

AK FİNANSAL KİRALAMA A.Ş.

**CONDENSED FINANCIAL STATEMENTS
FOR THE SIX-MONTHS INTERIM PERIOD
AS OF 30 JUNE 2024 AND
REVIEW REPORT**

**(CONVENIENCE TRANSLATION OF THE
CONDENSED FINANCIAL STATEMENTS
AND THE REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH)**

(CONVENIENCE TRANSLATION OF THE REVIEW REPORT ORIGINALLY ISSUED IN TURKISH)

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed statement of financial position of Ak Finansal Kiralama A.Ş. ("the Company") as of 30 June 2024 and the related condensed statements of profit or loss and other comprehensive income, statement of changes in shareholders' equity, statement of cash flows, for the six month period then ended and a summary of significant accounting policies and other explanatory notes. The Company management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Finance Companies published in the Official Gazette dated 24 December 2013 and numbered 28861 and other regulations published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Independent Auditing Standard on Review Engagements 2410, "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 is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of Ak Finansal Kiralama A.Ş. as of 30 June 2024, and of its financial performance and its cash flows for the six-month period then ended in accordance with the BRSA Accounting and Reporting Regulations.

Other Matter

The independent audit of the unconsolidated financial statements of the Company for the year ended 31 December 2023 and the review of the financial information for the six-month interim period ended 30 June 2023 have been performed by another independent auditor who expressed an unqualified opinion and an unqualified conclusion in the independent auditor's report dated 1 February 2024 and the review report dated 25 July 2023, respectively.

Additional paragraph for convenience translation to English

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**



Mehmet Erol
Partner

İstanbul, 29 July 2024

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AK FİNANSAL KİRALAMA A.Ş.

CONDENSED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 30 JUNE 2024

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

	ASSETS	Notes	Reviewed Current Period 30 June 2024			Audited Prior Period 31 December 2023		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH AND CASH EQUIVALENTS AND CENTRAL BANK		319,722	1,600,016	1,919,738	462,061	2,286,895	2,748,956
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)		2,776,927	-	2,776,927	2,173,017	-	2,173,017
III.	DERIVATIVE FINANCIAL ASSETS	4	3,819	11,539	15,358	-	13,576	13,576
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)		-	-	-	-	-	-
V.	FINANCIAL ASSETS AT AMORTIZED COST (Net)	3	7,103,349	12,312,337	19,415,686	6,822,866	12,566,568	19,389,434
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 Savings Fund Pool		-	-	-	-	-	-
5.2.2	From Equity		-	-	-	-	-	-
5.3	Financing Loans		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Card		-	-	-	-	-	-
5.3.3	Installment Based Commercial Loans		-	-	-	-	-	-
5.4	Leasing Activities (Net)	3	7,050,543	11,973,731	19,024,274	6,781,275	12,290,391	19,071,666
5.4.1	Finance Lease Receivables		10,014,424	13,287,179	23,301,603	9,875,532	13,728,733	23,604,265
5.4.2	Operating Lease Receivables		38,594	-	38,594	8,043	-	8,043
5.4.3	Unearned Revenue (-)		(3,002,475)	(1,313,448)	(4,315,923)	(3,102,300)	(1,438,342)	(4,540,642)
5.5	Other Financial Assets at Amortized Cost		-	-	-	-	-	-
5.6	Non-performing Receivables	3	138,606	565,290	703,896	125,194	505,363	630,557
5.7	Expected Credit Losses/Specific Provisions (-)	3	(85,800)	(226,684)	(312,484)	(83,603)	(229,186)	(312,789)
VI.	PARTNERSHIP INVESTMENTS		-	-	-	-	-	-
6.1	Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	TANGIBLE ASSETS (Net)		1,312,252	-	1,312,252	1,185,895	-	1,185,895
VIII.	INTANGIBLE ASSETS (Net)		29,444	-	29,444	21,037	-	21,037
IX.	INVESTMENT PROPERTIES (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSET		310,931	-	310,931	112,084	-	112,084
XI.	DEFERRED TAX ASSET		-	-	-	-	-	-
XII.	OTHER ASSETS		1,643,604	3,332,974	4,976,578	2,042,819	1,631,851	3,674,670
	SUBTOTAL		13,500,048	17,256,866	30,756,914	12,819,779	16,498,890	29,318,669
XIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		25,835	-	25,835	25,835	-	25,835
13.1	Held for Sale		25,835	-	25,835	25,835	-	25,835
13.2	Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		13,525,883	17,256,866	30,782,749	12,845,614	16,498,890	29,344,504

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

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS OF 30 JUNE 2024

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

	LIABILITIES	Notes	Reviewed Current Period 30 June 2024			Audited Prior Period 31 December 2023		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	FUNDS BORROWED	5	7,701,834	15,552,901	23,254,735	7,184,637	14,265,926	21,450,563
II.	FACTORING PAYABLES		-	-	-	-	-	-
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES (Net)		974	-	974	967	-	967
V.	SECURITIES ISSUED (Net)		2,387,145	-	2,387,145	2,898,396	-	2,898,396
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	4	8,846	60,781	69,627	-	238,078	238,078
VIII.	PROVISIONS		57,708	-	57,708	42,272	-	42,272
8.1	Restructuring Reserves		-	-	-	-	-	-
8.2	Reserve for Employee Benefits		48,664	-	48,664	37,632	-	37,632
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		9,044	-	9,044	4,640	-	4,640
IX.	CURRENT PERIOD TAX LIABILITY		-	-	-	-	-	-
X.	DEFERRED TAX LIABILITY		235,067	-	235,067	146,251	-	146,251
XI.	SUBORDINATED LOANS		-	-	-	-	-	-
XII.	OTHER LIABILITIES		370,505	997,660	1,368,165	846,271	764,727	1,610,998
	SUBTOTAL		10,762,079	16,611,342	27,373,421	11,118,794	15,268,731	26,387,525
XIII.	PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	SHAREHOLDERS' EQUITY		3,409,328	-	3,409,328	2,956,979	-	2,956,979
14.1	Paid-in Capital	7	373,400	-	373,400	373,400	-	373,400
14.2	Capital Reserves	7	(13,393)	-	(13,393)	(13,393)	-	(13,393)
14.2.1	Share Premiums		-	-	-	-	-	-
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 Expenses that will not be Reclassified to Profit or Loss		(4,418)	-	(4,418)	(4,418)	-	(4,418)
14.4	Accumulated Other Comprehensive Income or Expenses that may be Reclassified to Profit or Loss		-	-	-	-	-	-
14.5	Profit Reserves		2,601,390	-	2,601,390	1,638,455	-	1,638,455
14.5.1	Legal Reserves		84,109	-	84,109	84,109	-	84,109
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		2,517,281	-	2,517,281	1,554,346	-	1,554,346
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		452,349	-	452,349	962,935	-	962,935
14.6.1	Prior Periods Profit/Loss		-	-	-	-	-	-
14.6.2	Current Period Profit/Loss		452,349	-	452,349	962,935	-	962,935
	TOTAL LIABILITIES		14,171,407	16,611,342	30,782,749	14,075,773	15,268,731	29,344,504

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

AK FİNANSAL KİRALAMA A.Ş.

STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 30 JUNE 2024

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

	OFF-BALANCE SHEET ITEMS	Notes	Reviewed Current Period 30 June 2024			Audited Prior Period 31 December 2023		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	IRREVOCABLE FACTORING TRANSACTIONS		-	-	-	-	-	-
II.	REVOCABLE FACTORING TRANSACTIONS		-	-	-	-	-	-
III.	SAVING FINANCE AGREEMENTS TRANSACTIONS		-	-	-	-	-	-
IV.	COLLATERALS RECEIVED		8,952,165	94,327,632	103,279,797	8,708,243	86,211,393	94,919,636
V.	COLLATERALS GIVEN	6	3,728,853	1,024,812	4,753,665	3,804,520	1,339,516	5,144,036
VI.	COMMITMENTS	6	1,649,405	3,297,518	4,946,923	1,159,723	1,081,558	2,241,281
6.1	Irrevocable Commitments		-	-	-	-	-	-
6.2	Revocable Commitments		1,649,405	3,297,518	4,946,923	1,159,723	1,081,558	2,241,281
6.2.1	Lease Commitments		1,649,405	3,297,518	4,946,923	1,159,723	1,081,558	2,241,281
6.2.1.1	Finance Lease Commitments		471,862	3,297,518	3,769,380	625,334	1,081,558	1,706,892
6.2.1.2	Operating Lease Commitments		1,177,543	-	1,177,543	534,389	-	534,389
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS	4	1,400,000	4,864,655	6,264,655	244,300	6,869,672	7,113,972
7.1	Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
7.1.1	Fair Value Hedges		-	-	-	-	-	-
7.1.2	Cash Flow Hedges		-	-	-	-	-	-
7.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
7.2	Derivative Financial Instruments Held For Trading	4	1,400,000	4,864,655	6,264,655	244,300	6,869,672	7,113,972
7.2.1	Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
7.2.2	Swap Purchases/Sales		1,400,000	4,864,655	6,264,655	244,300	6,869,672	7,113,972
7.2.3	Put/Call Options		-	-	-	-	-	-
7.2.4	Futures Purchases/Sales		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
VIII.	ITEMS HELD IN CUSTODY		12,871	-	12,871	13,693	-	13,693
	TOTAL OFF-BALANCE SHEET ITEMS		15,743,294	103,514,617	119,257,911	13,930,479	95,502,139	109,432,618

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

AK FİNANSAL KİRALAMA A.Ş.
CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(Amounts are presented in Thousands of Turkish Lira ("TL") unless otherwise stated.)

			Reviewed Current Period 1 January – 30 June 2024	Not Reviewed Current Period 1 April – 30 June 2024	Reviewed Prior Period 1 January – 30 June 2023	Not Reviewed Prior Period 1 April – 30 June 2023
INCOME AND EXPENSE ITEMS		Notes				
I.	OPERATING INCOME		2,579,429	1,336,365	1,369,394	809,516
	FACTORING INCOME		-	-	-	-
1.1	Interest Income from Factoring Receivables		-	-	-	-
1.1.1	Discounted		-	-	-	-
1.1.2	Other		-	-	-	-
1.2	Fees and Commissions from Factoring Receivables		-	-	-	-
1.2.1	Discounted		-	-	-	-
1.2.2	Other		-	-	-	-
	INCOME FROM FINANCING LOANS		-	-	-	-
1.3	Interest Received from Financing Loans		-	-	-	-
1.4	Fees and Commissions Received from Financing Loans		-	-	-	-
	LEASE INCOME		2,579,429	1,336,365	1,369,394	809,516
1.5	Finance Lease Income		2,299,179	1,177,377	1,301,064	769,098
1.6	Operating Lease Income		202,813	113,398	11,182	11,182
1.7	Fees and Commission Income on Lease Operations		77,437	45,590	57,148	29,236
	SAVING FINANCE INCOME		-	-	-	-
1.8	Dividends Received from Savings Financing Receivables		-	-	-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-	-	-
II.	FINANCIAL EXPENSES (-)		(2,739,174)	(1,439,566)	(1,022,808)	(596,094)
.1	Dividends Given to the Savings Fund Pool		-	-	-	-
2.2	Interest Expense on Funds Borrowed		(2,131,148)	(1,128,577)	(880,060)	(495,590)
2.3	Interest Expense on Factoring Payables		-	-	-	-
2.4	Interest Expense of Finance Lease Expenses		(80)	63	(216)	(91)
2.5	Interest Expense on Securities Issued		(607,946)	(311,052)	(142,532)	(100,413)
2.6	Other Interest Expenses		-	-	-	-
2.7	Fees and Commissions Paid		-	-	-	-
III.	GROSS PROFIT/LOSS (I+II)		(159,745)	(103,201)	346,586	213,422
IV.	OPERATING EXPENSES (-)		(250,138)	(131,930)	(121,970)	(68,154)
4.1	Personnel Expenses		(114,488)	(60,525)	(49,490)	(25,680)
4.2	Employee Severance Indemnity Expense		(2,086)	(1,974)	(1,632)	(1,065)
4.3	Research and Development Expenses		-	-	-	-
4.4	General Administrative Expenses		(23,706)	(13,690)	(15,539)	(7,550)
4.5	Other		(109,858)	(55,741)	(55,309)	(33,859)
V.	GROSS OPERATING PROFIT/LOSS (III+IV)		(409,883)	(235,131)	224,616	145,268
VI.	OTHER OPERATING INCOME		3,747,192	1,131,183	6,111,664	4,780,264
6.1	Interest on Bank Deposits		80,967	41,309	36,141	22,159
6.2	Interest Income on Securities Portfolio		574,830	318,544	131,657	56,609
6.3	Dividend Income		-	-	-	-
6.4	Capital Market Transaction Profit		-	-	-	-
6.5	Income From Derivative Financial Instruments		267,453	108,718	141,013	43,340
6.6	Foreign Exchange Gains		2,757,266	629,938	5,748,599	4,628,618
6.7	Other		66,676	32,674	54,254	29,538
VII.	PROVISION EXPENSES		(41,525)	(12,623)	(85,203)	(56,548)
7.1	Special Provisions		-	-	-	-
7.2	Expected Loss Provisions		(41,525)	(12,623)	(74,153)	(49,798)
7.3	General Provisions		-	-	-	-
7.4	Other		-	-	(11,050)	(6,750)
VIII.	OTHER OPERATING EXPENSES (-)		(2,949,774)	(715,480)	(5,727,695)	(4,567,999)
8.1	Impairment Losses on Securities Portfolio		(801)	(801)	-	-
8.2	Impairment Losses on Non-Current Assets		-	-	-	-
8.3	Capital Market Transaction Losses		-	-	-	-
8.4	Losses From Derivative Financial Instruments		(68,833)	(51,032)	(343,303)	(279,589)
8.5	Foreign Exchange Losses		(2,880,140)	(663,647)	(5,384,392)	(4,288,410)
8.6	Other		-	-	-	-
IX.	NET OPERATING PROFIT/LOSS (V+....+VIII)		346,010	167,949	523,382	300,985
X.	EXCESS AMOUNT RECORDED AS AN INCOME AFTER MERGER		-	-	-	-
XI.	PROFIT/LOSS FROM INVESTMENTS ACCOUNTED FOR UNDER EQUITY		-	-	-	-
XII.	PROFIT/LOSS ON NET MONETARY POSITION		-	-	-	-
XIII.	PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX (IX+...XII)		346,010	167,949	523,382	300,985
XIV.	INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)		106,339	72,945	(102,740)	(65,872)
14.1	Current Tax Provision		195,155	96,466	(147,836)	(125,888)
14.2	Deferred Tax Benefit (+)		(88,816)	(23,521)	-	-
14.3	Deferred Tax Charge (-)		-	-	45,096	60,016
XV.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)		452,349	240,894	420,642	235,113
XVI.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
16.1	Income from Assets Held for Sale		-	-	-	-
16.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
16.3	Other Income from Discontinued Operations		-	-	-	-
XVII.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
17.1	Expense on Assets Held for Sale		-	-	-	-
17.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
17.3	Other Expenses from Discontinued Operations		-	-	-	-
XVIII.	PROFIT/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAX(XV-XVII)		-	-	-	-
XIX.	TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)		-	-	-	-
19.1	Current Tax Charge		-	-	-	-
19.2	Deferred Tax Benefit (+)		-	-	-	-
19.3	Deferred Tax Charge (-)		-	-	-	-
XX.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)		-	-	-	-
XXI.	NET PROFIT/LOSS FOR THE PERIOD (XV+XX)		452,349	240,894	420,642	235,113
	Earning / Loss per Share (Full TL)		0.0121	0.0064	0.0113	0.0063

