

**CONVENIENCE TRANSLATION INTO
ENGLISH OF FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR’S REPORT
ORIGINALLY ISSUED IN TURKISH**

AK FİNANSAL KİRALAMA A.Ş.

**FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT
FOR THE PERIOD 1 JANUARY - 30 JUNE 2023**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note 2)

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

Introduction

We have reviewed the condensed balance sheet of Ak Finansal Kiralama A.Ş. ("the Company") at 30 June 2023 and the related condensed statement of profit or loss, condensed statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity, statement of cash flows to the condensed financial statements for the six-month-period then ended. The Company Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes 'Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies' published in the Official Gazette dated 24 December 2013 and numbered 28861 by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.



Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying financial information does not present fairly in all material respects the financial position of Ak Finansal Kiralama A.Ş. at 30 June 2023 and the results of its operations and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Note 2 differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 Financial Reporting in Hyperinflationary Economies by 30 June 2023. Accordingly, the accompanying condensed financial statements are not intended to present fairly the financial position, results of operations and changes in equity and cash flows of the Company in accordance with IFRS.

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

Zeynep Uras, SMMM
Partner

Istanbul, 25 July 2023

**CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT ORIGINALLY
ISSUED IN TURKISH**

AK FİNANSAL KİRALAMA A.Ş.

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AK FİNANSAL KİRALAMA A.Ş.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

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

	ASSETS	Notes	Reviewed Current Period 30 June 2023			Audited Prior Period 31 December 2022		
			TC	FC	TOTAL	TC	FC	TOTAL
I.	CASH, CASH BALANCES AND CENTRAL BANKS		629,915	1,615,568	2,245,483	71,920	2,263,172	2,335,092
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)		-	-	-	60,032	-	60,032
III.	DERIVATIVE FINANCIAL ASSETS		-	25,593	25,593	-	16,548	16,548
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		-	-	-	-	-	-
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST		5,271,294	11,229,610	16,500,904	3,590,202	8,050,775	11,640,977
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 the Equity		-	-	-	-	-	-
5.3	Finance Loans		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Commercial Installment Loans		-	-	-	-	-	-
5.4	Lease Receivables (Net)		5,139,835	11,283,344	16,423,179	3,454,928	8,096,500	11,551,428
5.4.1	Financial Lease Receivables		7,324,940	12,561,088	19,886,028	4,796,421	8,902,111	13,698,532
5.4.2	Operating Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		(2,185,105)	(1,277,744)	(3,462,849)	(1,341,493)	(805,611)	(2,147,104)
5.5	Other Financial Assets Measured at Amortized Cost		-	-	-	-	-	-
5.6	Receivables under Follow-up		207,948	167,990	375,938	210,388	163,774	374,162
5.7	Expected Credit Loss (-)		(76,489)	(221,724)	(298,213)	(75,114)	(209,499)	(284,613)
VI.	EQUITY INVESTMENTS		-	-	-	-	-	-
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	PROPERTY AND EQUIPMENT (Net)		201,602	-	201,602	9,132	-	9,132
VIII.	INTANGIBLE ASSETS (Net)		12,405	-	12,405	8,952	-	8,952
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSET		-	-	-	-	-	-
XI.	DEFERRED TAX ASSET		60,655	-	60,655	15,558	-	15,558
XII.	OTHER ASSETS		2,021,572	1,866,801	3,888,373	1,078,474	1,483,148	2,561,622
	SUB TOTAL		8,197,443	14,737,572	22,935,015	4,834,270	11,813,643	16,647,913
XIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)		36,605	-	36,605	25,835	-	25,835
13.1	Held for sale		36,605	-	36,605	25,835	-	25,835
13.2	Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		8,234,048	14,737,572	22,971,620	4,860,105	11,813,643	16,673,748

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

AK FİNANSAL KİRALAMA A.Ş.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

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

	LIABILITIES	Notes	Reviewed Current Period 30 June 2023			Audited Prior Period 31 December 2022		
			TC	FC	TOTAL	TC	FC	TOTAL
I.	BORROWINGS	5	5,001,877	12,207,776	17,209,653	3,321,627	9,561,777	12,883,404
II.	FACTORING LIABILITIES		-	-	-	-	-	-
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES (Net)		1,898	-	1,898	82	-	82
V.	SECURITIES ISSUED (Net)		1,930,772	-	1,930,772	715,365	-	715,365
	FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	4	-	328,263	328,263	-	107,514	107,514
VIII.	PROVISIONS		36,621	-	36,621	22,519	-	22,519
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserve for Employee Benefits		15,106	-	15,106	12,024	-	12,024
8.3	General Loss Provisions		-	-	-	-	-	-
8.4	Other Provisions		21,515	-	21,515	10,495	-	10,495
IX.	CURRENT TAX LIABILITY		124,878	-	124,878	65,904	-	65,904
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
XII.	OTHER ASSETS		313,883	610,966	924,849	143,146	741,770	884,916
	MEDIUM TOTAL		7,409,929	13,147,005	20,556,934	4,268,643	10,411,061	14,679,704
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SHAREHOLDERS' EQUITY	7	2,414,686	-	2,414,686	1,994,044	-	1,994,044
14.1	Paid-in capital		373,400	-	373,400	373,400	-	373,400
14.2	Capital Reserves		(13,393)	-	(13,393)	(13,393)	-	(13,393)
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		(13,393)	-	(13,393)	(13,393)	-	(13,393)
14.3	Accumulated Other Comprehensive Income or Loss Not Reclassified		-	-	-	-	-	-
	Through Profit or Loss		(4,418)	-	(4,418)	(4,418)	-	(4,418)
14.4	Accumulated Other Comprehensive Income or Loss Reclassified		-	-	-	-	-	-
	Through Profit or Loss		-	-	-	-	-	-
14.5	Profit Reserves		1,638,455	-	1,638,455	968,183	-	968,183
14.5.1	Legal Reserves		84,109	-	84,109	75,474	-	75,474
14.5.2	Status Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		1,554,346	-	1,554,346	892,709	-	892,709
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Income or Loss		420,642	-	420,642	670,272	-	670,272
14.6.1	Prior Periods' Income or Loss		-	-	-	-	-	-
14.6.2	Current Period Income or Loss		420,642	-	420,642	670,272	-	670,272
	TOTAL LIABILITIES		9,824,615	13,147,005	22,971,620	6,262,687	10,411,061	16,673,748

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

AK FİNANSAL KİRALAMA A.Ş.

OFF-BALANCE SHEET ITEMS FOR THE PERIOD 30 JUNE 2023

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

	OFF-BALANCE SHEET ACCOUNTS	Notes	Reviewed Current Period 30 June 2023			Audited Prior Period 31 December 2022		
			TC	FC	TOTAL	TC	FC	TOTAL
I.	RISK ASSUMED FACTORING TRANSACTIONS		-	-	-	-	-	-
II.	FACTORING TRANSACTIONS WHERE THE RISK IS NOT ASSUMED		-	-	-	-	-	-
III.	SAVINGS FINANCING CONTRACT TRANSACTIONS		-	-	-	-	-	-
IV.	GUARANTEES RECEIVED		8,777,254	76,354,373	85,131,627	8,725,554	54,841,577	63,567,131
V.	GUARANTEES GIVEN		2,015,038	1,601,894	3,616,932	987,589	1,670,845	2,658,434
VI.	COMMITMENTS		887,207	1,249,089	2,136,296	713,205	1,506,796	2,220,001
6.1	Irrevocable Commitments		-	-	-	-	-	-
6.2	Revocable Commitments		887,207	1,249,089	2,136,296	713,205	1,506,796	2,220,001
6.2.1	Lease Commitments		887,207	1,249,089	2,136,296	713,205	1,506,796	2,220,001
6.2.1.1	Financial Leasing Commitments		887,207	1,249,089	2,136,296	713,205	1,506,796	2,220,001
6.2.1.2	Operating Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS	4	884,879	8,813,947	9,698,826	917,065	5,474,665	6,391,730
7.1	Derivative Financial Instruments for Hedging Purposes		-	-	-	-	560,949	560,949
7.1.1	Fair Value Hedge Transactions		-	-	-	-	560,949	560,949
7.1.2	Cash Flow Hedging Transactions		-	-	-	-	-	-
7.1.3	Transactions for Hedging Net Investment in Foreign Countries		-	-	-	-	-	-
7.2	Trading Transactions		884,879	8,813,947	9,698,826	917,065	4,913,716	5,830,781
7.2.1	Dated Trading Transactions		-	-	-	-	-	-
7.2.2	Swap Trading Transactions		884,879	8,813,947	9,698,826	917,065	4,913,716	5,830,781
7.2.3	Trading Options Transactions		-	-	-	-	-	-
7.2.4	Futures Trading Transactions		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
VIII.	ENTRUSTED ASSETS		2,380	-	2,380	2,380	-	2,380
	OFF-BALANCE SHEET TOTAL		12,566,758	88,019,303	100,586,061	11,345,793	63,493,883	74,839,676

