(10.762)	-	-
TOTAL (3 + 6)	32.187	(32.187)	-	-

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 2023, there is no unrealized gain/loss arising from changes in the fair value of derivative contracts and recognized in profit or loss (31 December 2022: TL 12.246 loss).

(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.

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35. Additional information about financial instruments (continued)

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

	31 December 2023	31 December 2022
Fixed Rate Financial Instruments		
Financial Assets:		
Time Deposits	-	-
Finance Lease Receivables	11.441.916	7.136.885
Financial Liabilities:		
Funds Borrowed	8.484.276	5.400.405
Marketable Securities Issued	1.470.493	1.941.141
Floating rate financial instruments		
Financial Assets:		
Finance Lease Receivables	1.041.918	116.720
Financial Liabilities:		
Funds Borrowed	4.274.003	1.569.404
Marketable Securities Issued	-	-

(*) TL 34.236 of operating lease receivables are not included in the total.

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 10.419 (31 December 2022: TL 1.167).

The Company's interest expense on floating rate borrowings would increase by TL 42.740 (31 December 2022: TL 15.694).

(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 2023

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35. 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		
31 December 2023						
Maximum credit risk exposed as of the reporting date (*)	125.158	12.392.912	185.310	1.782.238	52.112	
- The part of the maximum risk secured by guarantee, etc.	-	11.851.228	-	-	-	
A. Net book value of financial assets that are not past due or impaired - part secured by guarantee, etc.	125.158	10.551.448	185.310	1.782.238	52.112	
B. Book value of financial assets whose conditions have been renegotiated, otherwise they will be deemed overdue or impaired	-	9.555.026	-	-	-	
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)	-	-	-	-	-	
- Impairment (-)	-	1.841.464	-	-	-	
- The part of the net value secured with guarantee, etc. (**)	-	2.413.387	-	-	-	
- Not overdue (gross book value)	-	(571.923)	-	-	-	
- Impairment (-)	-	2.296.202	-	-	-	
- 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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35. Additional information about financial instruments (continued)

	Finance Lease Receivables					Derivative Financial Assets
	31 December 2022	Related Party	Other Party	Deposit at bank	Financial Assets at Fair Value Through Profit/Loss	
Maximum credit risk exposed as of the reporting date (*)		200.595	7.079.680	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.		200.595	7.001.650	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		-	-	-	-	-

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

31 December 2023

Contractual Maturities	Carrying Value	Contractual cash inflow/outflow (I+II+III+IV)	Contractual cash inflow/outflow			
			Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-Derivative Financial Liabilities:						
Funds Borrowed	12.758.279	12.874.529	8.609.416	1.309.613	2.955.500	-
Other Liabilities (*)	1.481.683	1.482.995	1.482.995	-	-	-
Marketable Securities Issued	1.470.493	1.495.942	547.362	948.580	-	-
Total Liabilities	15.710.455	15.853.466	10.639.773	2.258.193	2.955.500	-

(*) Taxes and liabilities payable amounting to TL 8.623, 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 2023

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35. 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	-	-
Total Liabilities	9.556.086	7.511.399	483.602	135.330	1.486.393

(*) 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 2023

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

35. Additional information about financial instruments (continued)

31 December 2023

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	1.457.501	97.722	-	-	1.359.779	
Cash Outflows from Derivatives	(1.458.917)	(99.138)	-	-	(1.359.779)	

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)	-	-	-	

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35. Additional information about financial instruments (continued)

(j) 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 2023	Financial assets held for trading	Available for sale financial assets and subsidiaries	Financial assets at amortized cost	Loans and receivables	Carrying value	Fair value
<u>Financial assets</u>						
Cash, Cash Equivalents and Central Bank	-	-	185.310	-	185.310	185.310
Financial Assets at Fair Value Through Profit/Loss (Net)	1.782.238	-	-	-	1.782.238	1.782.238
Derivative Financial Assets	52.112	-	-	-	52.112	52.112
Financial Assets Measured at Amortized Cost (*)	-	-	-	13.357.854	13.357.854	10.037.143
<u>Financial liabilities</u>						
Derivative Financial Liabilities	1.001	-	-	-	1.001	1,001
Other Liabilities (**)	-	-	-	-	1.481.683	1.481.683
Funds Borrowed	-	-	-	-	12.758.279	12.757.852
Issued Securities	-	-	-	-	1.470.493	1.439.893

(*) Terminated transactions amounting to TL 117.844 included in Financial Assets Measured at Amortized Cost are not included in this table.

(**) Taxes and liabilities amounting to TL 8.623, which are included in other liabilities, are not included in this table.

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35. Additional information about financial instruments (continued)

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
<u>Financial assets</u>						
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 (*)	-	-	-	8.328.620	8.328.620	7.126.028
<u>Financial liabilities</u>						
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 2023

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35. Additional information about financial instruments (continued)

(k) Fair Value Level of Financial Instruments

Fair value levels as of 31 December 2023

Financial Instruments	31 December 2023	1.Seviye	2.Seviye	3.Seviye
Derivative financial assets/(liabilities), net	51.111	-	51.111	-

Fair value levels as of 31 December 2022

Financial Instruments	31 December 2022	1.Seviye	2.Seviye	3.Seviye
Derivative financial assets/(liabilities), net	72.527	-	72.527	-

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.

36. Subsequent events

In accordance with the BRSA's regulation dated 11.01.2024 and numbered 10825, banks, financial leasing, factoring, financing, savings financing and asset management companies are required to apply inflation accounting as of 01.01.2025.