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

AK FİNANSAL KİRALAMA A.Ş.**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SIX-MONTH
PERIOD ENDED 30 JUNE 2024**

(Amounts are presented in Thousands of Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Reviewed Current Period 1 January - 30 June 2024	Reviewed Prior Period 1 January - 30 June 2023
I. Profit for the Period		452,349	420,642
II. Other Comprehensive Income		-	-
2.1 Items that will not be Reclassified Subsequently to Profit or Loss		-	-
2.1.1 Tangible Assets Revaluation Increases/Decreases		-	-
2.1.2 Intangible Assets Revaluation Increases/Decreases		-	-
2.1.3 Defined Benefits Pension Plan Re-Measuring Gains/Losses		-	-
2.1.4 Other Comprehensive Income that will not be Reclassified to Profit or Loss		-	-
2.1.5 Taxes related to Other Comprehensive Income that will not be Reclassified to Profit or Loss		-	-
2.2 Items that will be Reclassified Subsequently to Profit or Loss		-	-
2.2.1 Foreign Currency Exchange Differences		-	-
2.2.2 Valuation and/or Classification Income/Expense of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.2.3 Cash Flow Hedge Income/Expenses		-	-
2.2.4 Net Investment Hedge Income/ Expenses Related to Foreign Entity		-	-
2.2.5 Other Comprehensive Income that will be Reclassified Subsequently to Other Profit or Loss		-	-
2.2.6 Taxes related to Other Comprehensive Income that will be Reclassified Subsequently to Profit or Loss		-	-
III. Total Comprehensive Income (I+II)		452,349	420,642

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

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2024

(Amounts are presented in Thousands of Turkish Lira (“TL”) unless otherwise stated.)

CHANGES IN EQUITY	Paid-in Capital	Share Issued Premiums	Share Cancellation Profit	Other Capital Reserves	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			Profit Reserves	Prior Period Profit/(Loss)	Net Profit or Loss for the Period	Total Equity
					1	2	3	4	5	6				
PRIOR PERIOD (1 January - 30 June 2023) (Reviewed)														
I. Balance at the End of the Prior Period (31 December 2022)	373,400	-	-	(13,393)	-	(4,418)	-	-	-	-	968,183	-	670,272	1,994,044
II. Corrections in Accounting Policies TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New 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. Cash Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves From Inflation Adjustments To Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increases / Decreases due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	670,272	-	(670,272)	-
11.1 Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfer 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

CHANGES IN EQUITY	Paid-in Capital	Share Issued Premiums	Share Cancellation Profit	Other Capital Reserves	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			Profit Reserves	Prior Period Profit/(Loss)	Net Profit or Loss for the Period	Total Equity
					1	2	3	4	5	6				
CURRENT PERIOD (1 January - 30 June 2024) (Reviewed)														
I. Balance at the End of the Prior Period (31 December 2023)	373,400	-	-	(13,393)	-	(4,418)	-	-	-	-	1,638,455	-	962,935	2,956,979
II. Corrections in Accounting Policies TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	373,400	-	-	(13,393)	-	(4,418)	-	-	-	-	1,638,455	-	962,935	2,956,979
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	452,349	452,349
V. Cash Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves From Inflation Adjustments To Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increases / Decreases due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	962,935	-	(962,935)	-
11.1 Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfer to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	962,935	-	(962,935)	-
Balance at the End of the Period (30 June 2024)	373,400	-	-	(13,393)	-	(4,418)	-	-	-	-	2,601,390	-	452,349	3,409,328

1. Revaluation increase/decrease of tangible assets,
2. The accumulated remeasurement gains/losses on defined benefit plans,
3. Other (Accumulated other comprehensive income of investments accounted through equity method that will not be reclassified to profit or loss and other comprehensive income items that will not be reclassified to profit or loss)
4. Foreign currency translation differences,
5. Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income,
6. Other (Cash flow hedge income/ (losses), Accumulated other comprehensive income of investments accounted through equity method that will be reclassified to profit or loss and other comprehensive income items that will be reclassified to profit or loss).

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

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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

	Notes	Reviewed Current Period 30 June 2024	Reviewed Prior Period 30 June 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit Before Changes In Operating Assets and Liabilities		642,621	368,324
1.1.1 Interests Received / Lease Income		3,150,840	1,375,148
1.1.2 Interest Paid / Lease Expenses		(2,739,174)	(1,022,808)
1.1.3 Lease Expenses		-	-
1.1.4 Dividends Received		-	-
1.1.5 Fees and Commissions Received		77,437	57,148
1.1.6 Other Income		3,261,628	5,738,903
1.1.7 Collections from Non-performing Receivables		13,895	49,907
1.1.8 Payments to Personnel and Service Suppliers		(79,715)	(37,537)
1.1.9 Taxes Paid		(36,709)	(65,905)
1.1.10 Other		(3,005,581)	(5,726,532)
1.2 Changes in Operating Assets and Liabilities		(818,566)	(1,765,449)
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		(19,303)	(5,351,456)
1.2.4 Net (Increase)/Decrease in Savings Financing Receivables		-	-
1.2.5 Net (Increase)/Decrease in Other Assets		(2,191,784)	(1,257,665)
1.2.6 Net Increase/(Decrease) in Factoring Payables		-	-
1.2.7 Net Increase /(Decrease) in Savings Fund Pool		-	-
1.2.8 Net Increase/(Decrease) in Lease Payables		-	-
1.2.9 Net Increase/(Decrease) in Funds Borrowed		1,710,218	4,494,024
1.2.10 Net Increase/(Decrease) in Due Payables		-	-
1.2.11 Net Increase/(Decrease) in Other Liabilities		(317,697)	349,648
I. Net Cash From Operating Activities		(175,945)	(1,397,125)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures		-	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3 Purchases of Tangible and Intangible Assets		(130,100)	(5,450)
2.4 Proceeds From Sale of Tangible and Intangible Assets		-	-
2.5 Cash Paid for Purchase of Financial Assets Fair Value Through Other Comprehensive Income		-	-
2.6 Proceeds From Sale of Financial Assets Fair Value Through Other Comprehensive Income		-	-
2.7 Cash Paid for Purchase of Financial Assets at Amortised Cost		-	-
2.8 Proceeds from Sale of Financial Assets at Amortised Cost		-	-
2.9 Other		(10,109)	(4,299)
II. Net Cash from Investing Activities		(140,209)	(9,749)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash Obtained from Funds Borrowed and Securities Issued		2,348,445	2,169,265
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(2,859,437)	(861,548)
3.3 Equity Instruments Issued		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(5,254)	(2,564)
3.6 Other		-	-
III. Net Cash Provided from Financing Activities		(516,246)	1,305,153
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		4,758	10,580
V. Net Increase in Cash and Cash Equivalents		(827,642)	(91,141)
VI. Cash and Cash Equivalents at the Beginning of the Period		2,744,957	2,334,515
VII. Cash and Cash Equivalents at the End of the Period		1,917,315	2,243,374

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

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

Ak Finansal Kiralama A.Ş. (‘the Company’) was established in Turkey on 14 November 1988 under the name of BNP-AK-DRESDNER Finansal Kiralama A.Ş. as a leasing company with foreign shareholders in accordance with the Financial Leasing Law numbered 3226. On 26 January 2005, as a result of the acquisition of all shares of the Company by Akbank T.A.Ş., the name of the Company was changed to Ak Finansal Kiralama A.Ş.

As at 30 June 2024, the main shareholder of the Company is Akbank T.A.Ş. As at 30 June 2024, the Company has 71 employees (31 December 2023: 73 employees). The head office of the Company is located at Sabancı Center Kule: 2 Floor: 8-9. 4.Levent / Istanbul.