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

AK FİNANSAL KİRALAMA A.Ş.

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 30 JUNE 2023

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

INCOME AND EXPENSE ITEMS		Notes	Reviewed 1 January – 30 June 2023	Unreviewed 1 April – 30 June 2023	Reviewed 1 January – 30 June 2022	Unreviewed 1 April – 30 June 2022
I.	OPERATING INCOME		1,369,394	809,516	487,186	262,812
	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		-	-	-	-
	FINANCE LOAN INCOME		-	-	-	-
1.3	Interest Received from Finance Loans		-	-	-	-
1.4	Fees and Commissions Received from Finance Loans		-	-	-	-
	LEASE INCOME		1,369,394	809,516	487,186	262,812
1.5	Financial Lease Income		1,301,064	769,098	457,283	247,579
1.6	Operational Lease Income		11,182	11,182	-	-
1.7	Fees and Commissions Received from Lease Transactions		57,148	29,236	29,903	15,233
	SAVING FINANCE INCOME		-	-	-	-
1.8	Dividends Received from Savings Financing Receivables		-	-	-	-
1.9	Fees and Commissions Received from Savings and Financing Activities		-	-	-	-
II.	FINANCIAL EXPENSES (-)		(1,022,808)	(596,094)	(378,806)	(231,735)
2.1	Dividends Given to the Savings Fund Pool		-	-	-	-
2.2	Interest on Funds Borrowed		(880,060)	(495,590)	(343,901)	(199,575)
2.3	Interest on Factoring Payables		-	-	-	-
2.4	Financial Lease Expense		(216)	(91)	(134)	(56)
2.5	Interest on Securities Issued		(142,532)	(100,413)	(34,771)	(32,104)
2.6	Other Interest Expenses		-	-	-	-
2.7	Fees and Commissions Given		-	-	-	-
III.	GROSS INCOME/(LOSS) (I+II)		346,586	213,422	108,380	31,077
IV.	OPERATING EXPENSE (-)		(121,970)	(68,154)	(51,021)	(27,861)
4.1	Personnel Expenses		(49,490)	(25,680)	(22,132)	(11,048)
4.2	Provision Expense for Employment Termination Benefits		(1,632)	(1,065)	(1,651)	(1,504)
4.3	Research and Development Expenses		-	-	-	-
4.4	General Administration Expenses		(15,539)	(7,550)	(7,666)	(4,622)
4.5	Other		(55,309)	(33,859)	(19,572)	(10,687)
V.	GROSS OPERATING INCOME/ (LOSS) (III+IV)		224,616	145,268	57,359	3,216
VI.	OTHER OPERATING INCOME	8	6,111,664	4,780,264	3,343,023	1,965,649
6.1	Interest Received from Banks		36,141	22,159	45,139	29,862
6.2	Interest Received from Marketable Securities Portfolio		131,657	56,609	2,897	2,897
6.3	Dividend Income		-	-	-	-
6.4	Trading Gains on Securities		-	-	-	-
6.5	From Derivative Financial Transactions		141,013	43,340	260,762	147,479
6.6	Foreign Exchange Gains		5,748,599	4,628,618	2,921,859	1,697,263
6.7	Other		54,254	29,538	112,366	88,148
VII.	PROVISIONS		(85,203)	(56,548)	(71,443)	(34,837)
7.1	Specific Provisions		-	-	-	-
7.2	Expected Loss Provisions		(74,153)	(49,798)	(63,124)	(32,617)
7.3	General Loss Provisions		-	-	-	-
7.4	Other		(11,050)	(6,750)	(8,319)	(2,220)
VIII.	OTHER OPERATING EXPENSES (-)		(5,727,695)	(4,567,999)	(3,044,052)	(1,770,099)
8.1	Impairment of Marketable Securities		-	-	-	-
8.2	Impairment of Fixed Assets		-	-	-	-
8.3	Trading Losses on Securities		-	-	-	-
8.4	Loss from Derivative Financial Transaction		(343,303)	(279,589)	(131,998)	(59,434)
8.5	Foreign Exchange Loss		(5,384,392)	(4,288,410)	(2,912,054)	(1,710,665)
8.6	Other		-	-	-	-
IX.	NET OPERATING INCOME/EXPENSE (V+...+VIII)		523,382	300,985	284,887	163,929
X.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XI.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XII.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XIII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (IX+X+XI+XII)		523,382	300,985	284,887	163,929
XIV.	TAX PROVISION FOR CONTINUED OPERATIONS (±)		(102,740)	(65,872)	(58,424)	(30,621)
14.1	Current Tax Provision		(147,836)	(125,888)	(33,528)	(14,848)
14.2	Deferred Tax Income Effect (+)		-	-	(24,896)	(15,773)
14.3	Deferred Tax Expense Effect (-)		45,096	60,016	-	-
XV.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XII+XIV)		420,642	235,113	226,463	133,308
XVI.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
16.1	Income from Non-current Assets Held for Sale		-	-	-	-
16.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
16.3	Income from Other Discontinued Operations		-	-	-	-
XVII.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
17.1	Expenses for Non-current Assets Held for Sale		-	-	-	-
17.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
17.3	Expenses for Other Discontinued Operations		-	-	-	-
XVIII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVI-XVII)		-	-	-	-
XIX.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
19.1	Current Tax Provision		-	-	-	-
19.2	Deferred Tax Expense Effect (+)		-	-	-	-
19.3	Deferred Tax Income Effect (-)		-	-	-	-
XX.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII+XIX)		-	-	-	-
XXI.	NET INCOME/(LOSS) (XV+XX)		420,642	235,113	226,463	133,308
	Earning/(Loss) per share (in TL full)		0,0113	0,0063	0,0061	0,0036

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

AK FİNANSAL KİRALAMA A.Ş.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AT 30 JUNE 2023

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

	Notes	Reviewed Current Period 30 June 2023	Reviewed Prior Period 30 June 2022
I. Period (Loss)/ Profit		420,642	226,463
II. Other Comprehensive Expenses		-	-
2.1 Not Reclassified Through Profit or Loss		-	-
2.1.1 Property and Equipment Revaluation Increase/Decrease		-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease		-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss		-	-
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss		-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss		-	-
2.2 Reclassified Through Profit or Loss		-	-
2.2.1 Foreign Currency Conversion Differences		-	-
2.2.2 Valuation and/or Reclassification Income/Expense of Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-
2.2.3 Cash Flow Hedge Income/Loss		-	-
2.2.4 Hedge Income/Expense from Hedge of Investment in Foreign Operation		-	-
2.2.5 Other Items of Other Comprehensive Income to be Reclassified to Profit or Loss		-	-
2.2.6 Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss		-	-
III. Total Comprehensive Expense (I+II)		420,642	226,463

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

AK FİNANSAL KİRALAMA A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 30 JUNE 2023 AND 2022

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

STATEMENT OF CHANGES EQUITY					Other Comprehensive Income And Expenses Not To Be Reclassified To Profit Or Loss			Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss						
	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/(Loss)	Net Profit or Loss for the Period	Total Equity
PRIOR PERIOD (1 January – 30 June 2022) (Reviewed)														
I. Prior Period End Balance (31 December 2021)	373,400	-	-	(13,393)	-	(764)	-	-	-	-	744,175	-	224,008	1,327,426
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances (I-II)	373,400	-	-	(13,393)	-	(764)	-	-	-	-	744,175	-	224,008	1,327,426
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	226,463	226,463
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase Through Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustment to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	224,008	-	(224,008)	-
11.1 Distributed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Amounts Transferred to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	224,008	-	(224,008)	-
Balance at the End of the Period (30 June 2022)	373,400	-	-	(13,393)	-	(764)	-	-	-	-	968,183	-	226,463	1,553,889

SHAREHOLDERS' EQUITY CHANGES					Other comprehensive income and expenses not to be reclassified to profit or loss			Other Comprehensive Income and Expenses to be Reclassified to Profit or Loss						
	Paid Capital	Share Certificates Stock Premium	Share Certificates Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/(Loss)	Net Profit or Loss for the Period	Total Equity
CURRENT PERIOD (1 January – 30 June 2023) (Reviewed)														
I. Balance at the End of Prior Period (31 December 2022)	373,400	-	-	(13,393)	-	(4,418)	-	-	-	-	968,183	-	670,272	1,994,044
II. Adjustments in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Error Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balance (I-II)	373,400	-	-	(13,393)	-	(4,418)	-	-	-	-	968,183	-	670,272	1,994,044
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	420,642	420,642
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase Through Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustment to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	670,272	-	(670,272)	-
11.1 Distributed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Amounts Transferred to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	670,272	-	(670,272)	-
Balance at the End of the Period (30 June 2023)	373,400	-	-	(13,393)	-	(4,418)	-	-	-	-	1,638,455	-	420,642	2,414,686

- Fixed assets accumulated revaluation gains/losses
- Remeasurement of defined benefit plans' accumulated gains/losses
- Other (Investments accounted by equity method's accumulated balances of other comprehensive income or expense that will not be reclassified subsequently to profit or loss and other comprehensive income or expense that will be reclassified subsequently to profit or loss).
- Foreign currency translation differences
- Accumulated revaluation of financial assets available for sale and/or classification gains/losses.
- Other (Gains/Losses from cash flow hedge, Investments accounted by equity method's accumulated balances of other comprehensive income or expense that will not be reclassified subsequently to profit or loss and other comprehensive income or expense that will be reclassified subsequently to profit or loss).

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

AK FİNANSAL KİRALAMA A.Ş.

STATEMENT OF CASH FLOWS AT 30 JUNE 2023

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

	Notes	Reviewed Current Period 30 June 2023	Reviewed Prior Period 30 June 2022
2A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		368,324	319,959
1.1.1 Interest Received/Lease Income		1,375,148	496,929
1.1.2 Interest paid/Lease Expenses		(1,022,808)	(378,806)
1.1.3 Leasing Expenses		-	-
1.1.4 Dividend received		-	-
1.1.5 Fees and Commissions received		57,148	29,903
1.1.6 Other income		5,738,903	3,405,189
1.1.7 Collections from previously written-off doubtful receivables		49,907	76,222
1.1.8 Payments to personnel and service suppliers		(37,537)	(16,408)
1.1.9 Taxes paid		(65,905)	(73,498)
1.1.10 Other		(5,726,532)	(3,219,572)
1.2 Changes in Operating Assets and Liabilities		(1,765,449)	(502,703)
1.2.1 Net (Increase)/Decrease in Factoring Receivables		-	-
1.2.2 Net (Increase)/Decrease in Financing Loans		-	-
1.2.3 Net (Increase)/Decrease in Lease Receivables		(5,351,456)	(1,359,981)
1.2.4 Net (Increase)/Decrease in Savings Finance Receivables		-	-
1.2.5 Net (Increase)/Decrease in Other Assets		(1,257,665)	(621,243)
1.2.6 Net increase/(decrease) in factoring payables		-	-
1.2.7 Net increase/(decrease) in lease liabilities		-	-
1.2.8 Net increase/(decrease) in funds borrowed		-	-
1.2.9 Net increase/(decrease) in overdue payables		4,494,024	2,107,421
1.2.10 Net increase/(decrease) in other payables		-	-
		349,648	(628,900)
I. Net Cash Flow from Operating Activities		(1,397,125)	(182,744)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Acquired Subsidiaries and Associates and Joint Ventures		-	-
2.2 Disposal of Subsidiaries and Associates and Joint Ventures		-	-
2.3 Purchased movable and immovable assets		-	-
2.4 Disposed Movable and immovable assets		(5,450)	(63)
2.5 Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.6 Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.7 Purchased Financial Assets Measured at Amortized Cost		-	-
2.8 Financial Assets Measured at Amortized Cost		-	-
2.9 Other		-	-
		(4,299)	(1,612)
II. Net cash flows from investing activities		(9,749)	(1,675)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash Provided From Loans And Securities Issued		-	-
3.2 Cash Outflow From Loans And Securities Issued		2,169,265	1,128,046
3.3 Issued Capital Instruments		(861,548)	(202,961)
3.4 Dividend Payments		-	-
3.5 Payments Related to Lease		-	-
3.6 Other		(2,564)	(1,384)
		-	-
III. Net Cash (Arising From)/Provided By Financing Activities		1,305,153	923,701
IV. Effect of foreign currency conversion differences on cash and cash equivalents		10,580	12,735
V. Net (Decrease)/Increase in Cash and Cash Equivalents		(91,141)	752,017
VI. Cash and Cash Equivalents at the Beginning of the Period		2,334,515	794,547
VII. Cash and Cash Equivalents at the End of the Period		2,243,374	1,546,564

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

AK FİNANSAL KİRALAMA A.Ş.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

1 ORGANISATION AND PRINCIPAL ACTIVITIES OF THE COMPANY

Ak Finansal Kiralama A.Ş., (the "Company") was established in İstanbul, Turkey on 14 November 1988, with the name BNP-AK-DRESDNER Finansal Kiralama A.Ş, pursuant to the license obtained from the Undersecretariat of Treasury for the purpose of financial leasing as permitted by law number 3226, on 26 January 2005, the shares of the Company were purchased by Akbank T.A.Ş, ("Akbank"). Pursuant to the sales, the Company's name is changed to Ak Finansal Kiralama A.Ş, The registered office address of the Company is Sabancı Center Kule: 2 Kat: 8-9, 4, Levent İstanbul, Turkey.

The parent of the Company is Akbank and ultimate parent of the Company is Hacı Ömer Sabancı Holding A.Ş, and as at 30 June 2023, the Company employs 67 employees (31 December 2022: 64 employees).

The main activity of the Company is to carry out domestic financial leasing within the framework of the legislations and to conduct leasing transactions of any kinds.

These financial statements as of and for the year ended 30 June 2023 have been approved on 25 July 2023 by the Company management. The General Assembly and regulatory bodies have the right to change the approved financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Basis Of Presentation Of Financial Statements

Company prepares its financial statements in thousands of Turkish Lira (TL) and in accordance with 'Accounting Practices for Financial Leasing, Factoring and Financing Companies and Regulations for Financial Statements' published by Banking Regulation and Supervision Agency ("BRSA") in the Official Gazette dated 24 December 2013, numbered 28861 and in accordance with Regulations, communiqués, circulars and statements issued by the BRSA; and in matters not regulated by these in accordance with "BRSA Accounting and Financial Reporting Legislation". The financial statements of financial leasing, factoring finance and saving financing companies are prepared and disclosed to the public in accordance with the formats determined by the BRSA for these companies. And in accordance with Turkish Accounting Standard 34 ("TAS 34") /Turkish Financial Reporting Standards ("TFRS").