The main activity of the Company is to carry out domestic and international financial leasing activities and to carry out all types of leasing transactions in accordance with the provisions of the legislation.

The condensed financial statements of the Company as at and for the year ended 30 June 2024 have been approved by the Board of Directors on 29 July 2024. The General Assembly and regulatory bodies have the right to amend the approved financial statements.

2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Preparation of Financial Statements

The Company prepares its financial statements in accordance with the “Communiqué Related To The Financial Statements And Accounting Applications Of Financial Lease, Factoring and Finance Companies” and the “Communiqué Related To The Uniform Chart of Accounts and Its Prospects to be Adopted by Financial Lease, Factoring and Finance Companies” published on the Official Gazette no. 28861 dated 24 December 2013 promulgated by Banking Regulation and Supervision Agency (“BRSA”), Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) as promulgated by Public Oversight, Accounting and Auditing Standards Association (“POA”) and the related interpretations and regulations, communiques, disclosures and notices on accounting and financial reporting principles published by BRSA (all together “BRSA Accounting and Financial Reporting Legislation”).

POA, made an announcement on 23 November 2023 that the financial statements of the entities applying Turkish Financial Reporting Standards and the Financial Reporting Standard for Large and Medium-Sized Enterprises (FRS for LMEs) for the annual reporting period ending on or after 31 December 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 “FRS for LMEs Section 25 Financial Reporting in Hyperinflationary Economies”; However, institutions or organisations authorized to regulate and supervise in their own fields may determine different transition dates for the application of the provisions in TAS 29 or FRS for LMEs. 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 as of 31 December 2023 to the inflation adjustment required under TAS 29 in accordance with its decision dated 12 December 2023 and numbered 10744. In this framework, no inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements dated 31 December 2023. In accordance with the BRSA decision dated 11 January 2024 and numbered 10825, banks, financial leasing, factoring, financing, savings financing and asset management companies are required to apply inflation accounting as of 1 January 2025.

In this framework, no inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements dated 30 June 2024.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.1 Basis of Presentation (cont’d)

The condensed interim financial statements do not include all the disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements as at 31 December 2023.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions affecting the assets and liabilities disclosed in the balance sheet, or the contingent assets and liabilities, and the income and expenses reported to have been incurred during the period involved. Although based on the best estimates and knowledge of the Company’s management, the actual results may differ from these estimates.

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

The Company has prepared its condensed financial statements for the interim period ended 30 June 2024 consistent with the accounting policies in effect at 31 December 2023.

2.2 Changes in Accounting Policies

2.2.1 Comparative Information and Restatement of Prior Period Financial Statements

The Company has prepared its condensed financial statements for the interim period ended 30 June 2024 consistent with the accounting policies in effect at 31 December 2023.

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance trends. The Company has prepared the balance sheet as at 30 June 2024 comparatively with the balance sheet 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 interim period 1 January - 30 June 2024 comparatively with the interim period 1 January - 30 June 2023.

2.2.2 Changes in Accounting Policies

Significant changes in the accounting policies and significant accounting errors are applied retrospectively and the financial statements of the previous period are restated. The Company has not made any changes in accounting policies due to the effects of changes in standards in the current year.

2.2.3 Changes in Accounting Estimates and Errors

If changes in accounting estimates and errors are for only one period, changes are applied in the current period but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current period, there are not any material changes in the Company’s accounting estimates. Significant accounting errors identified are applied retrospectively and prior period financial statements are restated.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.2 Changes in Accounting Policies (cont’d)

2.2.4 Amendments to Standards and Comments

New and Amended Turkish Financial Reporting Standards

a. Amendments that are mandatorily effective from 2024

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

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

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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

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

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

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

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

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

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.2 Changes in Accounting Policies (cont’d)

New and Amended Turkish Financial Reporting Standards (cont’d)

a. Amendments that are mandatorily effective from 2024 (cont’d)

Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 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 Disclosures

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

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.2 Changes in Accounting Policies (cont’d)

New and Amended Turkish Financial Reporting Standards (cont’d)

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TAS 21	<i>Lack of Exchangeability</i>

TFRS 17 Insurance Contracts

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

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

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

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

Amendments are effective with the first application of TFRS 17.

Amendments to TAS 21 Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

2 – BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont’d)

2.3 Significant Accounting Judgements, Estimates and Assumptions

In the preparation of the financial statements, the Company management must make assumptions and estimates that will affect the assets and liabilities reported as of the balance sheet date and determine the liabilities and commitments likely to occur as of the balance sheet date and the income and expense amounts as of the reporting period. Although these estimates and assumptions are based on Company management's best knowledge of the current events and transactions, actual results may differ from the assumptions. Estimates are regularly reviewed, necessary adjustments are made and reflected in the income statement of the period they occur.

2.4 Classifications

The Company's financial statements are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and material differences are disclosed.

3 - LEASES AND NON-PERFORMING LOANS

	30 June 2024	31 December 2023
Finance lease receivables	23,246,375	23,544,368
Invoiced finance lease receivables	55,228	59,897
Gross finance lease receivables	23,301,603	23,604,265
Operating lease receivables	38,594	8,043
Unearned interest income (-)	(4,315,923)	(4,540,642)
Provision for expected credit losses - Stage 1 (-)	(63,395)	(62,143)
Provision for expected credit losses - Stage 2 (-)	(1,897)	(6,388)
Receivables from leasing transactions	18,958,982	19,003,135
Non-performing finance lease receivables	703,896	630,557
Provision for expected credit losses - Stage 3 (-)	(247,192)	(244,258)
Receivables from leasing transactions, net	19,415,686	19,389,434

As at 30 June 2024 and 31 December 2023, the breakdown of finance lease receivables according to interest types is as follows:

	30 June 2024	31 December 2023
Fixed interest rate	22,242,511	22,324,468
Floating interest rate	1,003,864	1,219,900
	23,246,375	23,544,368

AK FİNANSAL KİRALAMA A.Ş.**CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024**

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

3 – LEASES AND NON-PERFORMING LOANS (cont’d)

As at 30 June 2024 and 31 December 2023, the aging table of finance lease receivables according to their maturities is as follows:

End of Period	Financial Lease Receivables	
	Gross	Net
	30 June 2024	30 June 2024
31 December 2024	5,962,606	4,537,156
31 December 2025	9,103,926	7,129,538
31 December 2026	5,353,171	4,667,217
31 December 2027	2,140,310	1,958,401
31 December 2028 and beyond	741,590	693,368
	23,301,603	18,958,680

End of Period	Financial Lease Receivables	
	Gross	Net
	31 December 2023	31 December 2023
31 December 2024	10,018,632	7,533,125
31 December 2025	7,184,904	5,823,457
31 December 2026	4,164,090	3,658,426
31 December 2027	1,665,704	1,516,679
31 December 2028 and beyond	570,935	531,936
	23,604,265	19,063,623

Net finance lease receivables can be analyzed as follows:

30 June 2024	Finance lease receivables	Provision for impairment (-)	Finance lease receivables, net
Stage 1	18,809,342	(63,395)	18,745,947
Stage 2	176,338	(1,897)	174,441
Stage 3	703,896	(247,192)	456,704
Total	19,689,576	(312,484)	19,377,092
31 December 2023	Finance lease receivables	Provision for impairment (-)	Finance lease receivables, net
Stage 1	18,793,601	(62,143)	18,731,458
Stage 2	270,022	(6,388)	263,634
Stage 3	630,557	(244,258)	386,299
Total	19,694,180	(312,789)	19,381,391

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

3 - LEASES AND NON-PERFORMING LOANS (cont'd)

The Company has made individual assessments for financial lease receivables and related collaterals with a total risk above TL 5,000 and classified as Stage 2 and Stage 3 as of 30 June 2024; within the scope of these assessments, the Company has reduced its expected credit loss provisions by TL 248,124 (31 December 2023: TL 189,183 reduced).

As at 30 June 2024, finance lease receivables arising from sale leaseback transactions amount to TL 3,745,323 (31 December 2023: TL 4,321,390).

The Company receives collaterals such as assignments of receivables, mortgages, letters of guarantee, cash blockage, pledges of securities for financial lease receivables other than the subject of the financial lease. Assets in the nature of collateral taken over by the Company are classified under ‘Assets Held for Sale’ in order to be sold and converted into cash.

As at 30 June 2024, guarantees amounting to TL 257,767 (31 December 2023: TL 257,767) have been received against impaired lease receivables amounting to TL 703,896 (31 December 2023: TL 630,557).

As at 30 June 2024 and 30 June 2023, movement of provision for finance lease receivables is as follows:

	2024	2023
Balance as of 1 January	312,789	284,613
Provision recognized during the period	42,331	73,950
Provisions reversed during the period (-)	(42,636)	(49,907)
Provisions for non-performing receivables written off during the period (-)	-	(10,443)
Balance as of 30 June	312,484	298,213

The sectoral breakdown of finance lease receivables as of 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024	%	31 December 2023	%
Metals and mining	4,025,002	17	4,417,064	19
Construction	2,574,088	11	2,647,993	11
Textile	2,350,971	10	2,622,661	11
Production	2,053,837	9	2,269,132	10
Automotive	1,914,747	8	1,663,311	7
Energy and natural resources	1,562,623	7	1,634,290	7
Transportation	1,562,336	7	1,461,023	6
Petroleum and chemicals	811,872	3	876,757	4
Food	760,831	3	791,223	3
Tourism	648,417	3	616,915	3
Chemistry	567,331	2	689,075	3
Printing and paper products	546,323	2	583,689	3
Financial institutions	459,211	2	404,398	2
Healthcare	340,818	1	276,656	1
Wholesale and retail	205,183	1	154,129	1
Technology, telecoms, media and entertainment	185,456	1	93,305	1
Agriculture	143,261	1	164,468	1
Education	2,459	1	2,063	1
Other	2,531,609	11	2,176,216	6
	23,246,375	100	23,544,368	100

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

3 – LEASES AND NON-PERFORMING LOANS (cont’d)

Finance lease receivables consist of rents to be collected during the lease period. In accordance with the lease agreements with the lessees, the ownership of the leased items is handed over to the lessees at the end of the lease period.

The Company has terminated some finance lease agreements with its customers due to the inability of the customers to repay their finance lease debts or for similar economic reasons. Assets related to these contracts may be re-let to the same or another customer or sold to third parties.

The Company has no finance lease payables as at 30 June 2024 and 31 December 2023.

As of 30 June 2024 and 31 December 2023, the movement of expected credit loss provisions is as follows:

	Stage 1	Stage 2	Stage 3	
	12 month	Lifetime	Lifetime	
Provision for Expected Credit Losses	ECL	ECL	ECL	Total
1 January 2024	62,143	6,388	244,258	312,789
Transfers;				
- Balance change in Stage 1	(7,560)	-	-	(7,560)
- Transition from Stage 1 to Stage 2	(387)	1,450	-	1,063
- Transition from Stage 1 to Stage 3	-	-	68	68
- Balance change in Stage 2	-	(3,332)	-	(3,332)
- Transition from Stage 2 to Stage 1	1	(147)	-	(146)
- Transition from Stage 2 to Stage 3	-	(2,274)	5,010	2,736
- Balance change in Stage 3	-	-	2,086	2,086
New entrants to the provision	11,237	-	-	11,237
Provisions released				
(excluding change in balance)	(2,039)	(188)	(4,230)	(6,457)
Provisions derecognized from assets	-	-	-	-
Provision for expected credit losses at 30 June 2024	63,395	1,897	247,192	312,484
	Stage 1	Stage 2	Stage 3	
	12 month	Lifetime	Lifetime	
Provision for Expected Credit Losses	ECL	ECL	ECL	Total
31 December 2022	60,318	70,795	153,500	284,613
Transfers;				
- Balance change in Stage 1	(7,568)	-	-	(7,568)
- Transition from Stage 1 to Stage 2	(168)	1,845	-	1,677
- Transition from Stage 1 to Stage 3	(83)	-	9,262	9,179
- Balance change in Stage 2	-	(10,631)	-	(10,631)
- Transition from Stage 2 to Stage 1	9	(35)	-	(26)
- Transition from Stage 2 to Stage 3	-	(43,175)	70,409	27,234
- Balance change in Stage 3	-	-	8,357	8,357
New entrants to the provision	22,643	657	15,686	38,986
Provisions released				
(excluding change in balance)	(13,008)	(13,068)	(2,513)	(28,589)
Provisions derecognized from assets	-	-	(10,443)	(10,443)
Provision for expected credit losses at 31 December 2023	62,143	6,388	244,258	312,789

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

4 - EXPLANATIONS ON DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Derivative Financial Instruments Held for Trading

30 June 2024	Nominal Amount	Fair Value	
		Assets	Liabilities
Forward Purchase - Sale Transactions			
Currency Swaps	3,789,869	2,682	(60,781)
Interest Swaps	2,384,786	12,676	(8,846)
Total	6,264,655	15,358	(69,627)

31 December 2023	Nominal Amount	Fair Value	
		Assets	Liabilities
Forward Purchase - Sale Transactions			
Currency Swaps	6,230,826	-	(238,078)
Interest Swaps	883,146	13,576	-
Total	7,113,972	13,576	(238,078)

Derivative Financial Instruments for Hedging Purposes

Information on fair value hedging transactions:

As at 30 June 2024 and 31 December 2023, there are no fair value hedging transactions.

Information on cash flow hedging transactions:

As at 30 June 2024 and 31 December 2023, there are no cash flow hedging transactions.

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

5 – LOANS RECEIVED

	30 June 2024			31 December 2023		
	Effective Interest Rate(%)	Foreign currency amount	TL	Effective Interest Rate(%)	Foreign currency amount	TL
Domestic banks						
<u>Fixed rate loans:</u>						
EUR	6.31	18,377	645,549	6.49	9,399	306,155
USD	-	-	-	-	-	-
TL	46.70	7,701,824	7,701,824	36.28	7,184,637	7,184,637
<u>Floating rate loans:</u>						
EUR	6.5	30,362	1,066,558	6.56	21,207	690,804
USD	-	-	-	-	-	-
TL	-	10	10	-	-	-
			9,413,941			8,181,596
Banks abroad						
<u>Fixed rate loans:</u>						
EUR	5.57	107,170	3,764,725	5.08	107,859	3,513,372
USD	5.85	155,201	5,094,654	5.86	176,903	5,207,709
TL	-	-	-	-	-	-
<u>Floating rate loans:</u>						
EUR	7.63	117,952	4,143,469	7.87	102,959	3,353,779
USD	9.48	25,527	837,946	9.19	40,563	1,194,107
			13,840,794			13,268,967
Total loans			23,254,735			21,450,563

	30 June 2024	31 December 2023
Short-term loans	12,295,091	12,583,693
Long-term loans	10,959,644	8,866,870
	23,254,735	21,450,563

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

6 - CONTINGENT ASSETS AND LIABILITIES

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

Derivative products:

	30 June 2024		31 December 2023	
	Nominal Original amount	Nominal TL	Nominal Original amount	Nominal TL
Swap and forward foreign exchange transactions				
USD	73,284	2,405,630	108,755	3,201,548
EUR	-	-	-	-
TL	700,000	700,000	244,300	244,300
Total Purchases	773,284	3,105,630	353,055	3,445,848
Swap and forward foreign exchange transactions				
USD	15,000	492,393	15,000	441,573
EUR	55,984	1,966,632	99,053	3,226,551
TL	700,000	700,000	-	-
Total Sales	770,984	3,159,025	114,053	3,668,124

Letters of guarantee given:

The Company has given letters of guarantee and guarantee letters amounting to TL 3,728,853 (31 December 2023: TL 3,867,014) to courts, customs and in relation to the Hermes loans used by the Company. As at 30 June 2024, there is no letter of guarantee received from Akbank T.A.Ş. for the Hermes loans used by the Company (31 December 2023: TL 62,494).