On 20 January 2022, Public Oversight Accounting and Auditing Standards' Authority ("POA") made a statement on the Implementation of Financial Reporting in High Inflation Economies within the scope of TFRS, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2022 within the scope of TAS 29 Financial Reporting in High Inflation Economies. In 2023, as of the reporting date, there has not been any further announcement regarding this issue; therefore, inflation adjustments have not been applied on the financial statements dated June 30, 2023 in accordance with TAS 29.

Additional paragraph for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 June 2023. Accordingly, the accompanying financial statements are not intended to present fairly the financial position and results of operations of the Company in accordance with IFRS.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

2.1.1 Basis Of Presentation Of Financial Statements

As of the end of the 2022 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the regulation made with the Law No. 7352 dated 20 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this; TPL financial statements for the 2022 and 2023 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and for the 2023 accounting period; will not be subject to inflation adjustment as of the provisional tax periods, and the TPL financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in Tax Procedure Law financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base.

The preparation of financial statements requires estimates and assumptions that affect the amounts of reported assets and liabilities or declared contingent assets and liabilities as of the balance sheet date and the amounts of income and expenses reported in the related period. These estimates are based on managements' best judgements and information; however, actual results may vary from these estimates.

The financial statements have been prepared on historical cost basis except for the derivative financial instruments which are measured at fair value.

2.2 Changes in Accounting Policies

2.2.1 Comparatives and changes in presentation of prior periods' financial statements

The Company's financial statements are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. The Company prepared its condensed balance sheet as of 30 June 2023 and the condensed statement of comprehensive income, condensed equity movement and condensed cash flow statement for the period between 1 January – 30 June 2023.

2.2.2 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively by restating the prior period financial statements. There are no significant changes in accounting policies of the Company within the current period other than the ones stated below.

2.2.3 Change in accounting estimates and errors

The effect of a change in an accounting estimate is recognized prospectively in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. There are no significant changes in the accounting estimates within the current period of the Company. Material prior period errors are corrected retrospectively and financial statements of previous period are restated.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in Accounting Policies (Continued)

2.2.4 Amendments in standards and interpretations

New and Revised standards and interpretations

The accounting policies used in the preparation of the financial statements for the accounting period ending as of 30 June 2023 have been applied consistently with those used in the previous year, except for the new and revised TFRS standards and TFRYK interpretations valid as of 1 January 2020, which are summarised below. The effects of these standards and interpretations on the financial status and performance of the Company are explained in the relevant paragraphs.

a. The new standards in force as of 30 June 2023 and the amendments and interpretations to the existing previous standards:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendment to IAS 12 – International tax reform – pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in Accounting Policies (Continued)

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** ; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The new standards, amendments and interpretations that will be effective as of 1 January 2023 are not expected to have a significant impact on the Company's financial statements.

In its financial statements, the Company has started to evaluate the Phase 1 amendments made in TFRS 9, TAS 39 and TFRS 7 within the scope of the Indicator Interest Rate Reform published by the POA in the Official Gazette dated 14 December 2019 and numbered 30978.

In 2020, the International Accounting Standards Board and POA published Phase 2 standards regarding the reform and amendments in relation to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16. According to this; it has been notified that as of 1 January 2023, the necessary changes/transitions regarding the reference interest rates should be completed.

As of 30 June 2023, the Company's transactions within the scope of the said reform did not have a significant impact.

2.3 Critical Accounting Judgements, Estimates and Assumptions

Preparation of the financial statements requires estimates and judgements about the reported amount of assets and liabilities or contingent assets and liabilities and reported amount of income and expenses of the related period. Such estimates and judgements are based on the Company's best estimates regarding current events and transactions, however, the actual results may differ from these estimates. Estimates are reviewed regularly, adjusted if necessary, and are reflected in the income statement in the period in which they are realised.

2.4 Classifications

The Company's financial statements are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. Comparative figures are reclassified, where necessary, to conform to the presentation of the current period financial statements.

AK FİNANSAL KİRALAMA A.Ş.**NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023**

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

3. FINANCE LEASE AND NON-PERFORMING LOANS

	30 June 2023	31 December 2022
Gross finance lease receivables	19,827,329	13,674,896
Invoiced lease receivables	58,699	23,636
Unearned finance income (-)	(3,462,849)	(2,147,104)
	16,423,179	11,551,428
Expected credit loss – Stage 1 (-)	(72,962)	(60,318)
Expected credit loss – Stage 2 (-)	(70,484)	(70,795)
Gross finance lease receivables	16,279,733	11,420,315
Impaired lease receivables	375,938	374,162
Expected credit loss – Stage 3 (-)	(154,767)	(153,500)
Net finance lease receivables	16,500,904	11,640,977

At 30 June 2023 and 31 December 2022 the finance lease receivables according to their interest type are as follows:

	30 June 2023	31 December 2022
Fixed rate	18,786,233	12,633,915
Floating rate	1,041,096	1,040,981
	19,827,329	13,674,896

As of 30 June 2023 and 31 December 2022 the leasing receivables have the following collection schedules:

Year Ending	Finance Lease Receivables	
	Gross 30 June 2023	Net 30 June 2023
31 December 2023	11,724,279	9,376,003
31 December 2024	3,658,791	2,987,065
31 December 2025	2,500,192	2,197,100
31 December 2026	1,402,668	1,300,693
31 December 2027 and after	600,098	562,318
	19,886,028	16,423,179

AK FİNANSAL KİRALAMA A.Ş.**NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023**

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

3. FINANCE LEASE AND NON-PERFORMING LOANS (Continued)

Year Ending	Finance Lease Receivables	
	Gross	Net
	31 December 2022	31 December 2022
31 December 2023	5,536,783	4,504,252
31 December 2024	3,658,791	2,987,065
31 December 2025	2,500,192	2,197,100
31 December 2026	1,402,668	1,300,693
31 December 2027 and after	600,098	562,318
	13,698,532	11,551,428

Finance lease receivables can be analysed as follows:

30 June 2023	Gross exposure	Loss Provision(-)	Net exposure
Stage 1	15,866,299	(72,962)	15,793,337
Stage 2	556,880	(70,484)	486,396
Stage 3	375,938	(154,767)	221,171
Total	16,799,117	(298,213)	16,500,904

31 December 2022	Gross exposure	Loss Provision(-)	Net exposure
Stage 1	11,179,943	(60,318)	11,119,625
Stage 2	371,485	(70,795)	300,690
Stage 3	374,162	(153,500)	220,662
Total	11,925,590	(284,613)	11,640,977

The Company has evaluated the calculated ECL amount for its customers of which total exposure is TL 5,000 and classified as Stage 2 and Stage 3 by individual assessment. In this context, the Company has increased ECL provision TL 44,829 as a result of the individual assessment (31 December 2022: TL 2,057,020).

As of 30 June 2023, outstanding lease receivable amount for sell and leaseback transactions is TL 3,209,748 (31 December 2022: TL 950,141),

The Company obtains transfer of rights of receivables, mortgages, pledged securities, blocked deposits and guarantee letters as collateral from its customers. Collaterals repossessed by the Company are transferred to "Assets held for sale", to be converted into cash by selling the related assets.

As of 30 June 2023, collaterals amounting to TL 286,221 (31 December 2022: TL 296,553) has been obtained for impaired finance lease receivables amounting to TL 375,937 (31 December 2022: TL 374,162).