The guarantee given externally to Europe Investment Bank for the loans received amounts to TL 836.016 (31 December 2023: TL 1,094,497). The amount of letters of credit opened with banks due to foreign goods purchases subject to financial leasing is TL 188,796 (31 December 2023: TL 182,525), and financial leasing and operational leasing commitments are TL 4,946,923 (31 December 2023: TL 2,241,281).

7 - EQUITY

The Company's shareholders and their shareholding structure at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	Amount	Share of ownership (%)	Amount	Share of ownership (%)
Akbank T.A.Ş.	373,400	100	373,400	100
Paid-in capital	373,400		373,400	
Capital adjustment differences	(13,393)		(13,393)	
	360,007		360,007	

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

7 - EQUITY (cont’d)

The registered share capital of the Company consists of 37,340,000,000 shares with a nominal value of 1 Kurus each (31 December 2023: 37,340,000,000).

As at 30 June 2024, the Company's registered share capital ceiling is TL 373,400 (31 December 2023: 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 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 capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

8 - RELATED PARTY DISCLOSURES

Balance Sheet Items

30 June 2024 31 December 2023

Receivables from banks - (Banks)

Shareholders

Akbank T.A.Ş. 898,209 848,219

Other group companies ()*

Akbank A.G. 765,009 443,399

1,663,218 1,291,618

Finance lease receivables, net - (Lease transactions)

30 June 2024 31 December 2023

Other group companies ()*

Jec II Enerji A.Ş. 99,301 97,479

Jec III Enerji A.Ş. 36,321 38,652

Medisa Sigorta A.Ş. 3,011 3,785

Aksigorta A.Ş. 1,094 1,919

Sabancı University 1,055 1,746

140,782 143,581

30 June 2024 31 December 2023

Borrowings - (Loans received)

Shareholders

Akbank T.A.Ş. 2,077,398 2,318,019

Other group companies ()*

Akbank A.G. 712,031 756,854

2,789,429 3,074,873

(*) “Other group companies” consist of group companies of Akbank T.A.Ş.

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

8 - RELATED PARTY DISCLOSURES (cont’d)

Trade payables - (Miscellaneous payables)

	30 June 2024	31 December 2023
<i>Other group companies (*)</i>		
Aksigorta A.Ş.	113,384	107,572
Jec II Enerji A.Ş.	4,617	3,962
Jec III Enerji A.Ş.	1,365	2,527
Medisa Sigorta A.Ş.	120	78
Sabancı Dijital Tek. Hizm. A.Ş.	46	559
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	17	17
CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş.	1	2
Hacı Ömer Sabancı Holding A.Ş.	1	5
Avivasa Emeklilik ve Hayat A.Ş.	-	38
	119,551	114,760
	30 June 2024	1 April
	-30 June 2024	30 June 2023
	30 June 2023	-30 June 2023

Income Statement Items

Interest income on finance leases - (Rental Income)

<i>Other group companies (*)</i>				
Jec II Enerji A.Ş.	3,610	1,792	2,683	1,408
Jec III Enerji A.Ş.	1,365	666	1,150	596
Medisa Sigorta A.Ş.	622	292	857	417
Sabancı Üniversitesi	192	84	352	168
Aksigorta A.Ş.	174	75	349	164
Hacı Ömer Sabancı Holding A.Ş.	-	-	4,392	1,276
	5,963	2,909	9,783	4,029
	30 June 2024	1 April	30 June 2023	1 April
	-30 June 2024	30 June 2023	-30 June 2023	

Operating lease income - (Rental Income)

<i>Shareholders</i>				
Akbank T.A.Ş.	112,226	63,463	8,064	8,064
<i>Other group companies (*)</i>				
Hacı Ömer Sabancı Holding A.Ş.	9,658	5,095	1,751	1,751
Ak Yatırım Menkul Değerler A.Ş.	2,914	1,433	774	774
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	5,707	2,939	-	-
Ak Portföy Yönetimi A.Ş.	1,901	951	411	411
Temsa Skoda Sabancı Ulaşım Araçları A.Ş.	6,108	3,052	-	-
Enerjisa Başkent Elektrik Perakende Satış A.Ş.	4,402	2,201	-	-
Enerjisa Toroslar Elektrik Perakende Satış A.Ş.	3,663	1,831	-	-
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.	1,278	639	181	181
Sabancı Dijital Teknoloji Hizmetleri A.Ş.	1,025	513	-	-
Enerjisa Müşteri Çözümleri A.Ş.	1,580	790	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş.	991	646	-	-
Stablex Bilişim Teknoloji A.Ş.	585	292	-	-
Enerjisa Enerji. A.Ş.	2,817	1,524	-	-
Çimsa Çimento San ve Tic A.Ş.	1,198	681	-	-
Hacı Ömer Sabancı Vakfı İktisadi İşletmesi	204	102	-	-
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş.	128	43	-	-
Başkent Elektrik Dağıtım A.Ş.	128	43	-	-
Agesa Hayat ve Emeklilik A.Ş.	26,331	19,376	-	-
Agesa Sigorta Aracılığı A.Ş.	5,005	-	-	-
Kordsa Teknik Tekstil A.Ş.	2,135	1,093	-	-
Teknosa İç ve Dış Ticaret A.Ş.	752	366	-	-
	190,736	107,073	11,181	11,181

(*) “Other group companies” consist of group companies of Akbank T.A.Ş.

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

8 - RELATED PARTY DISCLOSURES (cont’d)

	30 June 2024	1 April -30 June 2024	30 June 2023	1 April -30 June 2023
Interest income from banks - (Other operating income)				
<i>Shareholders</i>				
Akbank T.A.Ş.	12,596	8,693	21,941	12,846
	12,596	8,693	21,941	12,846
Interest expense on loans - (Finance expenses)				
<i>Shareholders</i>				
Akbank T.A.Ş.	477,743	263,877	264,849	130,859
<i>Other group companies (*)</i>				
Akbank AG	24,431	12,404	7,391	5,980
	502,174	276,281	272,240	136,839
Commission income - (Other operating income)				
<i>Other group companies (*)</i>				
Aksigorta A.Ş.,	5,526	2,996	3,026	1,654
	5,526	2,996	3,026	1,654
	30 June 2024	1 April -30 June 2024	30 June 2023	1 April -30 June 2023
Commission expenses - (Other operating expenses)				
<i>Shareholders</i>				
Akbank T.A.Ş.,	229	-	425	136
<i>Other group companies (*)</i>				
Ak Yatırım Menkul Değerler A.Ş.,	2,972	921	2,597	2,089
Akbank AG	1,062	511	-	-
	4,263	1,432	3,022	2,225
	30 June 2024	1 April -30 June 2024	30 June 2023	1 April -30 June 2023
Personnel Expenses				
<i>Shareholders</i>				
Akbank T.A.Ş.	647	311	458	295
	647	311	458	295
Derivative financial transaction losses - (Other operating expenses)				
<i>Shareholders</i>				
Akbank T.A.Ş.,	31,025	-	15,889	11,263
	31,025	-	15,889	11,263

30 June 2024 31 December 2023

Off-balance sheet items

<i>Shareholders</i>		
Akbank T.A.Ş.	-	-
Provided for use within the scope of loans received from other parties	836,016	1,156,991
Provided to be given to the courts	13	13
	836,029	1,157,004

(*) “Other group companies” consist of group companies of Akbank T.A.Ş.

AK FİNANSAL KİRALAMA A.Ş.**CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024**

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

8 - RELATED PARTY DISCLOSURES (cont’d)**Derivative Financial Instruments**

30 June 2024	Nominal Amount	Fair Value	
		Assets	Liabilities
<i>Derivative financial instruments held for trading:</i>			
Forward transactions			
Akbank T,A,Ş, (Shareholder)	-	-	-
Currency swap transactions			
Akbank T,A,Ş, (Shareholder)	-	-	-
Cross currency swap transactions			
Akbank T,A,Ş, (Shareholder)	1,639,386	-	(51,266)
<i>Derivative financial instruments for fair value hedging purposes:</i>			
Cross currency swap transactions			
Akbank T,A,Ş, (Shareholder)	-	-	-
Total	1,639,386	-	(51,266)

		<u>Fair Value</u>	
31 December 2023	Nominal Amount	Assets	Liabilities
<i>Derivative financial instruments held for trading:</i>			
Forward transactions			
Akbank T.A.Ş. (Shareholder)	-	-	-
Currency swap transactions			
Akbank T,A,Ş, (Shareholder)	-	-	-
Cross currency swap transactions			
Akbank T,A,Ş, (Shareholder)	1,050,111	-	(51,266)
<i>Derivative financial instruments for fair value hedging purposes:</i>			
Cross currency swap transactions			
Akbank T,A,Ş, (Shareholder)	-	-	-
Total	1,050,111	-	(51,266)

(*) “Other group companies” consist of group companies of Akbank T.A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

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 Operating Principles of Financial Leasing, Factoring, Financing and Savings Finance Companies” published in the Official Gazette dated 24 April 2013, it is mandatory to maintain the Company's equity according to the standard ratio determined in the regulation. In the condensed financial statements of the Company dated 30 June 2024, the minimum ratio has been met.

b. Financial Risk Management

The Company is exposed to various financial risks due to its activities. These risks are market risk (currency risk, interest rate risk), credit risk, liquidity risk. The Company's wholesale risk management program focuses on the unpredictability of financial markets and aims to minimize 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 carried out under policies approved by the Company's Board of Directors.

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

c. Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Company mostly deals with the credit risk from financial lease receivables. Credit risk is kept under control by allocating certain limits to the parties that create credit risk, following the collections expected from the customers, and obtaining a certain amount of collateral within the liabilities when it is considered risky. Credit risk is concentrated mainly in the activities that take place in Turkey. Credit risk is distributed by serving many customers from different sectors.

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Company policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate.

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

d. Market risk

Market Risk The Company's capital and earnings and the ability of the Company to achieve its goals are at interest rates. It is the risk of being adversely affected by fluctuations in foreign exchange rates, inflation rates and market prices. The Company follows the market risk under the headings of currency risk and interest risk.

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

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

9 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

e. Currency risk

Foreign currency assets and liabilities create foreign currency risk. The Company carries a certain amount of foreign exchange position arising from the transactions carried out by its operations. The Company conducts forward foreign exchange transactions in order to balance its foreign currency assets and liabilities. As of 30 June 2024 and 31 December 2023, assets and liabilities denominated in foreign currencies are as follows:

30 June 2024	USD	TL Equivalent	EUR	TL Equivalent	Other TL Equivalent
Assets					
Cash and cash equivalents	29,046	953,472	18,250	641,105	5,439
Finance lease receivables (*)	59,850	1,964,634	284,929	10,009,097	-
Other assets	28,053	920,886	68,665	2,412,088	-
Total assets	116,949	3,838,992	371,844	13,062,290	5,439
Liabilities					
Loans received	180,728	5,932,600	273,861	9,620,301	-
Other liabilities	8,443	277,154	18,353	644,700	75,806
Total liabilities	189,171	6,209,754	292,214	10,265,001	75,806
Net foreign currency balance sheet position	(72,222)	(2,370,762)	79,630	2,797,289	(70,367)
Derivative financial instruments:					
- Net foreign currency position from held for trading	52,268	1,715,771	(50,206)	(1,763,656)	-
- Net foreign currency position from fair value hedges	-	-	-	-	-
Net total foreign currency position(**)	(19,954)	(654,991)	29,424	1,033,633	(70,367)

(*) Foreign currency non-performing finance lease receivables amounting to TL 565,290 which are not subject to valuation are not taken into consideration in the foreign currency risk table. Total amount of TL 15,358 for Derivative Financial Assets Held for Trading in Assets is not taken into consideration. In liabilities, the total amount of TL 60,871 for derivative financial liabilities held for trading is not taken into consideration.

(**) If the effect of foreign exchange differences arising from the Company's future vendor payments were eliminated, the Company's net total foreign currency position would be TL (868,302) in US Dollars, TL 876,420 in Euro, TL (119,926) in other currencies and TL (111,808) in total.

AK FİNANSAL KİRALAMA A.Ş.

CONDENSED EXPLANATORY NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED AT 30 JUNE 2024

(Amounts expressed in Turkish Lira “TL” unless otherwise indicated.)

9 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

31 December 2023	USD	TL Equivalent	EUR	TL Equivalent	Other TL Equivalent
Assets					
Cash and cash equivalents	51,174	1,506,474	23,827	776,130	4,291
Finance lease receivables (*)	71,020	2,090,699	313,116	10,199,421	271
Other assets	10,316	303,677	40,774	1,328,170	4
Total assets	132,510	3,900,850	377,717	12,303,721	4,566
Liabilities					
Loans received	217,466	6,401,816	241,424	7,864,110	-
Other liabilities	5,803	170,824	18,132	590,620	3,283
Total liabilities	223,269	6,572,640	259,556	8,454,730	3,283
Net foreign currency balance sheet position	(90,759)	(2,671,790)	118,161	3,848,991	1,283
Derivative financial instruments:					
- Net foreign currency position from held for trading	93,755	2,759,975	(99,053)	(3,226,551)	-
- Net foreign currency position from fair value hedges	-	-	-	-	-
Net total foreign currency position (**)	(2,996)	(88,185)	19,108	622,440	1,283

(*) Foreign currency non-performing finance lease receivables amounting to TL 505,363 which are not subject to valuation are not taken into consideration in the foreign currency risk table. Total amount of TL 13,576 for Derivative Financial Assets Held for Trading in Assets is not taken into consideration. In liabilities, the total amount of TL 238,078 for derivative financial liabilities held for trading is not taken into consideration.

(**) If the effect of foreign exchange differences arising from the Company's future vendor payments were eliminated, the Company's net total foreign currency position would be TL (316,040) in US Dollars, TL 435,037 in Euro, TL (46,307) in other currencies and TL 72,690 in total.

The exchange rates used by the Company as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
USD	32.8262	29.4382
EUR	35.1284	32.5739
CHF	36.4135	34.9666
GBP	41.4365	37.4417
JPY	0.20369	0.207467

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9 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

The sensitivity analysis of the Company's profit before tax as of 30 June 2024 and 31 December 2023, when other variables are kept constant, against a 10% change in US Dollar and Euro is as follows:

Foreign currency sensitivity analysis table

	USD		EUR	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
30 June 2024				
Profit/loss and equity	(65,499)	65,499	103,363	(103,363)
	USD		EUR	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2023				
Profit/loss and equity	(12,403)	12,403	89,009	(89,009)

f. Liquidity risk

The Board of Directors, which is ultimately responsible for liquidity risk, has determined the principles to be followed by the Company management in meeting the Company's short, medium and long-term liquidity requirements. As a precaution against this risk, management diversifies its financing resources and assets are managed with liquidity priority. In addition, management maintains adequate levels of funding to finance current and future debt requirements and to respond to unexpected changes in demand.