AK FİNANSAL KİRALAMA A.Ş.**NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023**

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

3. FINANCE LEASE AND NON-PERFORMING LOANS (Continued)

Reconciliation of impairment allowance account for losses on finance lease receivables by stage as of 30 June 2023 and 30 June 2022 are as follows:

	2023	2022
Balance at 1 January	284,613	317,272
Provision recognised in the period	73,950	62,796
Provisions cancelled during the period (-)	(49,907)	(76,222)
Provisions for non-performing receivables written off during the period (-)	(10,443)	(5,653)
Balance at 31 December	298,213	298,193

Industrial concentration for the gross finance lease receivables as of 30 June 2023 and 2022 are as follows:

	30 June 2023	%	31 December 2022	%
Steel and mining	3,592,293	18	2,103,828	15
Textile	2,720,801	14	2,030,311	15
Production	2,006,041	10	1,530,038	11
Construction	2,238,064	11	1,502,599	11
Energy and natural resources	1,619,297	8	1,449,206	11
Automotive	977,296	5	1,290,369	9
Transportation	1,487,904	8	905,312	7
Petroleum and related chemistry	719,305	4	516,654	4
Other	3,001	-	450,871	3
Chemistry	622,696	3	358,894	4
Food	372,167	2	328,587	2
Tourism	412,820	2	310,327	2
Financial institutions	325,057	2	252,002	2
Printing and paper products	356,625	2	247,857	2
Health	261,350	1	187,310	1
Agriculture	137,184	1	105,536	1
Wholesale and retail trade	61,062	-	71,503	1
Technology, telecommunication, media and entertainment	42,985	-	28,075	-
Education	1,871,381	9	5,617	-
	19,827,329	100	13,674,896	100

AK FİNANSAL KİRALAMA A.Ş.**NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023**

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

3. FINANCE LEASE AND NON-PERFORMING LOANS (Continued)

Lease receivable consists of leases to be collected during the lease period. In accordance with the lease agreements with the lessees, the ownership of the leased items is delivered to the lessees at the end of the lease term.

Depending on the customers' inability to repay its obligations arising from financial leases or other similar economic factors, the Company may cancel some of the lease contracts signed with its customers. Assets related to such contracts may be re-leased to the same customer or to the other customers or; may be sold to the third parties, depending upon circumstances.

The Company has no finance lease payables as at 30 June 2023 and 31 December 2022.

Movements in expected credit loss for the periods ended 30 June 2023 and 31 December 2022 are as follows:

Expected Credit Loss	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
30 June 2023	60,318	70,795	153,500	284,613
Transfers;				
- Balance change in Stage 1	1,888	-	-	1,888
- Transfer from Stage 1 to Stage 2	(519)	2,904	-	2,385
- Transfer from Stage 1 to Stage 3	-	-	-	-
- Balance change in Stage 2	-	9,851	-	9,851
- Transfer from Stage 2 to Stage 1	-	-	-	-
- Transfer from Stage 2 to Stage 3	-	-	-	-
- Balance change in Stage 3	-	-	8,093	8,093
New financial assets originated or purchased and recoveries	17,421	-	70	17,491
Write-offs (except change of balance)	(6,146)	(13,066)	3,547	(15,665)
Financial assets derecognised during the period other than write-offs	-	-	(10,443)	(10,443)
Loss allowance as at 30 June 2023	72,962	70,484	154,767	298,213

Expected Credit Loss	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2022	57,391	65,769	194,112	317,272
Transfers;				
- Balance change in Stage 1	(14,688)	-	-	(14,688)
- Transfer from Stage 1 to Stage 2	(62)	37	-	(25)
- Transfer from Stage 1 to Stage 3	-	-	-	-
- Balance change in Stage 2	-	21,929	-	21,929
- Transfer from Stage 2 to Stage 1	-	-	-	-
- Transfer from Stage 2 to Stage 3	-	(77)	1,627	1,550
- Balance change in Stage 3	-	-	13,774	13,774
New financial assets originated or purchased and recoveries	24,929	5	547	25,481
Write-offs (except change of balance)	(7,252)	(7,288)	(36,574)	(51,114)
Financial assets derecognised during the period other than write-offs	-	(9,580)	(19,986)	(29,566)
Loss allowance as at 31 December 2022	60,318	70,795	153,500	284,613

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NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

4. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Derivatives held-for-trading

30 June 2023	Nominal amount	Fair value	
		Assets	Liabilities
Forward contracts			
Currency swap contracts	8,924,133	6,944	(328,263)
Interest rate swap contracts	774,693	18,649	-
Total	9,698,826	25,593	(328,263)

31 December 2022	Nominal Amount	Fair value	
		Assets	Liabilities
Forward contracts			
Currency swap contracts	5,830,781	1,386	(107,514)
Interest rate swap contracts	-	-	-
Total	5,830,781	1,386	(107,514)

Derivatives held for hedging purposes

30 June 2023	Nominal Value	Fair value	
		Assets	Liabilities
Derivatives used for fair value hedging purposes:			
Currency swap contracts	-	-	-
Interest rate swap contracts	-	-	-
Total	-	-	-

Information on derivative financial assets and liabilities held for hedging purposes is presented below with Turkish currency and foreign currency breakdowns:

Derivative financial liabilities held for hedging purposes

	30 June 2023		31 December 2022	
	TC	FC	TC	FC
Derivatives Used For Fair Value Hedging Purposes	-	-	-	15,162
	-	-	-	15,162

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NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

4. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (Continued)

Information regarding the transactions for which hedge accounting is in progress is given below:

Information regarding fair value hedge accounting:

As of 30 June 2023 and 2022 information regarding fair value hedge accounting are summarized below:

The Company has decided to implement fair value hedging strategy in order to provide hedging through fixed interest TL sales part of cross currency swap transaction (Cross Currency IRS) against fair value risk which shall arise due to changes in market interests of long-term principal payment TL fixed interest credit included in its liabilities in scope of interest rate risk management.

Information on cash flow hedging transactions:

As of 30 June 2023 and 31 December 2022, there are no cash flow hedging transactions.

5. FUNDS BORROWED

	30 June 2023			31 December 2022		
	Effective interest rate(%)	Original currency	TL	Effective interest rate (%)	Original currency	TL
Domestic banks						
Fixed rate borrowings:						
EUR	5.19	11,578	325,955	2.99	8,186	163,182
USD	-	-	-	-	-	-
TL	16.72	4,571,022	4,571,022	21.83	3,221,592	3,221,592
Floating rate borrowings:						
EUR	5.17	7,332	206,434	2.26	9,866	196,675
USD	-	-	-	-	-	-
TL	14.90	430,855	430,855	12.50	100,035	100,035
			5,534,266			3,681,484
Foreign banks						
Fixed rate borrowings:						
EUR	4.25	121,758	3,427,966	2.10	87,462	1,743,556
USD	5.75	188,991	4,880,333	5.33	226,151	4,228,642
TL	-	-	-	-	-	-
Floating rate borrowings:						
EUR	5.56	79,878	2,248,886	3.86	128,383	2,559,309
USD	8.10	43,302	1,118,202	7.70	35,854	670,413
			11,675,387			9,201,920
Total borrowings			17,209,653			12,883,404

	30 June 2023	31 December 2022
Short term borrowings	9,892,736	6,471,467
Long term borrowings	7,316,917	6,411,937
	17,209,653	12,883,404

AK FİNANSAL KİRALAMA A.Ş.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

6. CONTINGENT ASSETS AND LIABILITIES

In the course of its operations, the Company makes certain commitments that give rise to contingent assets and liabilities that are not recognized in the financial statements. A summary of significant commitments and contingent liabilities is summarised in the table below:

Derivative instruments:

	30 June 2023		31 December 2022	
	Nominal Orjinal amount	Nominal TL	Nominal Orjinal amount	Nominal TL
Forward and Swap Purchase Transactions				
US Dolar	148,004	3,821,922	119,412	2,232,796
EUR	-	-	-	-
TL	884,879	884,879	917,065	917,065
Total Purchase	1,032,883	4,706,801	1,036,477	3,149,861

Forward and Swap Purchase Transactions

US Dolar	15,000	387,347	15,000	280,475
EUR	163,553	4,604,678	148,553	2,961,394
TL	-	-	-	-
Total Purchase	178,553	4,992,025	163,553	3,241,869

Letters of guarentee given:

The Company has collateral and given letters of guarantees amounting to TL 2,165,676 (31 December 2022: TL 1,162,667) to courts, customs and related to the loans used by the Company within scope of Hermes. As of 30 June 2023, a letter of guarantee amounting to TL 150,638 (December 31, 2022: TL 175,078) was given from Akbank T.A.Ş. for the loans used by the Company within the scope of Hermes.

The external guarantee provided for the borrowings from Europe Investment Bank is amounting to TL 1,200,112 TL (31 December 2022: TL 1,133,165). The Company has letters of credit for import of the equipment subject to finance leases in the amount of TL 251,144 (31 December 2022: TL 362,602) and finance lease commitments in the amount of TL 2,136,295 (31 December 2022: TL 2,220,001) for the leased asset imports.

AK FİNANSAL KİRALAMA A.Ş.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

7. SHAREHOLDERS' EQUITY

At 30 June 2023 and 31 December 2022, the shareholders of the Company and their share capitals with historical amounts are as follows:

	30 June 2023		31 December 2022	
	Amount	Share (%)	Amount	Share (%)
Akbank T.A.Ş.	373,400	100	373,400	100
Hacı Ömer Sabancı Holding A.Ş.	-	-	-	-
Tursa Sabancı Turizm ve Yatırım Hizm. A.Ş.	-	-	-	-
Exsa Export Sanayi Mamul. Satış ve Araş. A.Ş.	-	-	-	-
Ak Yatırım Menkul Değerler A.Ş.	-	-	-	-
Paid-in capital	373,400		373,400	
Share capital adjustment differences	(13,393)		(13,393)	
	360,007		360,007	

Profit reserves, retained earnings

Share capital of the Company consists of 37,340,000,000 shares with a nominal value of 1 kuruş (TL) each (31 December 2022: 37,340,000,000 number of shares).

As of 30 June 2023, the Company's registered capital ceiling is TL 373,400 (31 December 2022: TL 373,400).

Share capital differences represent the difference between the restatement effect of cash and cash equivalent contributions to share capital and the inflation restatement effect.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. 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.

AK FİNANSAL KİRALAMA A.Ş.**NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023**

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

8. TRANSACTIONS WITH RELATED PARTIES

<u>Balance Sheet Items</u>	30 June 2023	31 December 2022
Receivables from banks – (Banks)		
<i>Shareholders</i>		
Akbank T.A.Ş.	1,173,422	1,233,844
<i>Other group companies(*)</i>		
Akbank A.G.	282,959	-
	1,456,381	1,233,844
Finance lease receivables, net – (Leases)		
<i>Shareholders</i>		
Akbank T.A.Ş.	-	-
<i>Other group companies(*)</i>		
Jec II Enerji A.Ş.	92,641	72,065
Hacı Ömer Sabancı Holding A.Ş.	-	31,901
Jec III Enerji A.Ş.	39,056	31,881
Sabancı Ageas Sağlık Sigorta A.Ş.	4,407	4,970
Aksigorta A.Ş.	2,535	3,198
Sabancı Üniversitesi	2,312	2,851
CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş.	-	-
Sabancı Dijital Tek. Hizm. A.Ş.	-	-
	140,951	146,866
	30 June 2023	31 December 2022
Financial liabilities – (Borrowings)		
<i>Shareholders</i>		
Akbank T.A.Ş.	2,966,735	2,041,578
<i>Other group companies(*)</i>		
Akbank A.G.	510,844	179,414
	3,477,579	2,220,992
Trade payables – (Miscellaneous payables)		
<i>Other group companies (*)</i>		
Aksigorta A.Ş.	72,266	31,645
Jec II Enerji A.Ş.	3,550	2,534
Jec III Enerji A.Ş.	2,275	1,629
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	17	17
Sabancı Dijital Tek. Hizm. A.Ş.	21	-
Hacı Ömer Sabancı Holding A.Ş.	-	-
	78.129	35,825

AK FİNANSAL KİRALAMA A.Ş.**NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023**

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

8. TRANSACTIONS WITH RELATED PARTIES (Continued)

	30 June 2023	1 April - 30 June 2023	30 June 2022	1 April - 30 June 2022
<u>Income Statement Items</u>				
Interest income from finance leases – (Leasing Income)				-
<i>Other group companies (*)</i>				
Sabancı Üniversitesi	352	168	313	232
Aksigorta A.Ş.	349	164	489	236
Hacı Ömer Sabancı Holding A.Ş.	4,392	1,276	-	-
Sabancı Ageas Sağlık Sigorta A.Ş.	857	417	-	-
Jec II Enerji A.Ş.	2,683	1,408	2,302	1,027
Jec III Enerji A.Ş.	1,150	596	1,044	490
Sabancı Dijital Tek. Hizm. A.Ş.	-	-	83	-
CarrefourSA Carrefour Sabancı				
Ticaret Merkezi A.Ş.	-	-	-	-
	9,783	4,029	4,231	1,985
Interest income from banks – (Other operating income)				
<i>Shareholders</i>				
Akbank T.A.Ş.	21,941	77,475	40,673	26,713
	21,941	77,475	40,673	26,713
Interest expense on borrowings – (Finance expenses)				
<i>Shareholders</i>				
Akbank T.A.Ş.	264,849	130,859	150,265	85,367
<i>Other group companies (*)</i>				
Akbank A.G.	7,391	5,980	4,796	2,545
	272,240	136,839	155,061	87,912
Commission income – (Other operating income)				-
<i>Other group companies (*)</i>				
Aksigorta A.Ş.	3,026	1,654	1,690	877
	3,026	1,654	1,690	877
Commission expenses – (Other operating expenses)				
<i>Shareholders</i>				
Akbank T.A.Ş.	425	136	169	101
<i>Other group companies (*)</i>				
Ak Yatırım Menkul Değerler A.Ş.	2,597	2,089	578	541
	3,022	2,225	747	642

(*) "Other group companies" consist of group companies of Akbank T.A.Ş. and Hacı Ömer Sabancı Holding A.Ş.

AK FİNANSAL KİRALAMA A.Ş.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

8. TRANSACTIONS WITH RELATED PARTIES (Continued)

	30 June 2023	1 April - 30 June 2023	30 June 2022	1 April - 30 June 2022
Staff Expenses				
<i>Shareholders</i>				
Akbank T.A.Ş.	458	295	134	40
	458	295	134	40

Derivative Financial Transaction Profits – (Other Operating Income)

<i>Shareholders</i>				
Akbank T.A.Ş.	-	-	-	-
	-	-	-	-

Derivative Financial Transaction Losses – (Other Operating Expenses)

<i>Shareholders</i>				
Akbank T.A.Ş.	15,889	11,263	-	-
	15,889	11,263	-	-

	30 June 2023	31 December 2022
<u>Off Balance Sheet Items</u>		
Guarantee obtained from		
<i>Shareholders</i>		
Akbank T.A.Ş.	-	-
Obtained for the purpose of using for borrowings		
from other parties	1,350,750	1,308,243
Obtained for the purpose of using for law courts	45	67
	1,350,795	1,308,310

Finance lease commitments

<i>Shareholders</i>		
Akbank T.A.Ş.	-	-
	-	-

AK FİNANSAL KİRALAMA A.Ş.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

8. TRANSACTIONS WITH RELATED PARTIES (Continued)

Derivative Financial Instruments

30 June 2023	Fair Values		
	Nominal amount	Assets	Liabilities
<i>Derivative financial instruments held for trading:</i>			
Forward transactions			
Akbank T.A.Ş. (Shareholder)	-	-	-
Money swap transactions			
Akbank T.A.Ş. (Shareholder)	-	-	-
Cross currency swap transactions			
Akbank T.A.Ş. (Shareholder)	914,071	-	(34,086)
<i>Derivative financial instruments held for fair value hedges:</i>			
Cross currency swap transactions			
Akbank T.A.Ş. (Shareholder)	-	-	-
Total	914,071	-	(34,086)

As of 31 December 2022, there are no derivative transactions with related parties.

9. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a. Capital risk management

According to Article 12 of the "Regulation on the Establishment and Operation Principles of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013, the Company's shareholders' equity must be kept in accordance with the standard ratio determined in the regulation.

b. Financial Risk Management

The Company is exposed to various financial risks through its operations. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the volatility of financial markets and minimizing the impact of potential adverse effects on the Company's financial performance. The Company utilizes derivative financial instruments to hedge its exposure to various risks.

Financial risk management is implemented within the framework of policies approved by the Company's Board of Directors.

Company's Finance Management carries out the duties of providing funds to the Company, managing the excess liquidity, balancing the open position and interest rate risk in close cooperation with the other departments of the Company. In addition, fluctuations that may occur in operating results are kept to a minimum.

c. Credit risk

Credit risk is the risk that the counterparty may be unable to meet the terms of the agreements. The Company is exposed to credit risk due to financial lease transactions. This risk is managed by mainly limiting the aggregate risk to any individual counterparty and by obtaining collaterals from these counterparties and periodic follow-up of collections from customers. The Company's exposure to credit risk is concentrated in Turkey where the majority of the activities are carried out. The credit risk is generally diversified due to the large number of entities comprising the customer bases and their dispersion across different industries.

AK FİNANSAL KİRALAMA A.Ş.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

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

The Company tries to manage its credit risk by limiting transactions with certain parties and by constantly evaluating the reliability of the parties with which it has relations. In accordance with company procedures, all customers are subject to credit review and necessary guarantees are received.

The company regularly monitors the performance of its loan customers with aging reports and actual loss calculations. In addition, the Company's doubtful credit risk is minimized by constantly examining the loans. Overdue loans are followed up by the Receivables Follow-up Department.

d. Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates including credit spreads, foreign exchange rates, equity prices and commodity prices.

There has been no major change to the Company's risk management policies compared to previous year.

e. Currency risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed with asset-liability balancing transactions and derivatives. As of 30 June 2023 and 2022, assets and liabilities denominated in foreign currencies are shown in the table below.

30 June 2023	US Dollar	TL Equivalent	Euro	TL Equivalent	Other TL Equivalent
Assets					
Cash and cash equivalent	16,615	429,040	39,795	1,120,398	66,130
Finance lease receivables (*)	85,134	2,198,428	322,662	9,084,213	703
Other assets	11,415	294,777	55,524	1,563,212	8,812
Total Assets	113,164	2,922,245	417,981	11,767,823	75,645
Liabilities					
Borrowings	232,293	5,998,524	220,546	6,209,252	-
Other liabilities	5,370	138,665	16,670	469,316	2,985
Total liabilities	237,663	6,137,189	237,216	6,678,568	2,985
Net balance sheet position	(124,499)	(3,214,944)	180,765	5,089,255	72,660
Derivative financial instruments:					
- Net foreign currency position arising from trading securities	133,004	3,434,576	(163,553)	(4,604,679)	-
- Net foreign currency position arising from fair value hedges	-	-	-	-	-
Net total foreign currency position (**)	8,505	219,632	17,212	484,576	72,660

(*) Foreign currency non-performing financial lease receivables amounting to TL 53,734 which are not subject to valuation, are not taken into account in the currency risk table. The total amount of TL 25,593 for Derivative Financial Assets Held for Trading and Fair Value Hedge within the assets has not been taken into account. Within the liabilities, the total amount of TL 328,263 for Derivative Financial Liabilities for Trading Purposes and Hedging Purposes is not taken into account.

(**) If the effect of the exchange difference arising from the Company's forward payments to the seller were eliminated, the net total foreign currency position would have been TL (22,137) in USD, TL (47,889) in Euro, TL (9,928) in other currencies, and a total of TL 79,954

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NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

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

31 December 2022	US Dollar	TL Equivalent	Euro	TL Equivalent	Other TL Equivalent
Assets					
Cash and cash equivalent	54,034	1,010,344	62,236	1,240,675	12,153
Finance lease receivables (*)	95,014	1,776,592	317,014	6,319,650	258
Other assets	14,803	276,786	60,514	1,206,349	13
Total Assets	163,851	3,063,722	439,764	8,766,674	12,424
Liabilities					
Borrowings	262,005	4,899,055	233,897	4,662,722	-
Other liabilities	6,782	126,804	30,844	614,874	92
Total liabilities	268,787	5,025,859	264,741	5,277,596	92
Net balance sheet position	(104,936)	(1,962,137)	175,023	3,489,078	12,332
Derivative financial instruments:					
- Net foreign currency position arising from trading securities	104,412	1,952,321	(148,553)	(2,961,395)	-
- Net foreign currency position arising from fair value hedges	-	-	-	-	-
Net total foreign currency position (**)	(524)	(9,816)	26,470	527,683	12,332

(*) Foreign currency non-performing finance lease receivables amounting to TL 45,725 which are not subject to valuation are not taken into consideration in the foreign currency risk table. The total amount of 16,548 TL for Derivative Financial Assets for Trading Purposes and Fair Value Hedging Purposes within the assets was not taken into account. Among the liabilities, a total amount of 107,514 TL for Derivative Financial Liabilities for Trading Purposes and Hedging Purposes was not taken into account.

(**) If the effect of the exchange difference arising from the Company's forward payments to the seller were eliminated, the net total foreign currency position would have been TL (47,826) in USD, TL 16,086 in Euro, TL 5,213 in other currencies, and a total of TL 58,699

The foreign currency rates used by the Company at 30 June 2023 and 2022 are as follows:

	30 June 2023	31 December 2022
USD Dollar	25.8231	18.6983
Euro	28.1540	19.9349
CHF	28.8079	20.2019
GBP	32.8076	22.4892
JPY	0.179852	0.141301

AK FİNANSAL KİRALAMA A.Ş.**NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023**

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

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

As of 30 June 2023 and 2022 the sensitivity analysis of the Company's profit before tax, with other variables held constant, to a 10% change in USD and EUR is as follows.

Foreign currency sensitivity

	USD		Euro	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
30 June 2023				
Profit/loss and shareholders' equity	10,950	(10,950)	87,873	(87,873)
	USD		Euro	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
31 December 2022				
Profit/loss and shareholders' equity	(11,802)	11,802	22,478	(22,478)

f. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which 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. A diversified funding base is used and stringent risk limits are utilized to manage and review liquidity risk. In addition, management ensures the continuity of sufficient financing resources to finance current and future debt requirements and to prevent unexpected changes in demand.

The tables below analyses the assets and liabilities of the Company in relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. Also the Company's unearned and undue interests to be collected and paid related to its assets and liabilities are included to the table below.

30 June 2023						
	Up to 3 months	3 months - to 1 year	1 year to - 5 years	Over 5 years	Demand	Total
Funds borrowed	3,889,315	7,382,032	7,771,531	105,462	-	19,148,340
Securities issued	1,535,772	395,000	-	-	-	1,930,772
Other liabilities	924,849	-	-	-	-	924,849
Total liabilities	6,349,936	7,777,032	7,771,531	105,462	-	22,003,961

AK FİNANSAL KİRALAMA A.Ş.

NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

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

The cash inflows and outflows to be incurred in accordance with the derivative financial instruments:

Cash inflows	1,537,023	1,773,969	1,335,152	-	-	4,646,144
Cash outflows (-)	(1,719,022)	(1,787,031)	(1,358,514)	-	-	(4,864,567)
Cash inflows/outflows, net	(181,999)	(13,062)	(23,362)	-	-	(218,423)

31 December 2022

	Up to 3 months	3 months - to 1 year	1 year to - 5 years	Over 5 years	Demand	Total
Funds borrowed	721,027	3,437,767	4,577,618	18,251	-	8,754,663
Other liabilities	393,100	-	-	-	-	393,100
Total liabilities	1,114,127	3,437,767	4,577,618	18,251	-	9,147,763

The cash inflows and outflows to be incurred in accordance with the derivative financial instruments:

Cash inflows	1.030.004	435.539	-	-	-	1.465.543
Cash outflows (-)	(1.086.947)	(535.578)	-	-	-	(1.622.525)
Cash inflows/(outflows), net	(56.943)	(100.039)	-	-	-	(156.982)

g. Interest rate risk

The Company is exposed to interest rate risk arising from the effect of changes in interest rates to which interest bearing assets and liabilities are subject. The interest rate risk arising from financial assets and liabilities with fixed or floating interest rates is monitored by calculating the maturity mismatch within the scope of asset-liability management practices and performing stress tests.

According to the analyzes made by the Company as of 30 June 2023, in case of 0.5% increase/decrease in TL and foreign currency interest rates, assuming that all other variables remain fixed, there is a decrease/increase of TL 25,483 in the profit of the company due to interest-sensitive assets and liabilities. (31 December 2022: 7,229 TL increase/decrease).

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NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

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

The following tables analyze the Company's assets and liabilities according to the relevant maturity grouping, based on the period remaining to the interest rate changes in the contract at the balance sheet date:

30 June 2023						
	1 to 3 months	3 months to 1 year	1 to 5 years	5 years and above	No interest	Total
Banks and cash values	1,534,541	-	-	-	710,942	2,245,483
Financial leasing receivables	2,794,011	4,179,987	9,309,368	102,587	114,951	16,500,904
Property and equipment	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Assets held for sale	-	-	-	-	201,602	201,602
Other assets	-	-	-	-	12,405	12,405
Derivative financial assets	-	-	-	-	36,605	36,605
Deferred tax assets	-	-	-	-	3,888,373	3,888,373
Total assets	4,328,552	4,179,987	9,309,368	102,587	5,051,126	22,971,620
Derivative financial liabilities	4,352,704	7,490,143	5,366,806	-	-	17,209,653
Funds borrowed	-	-	-	-	1,898	1,898
Payables from leases	193,868	64,620	69,775	-	-	328,263
Issued securities	-	-	-	-	36,621	36,621
Provisions	1,535,772	395,000	-	-	-	1,930,772
Current due tax	-	-	-	-	924,849	924,849
Other liabilities	-	-	-	-	124,878	124,878
Total liabilities	6,082,344	7,949,763	5,436,581	-	1,088,246	20,556,934
Net repricing position	1,753,792	(3,769,776)	3,872,787	102,587	3,962,880	2,414,686
Derivative financial instruments cash inflows/(outflows), net	(181,999)	(13,062)	(23,362)	-	-	(218,423)
31 December 2022						
	1 to 3 months	3 months to 1 year	1 to 5 years	5 years and above	No interest	Total
Banks and cash values	2,290,645	-	-	-	44,447	2,335,092
Financial leasing receivables	2,111,500	3,054,572	6,267,456	94,285	113,164	11,640,977
Property and equipment	-	-	-	-	9,132	9,132
Intangible assets	-	-	-	-	8,952	8,952
Assets held for sale	-	-	-	-	25,835	25,835
Other assets	-	-	-	-	2,561,622	2,561,622
Derivative financial assets	-	-	-	-	16,548	16,548
Deferred tax assets	-	-	-	-	15,558	15,558
Total assets	4,402,145	3,054,572	6,267,456	94,285	2,795,258	16,613,716
Derivative financial liabilities	67,689	13,056	26,769	-	-	107,514
Funds borrowed	2,016,413	6,279,414	4,587,577	-	351	12,883,404
Payables from leases	90,124	148,717	-	-	82	82
Issued securities	220,125	495,24	-	-	-	715,365
Provisions	-	-	-	-	22,519	22,519
Current due tax	-	-	-	-	884,916	884,916
Other liabilities	-	-	-	-	65,904	65,904
Total liabilities	2,304,227	6,787,710	4,614,346	-	973,421	14,679,704
Net repricing position	2,097,918	(3,733,138)	1,653,110	94,285	1,821,837	1,934,012
Derivative financial instruments cash inflows/(outflows), net	(53,565)	11,474	11,143	-	-	(30,947)

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NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

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

h. Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realise in a current market exchange.

Fair value of other financial instruments is measured according to the assumptions based on quoted bid prices of similar instruments, or amounts derived from cash flow models.

The fair values of short term financial assets and liabilities excluding finance lease receivables and borrowings are considered to approximate their respective carrying values due to their short-term nature.

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

	<i>Net book value</i>		<i>Fair value</i>	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Financial lease receivables, net	16,423,179	11,551,428	16,112,899	11,373,415
Funds borrowed	17,209,653	12,883,404	15,948,434	11,594,619
Securities issued	1,930,772	715,365	1,925,288	769,603

As of 30 June 2023, the discount rates used in calculating the fair values of the USD, EUR and TL loans borrowed are respectively 5.87%, 4.90% and 25.09% (as of 31 December 2022, USD, Euro and TL borrowed rates are respectively). The discount rates used in calculating the fair value of loans and securities issued are 6.03%, 3.98% and 26.15%, respectively).

As of 30 June 2023, the discount rates used in calculating the fair values of US Dollar, Euro and TL financial lease receivables are 8.58%, 7.41% and 39.25%, respectively.

(As of 31 December 2022, the discount rates used in calculating the fair values of US Dollar, Euro and TL financial lease receivables are 7.73%, 6.34% and 37.51%, respectively).

Finansal varlıkların ve yükümlülüklerin gerçeğe uygun değeri aşağıdaki gibi belirlenir:

- Level 1: Financial assets and liabilities are valued at the stock exchange price in an active market for exactly the same assets and liabilities.
- Level 2: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.
- Level 3: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

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NOTES PERTAINING TO FINANCIAL STATEMENTS REGRADING THE ACCOUNTING PERIOD ENDED ON 30 JUNE 2023

(Amounts are Thousand Turkish Lira ("TL") unless otherwise stated.)

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

Hierarchy of financial instruments carried at fair value:

30 June 2023	Level 1	Level 2	Level 3
Derivative financial assets	-	25,593	-
Total assets	-	25,593	-
Derivative financial liabilities	-	328,263	-
Total liabilities	-	328,263	-
31 December 2022	Level 1	Level 2	Level 3
Derivative financial assets	-	16,548	-
Total assets	-	16,548	-
Derivative financial liabilities	-	107,514	-
Total liabilities	-	107,514	-

10. SUBSEQUENT EVENTS

Along with the "Proposed Law on the Amendment of Certain Laws and Decree-Law No. 375 with Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on February 6, 2023 ", which entered the agenda of the Turkish Grand National Assembly on July 5, 2023 the corporate tax rate is determined as 25%. It has been suggested that the regulation that exempts profits from real estate sales from corporate tax at a rate of 30% for companies' corporate profits should be terminated for banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The bill in question became law on July 15, 2023. Considering the date when the law will begin to be implemented, the estimated financial impact that is expected to reduce / increase the deferred tax asset / liability carried today is 12,131 TL.

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