The following tables analyze the cash inflows and outflows of the Company's assets and liabilities at the balance sheet date, based on the period remaining to the contractual maturity dates, according to the relevant maturity groupings. Interest to be collected and paid on the Company's assets and liabilities at the maturity date is also included in the table below.

Presentation of assets and liabilities according to their remaining maturities:

	30 June 2024					Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and above	Current	
Loans received	6,554,295	8,418,303	12,165,925	281,423	-	27,419,946
Securities issued	933,041	1,068,789	1,464,374	-	-	3,466,204
Other liabilities	1,368,165	-	-	-	-	1,368,165
Total liabilities	8,855,501	9,487,092	13,630,299	281,423	-	32,254,315

Information on cash inflows and outflows arising from derivative financial instruments is as follows:

Cash inflows	159,314	410,328	1,025,819	-	-	1,595,461
Cash outflows (-)	(158,078)	(426,400)	(1,065,999)	-	-	(1,650,477)
Cash inflows/(outflows), net	1,236	(16,072)	(40,180)	-	-	(55,016)

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9 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

	31 December 2023				Current	Total
	Up to 3 months	3 months to 1 year	1 year to 5 years	5 years and above		
Loans received	6,409,326	9,133,205	9,969,700	230,712	-	25,742,943
Securities issued	1,161,857	1,543,931	192,608	-	-	2,898,396
Other liabilities	1,610,998	-	-	-	-	1,610,998
Total liabilities	9,182,181	10,677,136	10,162,308	230,712	-	30,252,337

Information on cash inflows and outflows arising from derivative financial instruments is as follows:

Cash inflows	680,336	1,349,999	1,271,589	-	-	3,301,924
Cash outflows (-)	(767,284)	(1,379,613)	(1,323,819)	-	-	(3,470,716)
Cash inflows/(outflows), net	(86,948)	(29,614)	(52,230)	-	-	(168,792)

g. Interest rate risk

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

As of 30 June 2024, according to the analysis made by the Company, in case of 0.5% increase/(decrease) in TL and foreign currency interest rates, assuming that all other variables remain constant, there will be a decrease/increase of TL 20,634 in the Company's profit due to interest rate sensitive assets and liabilities. (31 December 2023: TL 46,271 decrease/increase).

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

	30 June 2024					Total
	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and above	Interest Free	
Banks and cash and cash equivalents	1,645,170	-	-	-	274,568	1,919,738
Finance Lease Receivables	3,100,818	5,804,684	9,978,000	46,951	446,639	19,377,092
Operating Lease Receivables	-	-	-	-	38,594	38,594
Property, plant and equipment	-	-	-	-	1,312,252	1,312,252
Intangible assets	-	-	-	-	29,444	29,444
Assets held for sale	-	-	-	-	25,835	25,835
Other assets	-	-	-	-	4,976,578	4,976,578
Derivative financial assets	-	-	-	-	15,358	15,358
Current period tax asset	-	-	-	-	310,931	310,931
Total assets	4,745,988	5,804,684	9,978,000	46,951	7,430,199	28,005,822
Loans received	5,919,410	6,596,276	10,482,637	256,412	-	23,254,735
Payables from lease transactions	-	-	-	-	974	974
Derivative financial liabilities	-	-	69,627	-	-	69,627
Provisions	-	-	-	-	57,708	57,708
Securities issued	-	226,661	2,160,484	-	-	2,387,145
Other liabilities	-	-	-	-	1,368,165	1,368,165
Total liabilities	5,919,410	6,822,937	12,712,748	256,412	1,426,847	27,138,354
Net re-pricing position	(1,173,422)	(1,018,253)	(2,734,748)	(209,461)	6,003,352	867,468
Cash inflows/(outflows) from derivative financial instruments, net	1,236	(16,072)	(40,180)	-	-	(55,016)

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9 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

	31 December 2023					Total
	1 month to 3 months	3 months to 1 year	1 year to 5 years	5 years and above	Interest Free	
Banks and cash and cash equivalents	2,294,113	-	-	-	454,843	2,748,956
Finance Lease Receivables	3,099,955	5,093,192	10,729,366	81,220	377,658	19,381,391
Operating Lease Receivables	-	-	-	-	8,043	8,043
Property, plant and equipment	-	-	-	-	1,185,895	1,185,895
Intangible assets	-	-	-	-	21,037	21,037
Assets held for sale	-	-	-	-	25,835	25,835
Other assets	-	-	-	-	3,674,670	3,674,670
Derivative financial assets	-	-	-	-	13,576	13,576
Current period tax asset	-	-	-	-	112,084	112,084
Deferred tax assets	-	-	-	-	-	-
Total assets	5,394,068	5,093,192	10,729,366	81,220	5,873,641	27,171,487
Derivative financial liabilities	89,263	30,933	117,882	-	-	238,078
Loans Received	5,439,970	7,155,395	8,646,418	208,780	-	21,450,563
Payables from lease transactions	-	-	-	-	967	967
Securities Issued	1,161,857	1,543,931	192,608	-	-	2,898,396
Provisions	-	-	-	-	42,272	42,272
Other liabilities	-	-	-	-	1,610,998	1,610,998
Current period tax liability	-	-	-	-	-	-
Total liabilities	6,691,090	8,730,259	8,956,908	208,780	1,654,237	26,241,274
Net re-pricing position	(1,297,022)	(3,637,067)	1,772,458	(127,560)	4,219,404	930,123
Cash inflows/(outflows) from derivative financial instruments, net	(86,948)	(29,614)	(52,230)	-	-	(168,792)

h. Fair value of financial instruments

Fair value is the value that the counterparties will receive after an authorized transaction, other than liquidation and compulsory sale. The listed market value reflects the most reliable current value of an asset, when it is available.

The Company determined the fair value of the financial instruments based on the data provided from the market and by using appropriate calculation methods. However the estimation of the fair values based on the market values requires judgement and interpretation. As a result, the estimations presented in this financial tables, may not always be an indicator for the realizable value for the Company after a market transaction.

The fair values of other financial instruments are determined by taking into account the current market value of another financial instrument with similar characteristics or by using assumption techniques that involve discounting future cash flows at current interest rates.

The fair value of short-term assets and liabilities other than finance lease receivables and borrowings is considered approximate to the carrying value, since the discount effect of fair value is insignificant.

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9 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

The following table presents a comparison of the carrying amounts and fair values of financial instruments carried at values other than fair value in the financial statements.

	<i>Book value</i>		<i>Fair value</i>	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Finance lease receivables, net	19,024,274	19,071,666	18,671,839	18,601,773
Loans received	23,254,735	21,450,563	20,573,206	19,333,703
Securities issued	2,387,145	2,898,396	1,864,621	2,560,134

As of 30 June 2024, the discount rates used in the calculation of the fair values of USD, EUR and TL borrowings are 5.99%, 7.46% and 54.90%, respectively (As of 31 December 2023, discount rates used in the calculation of fair values of USD, EUR and TL borrowings are 5.53%, 6.98% and 46.72%, respectively).

As of 30 June 2024, the discount rates used in the calculation of the fair value of USD, EUR and TL finance lease receivables are 8.57%, 8.37% and 53.71%, respectively (As of 31 December 2023, discount rates used in the calculation of fair values of USD, EUR and TL finance lease receivables are 8.56%, 8.25% and 49.71%, respectively).

The fair values of financial assets and financial liabilities are determined as follows:

Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data.

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9 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

Fair value levels of financial instruments:

30 June 2024	Level 1	Level 2	Level 3
Derivative financial assets	-	15,358	-
Total assets	-	15,358	-
Derivative financial liabilities	-	69,627	-
Total liabilities	-	69,627	-
31 December 2023	Level 1	Level 2	Level 3
Derivative financial assets	-	13,576	-
Total assets	-	13,576	-
Derivative financial liabilities	-	238,078	-
Total liabilities	-	238,078	-

10 - EVENTS AFTER THE BALANCE SHEET DATE

None.

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