

**CONVENIENCE TRANSLATION INTO  
ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2**

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Yapı Kredi Finansal Kiralama A.O.

**A. Audit of the Consolidated Financial Statements**

**1. Opinion**

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with "Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation" which includes "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring, Financing and Saving Financing Companies" published in the Official Gazette numbered 28861 dated 24 December 2013 and, communiqués, and circulars and, announcements made by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

**2. Basis for Opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="259 451 901 487"><b>Expected credit losses for financial lease receivables</b></p> <p data-bbox="259 487 901 688">The Company has total expected credit losses for financial lease receivables amounting to TL 721.261 thousand in respect to total gross financial lease receivables amounting to TL 32.048.924 thousand which represent a significant portion of the Company's total assets in its consolidated financial statements as at 31 December 2023.</p> <p data-bbox="259 688 901 814">Explanations and notes related to expected credit losses for financial lease receivables are presented in Notes 2.2, 2.4 and 8 in the accompanying consolidated financial statements as at 31 December 2023.</p> <p data-bbox="259 814 901 1369">In the scope of "Regulation on Amendments Related To Regulation On Accounting Applications And Financial Statements Of Financial Leasing, Factoring And Financing Companies" that is published on the Official Gazette on 2 May 2018 and numbered 30409, the Company recognizes the expected credit losses for financial lease receivables in accordance with TFRS 9 "Financial Instruments" as of 1 January 2019. Accordingly, the classification of financial lease receivables has been recognized as per their credit risk (staging) in accordance with TFRS 9 and expected credit loss approach is applied for impairment provision for financial lease receivables. The Company exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. To determine the stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments and default events disclosed in the accompanying consolidated financial statements in accordance with TFRS 9.</p> <p data-bbox="259 1369 901 1465">Information used in expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p> <p data-bbox="259 1465 901 1866">Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences, development and weighting of macro-economic scenarios; the significance of the financial lease receivables balances; the classification of financial lease receivables as per their credit risk (staging) in accordance with TFRS 9 and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p data-bbox="901 451 1515 739">With respect to stage classification of financial lease receivables and calculation of expected credit losses in accordance with TFRS 9, we have assessed policy, procedure and management principles of the Company within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p data-bbox="901 739 1515 907">We have evaluated and tested the appropriateness of expected credit loss methodologies and performance of parameters (life time expected credit losses and losses given default) in line with the requirement of TFRS 9 and the Company's policies and procedures with our financial risk experts.</p> <p data-bbox="901 907 1515 1138">We have carried loan review on a selected sample of loans with the objective to identify whether the classification of finance lease receivables is performed appropriately in accordance with the applicable regulation, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the TFRS 9 framework.</p> <p data-bbox="901 1138 1515 1411">In addition, for non-performing finance lease receivables that are subject to individual assessment based on the Company policies, we have evaluated the appropriateness of specific impairment provision with supportable input. Based on our discussions with the Company management, we have evaluated and challenged whether the key assumptions and other judgements, underlying the estimation of impairment were reasonable.</p> <p data-bbox="901 1411 1515 1537">We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of financial lease receivables.</p>



#### **4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

#### **5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

### **Additional Paragraph for Convenience Translation**

The effects of differences between accounting principles and standards explained in detail in Note 2 and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies have not been quantified in the accompanying financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Didem Demer Kaya, SMMM  
Independent Auditor

Istanbul, 30 January 2024

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED  
STATEMENT ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2**

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

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# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

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

ASSETS	Notes	Audited 31 December 2023			Audited 31 December 2022		
		TL	FC	Total	TL	FC	Total
<b>I. CASH BALANCES AND CENTRAL BANKS</b>	<b>4</b>	<b>1.234.826</b>	<b>794.431</b>	<b>2.029.257</b>	<b>14.439</b>	<b>1.449.431</b>	<b>1.463.870</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL ASSETS</b>	<b>3</b>	-	-	-	<b>3.649</b>	-	<b>3.649</b>
<b>IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>	<b>5</b>	<b>152</b>	-	<b>152</b>	<b>152</b>	-	<b>152</b>
<b>V. FINANCIAL ASSETS MEASURED AT AMORTISED COST</b>		<b>10.863.663</b>	<b>20.866.132</b>	<b>31.729.795</b>	<b>6.810.711</b>	<b>12.976.013</b>	<b>19.786.724</b>
<b>5.1 Factoring Receivables</b>		-	-	-	-	-	-
5.1.1 Discounted Factoring Receivables (Net)		-	-	-	-	-	-
5.1.2 Other Factoring Receivables		-	-	-	-	-	-
<b>5.2. Savings Financing Receivables</b>		-	-	-	-	-	-
5.2.1 From the Savings Fund Pool		-	-	-	-	-	-
5.2.2 From the Equity		-	-	-	-	-	-
<b>5.3. Finance Loans</b>		-	-	-	-	-	-
5.3.1 Consumer Loans		-	-	-	-	-	-
5.3.2 Credit Cards		-	-	-	-	-	-
5.3.3 Commercial Installment Loans		-	-	-	-	-	-
<b>5.4 Lease Receivables (Net)</b>	<b>8</b>	<b>10.931.189</b>	<b>21.117.735</b>	<b>32.048.924</b>	<b>6.893.581</b>	<b>13.158.733</b>	<b>20.052.314</b>
5.4.1 Financial Lease Receivables		15.883.648	24.023.811	39.907.459	9.698.762	14.667.448	24.366.210
5.4.2 Operating Lease Receivables		-	-	-	-	-	-
5.4.3 Unearned Income (-)		(4.952.459)	(2.906.076)	(7.858.535)	(2.805.181)	(1.508.715)	(4.313.896)
<b>5.5 Financial Assets Measured at Amortised Cost</b>		-	-	-	-	-	-
<b>5.6 Doubtful Receivables</b>		<b>267.327</b>	<b>134.805</b>	<b>402.132</b>	<b>476.375</b>	<b>24.527</b>	<b>500.902</b>
<b>5.7 Expected Loss Provisions/Specific Provisions (-)</b>		<b>(334.853)</b>	<b>(386.408)</b>	<b>(721.261)</b>	<b>(559.245)</b>	<b>(207.247)</b>	<b>(766.492)</b>
<b>VI. EQUITY INVESTMENTS</b>	<b>11</b>	<b>898.891</b>	-	<b>898.891</b>	<b>654.969</b>	-	<b>654.969</b>
6.1 Subsidiarys (Net)		898.891	-	898.891	654.969	-	654.969
6.2 Subsidiaries (Net)		-	-	-	-	-	-
6.3 Joint Ventures (Net)		-	-	-	-	-	-
<b>VII. PROPERTY AND EQUIPMENT (Net)</b>	<b>9</b>	<b>11.702</b>	-	<b>11.702</b>	<b>8.145</b>	-	<b>8.145</b>
<b>VIII. INTANGIBLE ASSETS (Net)</b>	<b>10</b>	<b>52.228</b>	-	<b>52.228</b>	<b>21.781</b>	-	<b>21.781</b>
<b>IX. INVESTMENT PROPERTY (Net)</b>		-	-	-	-	-	-
<b>X. CURRENT TAX ASSET</b>	<b>19</b>	<b>541</b>	-	<b>541</b>	-	-	-
<b>XI. DEFERRED TAX ASSET</b>	<b>19</b>	<b>253.589</b>	-	<b>253.589</b>	<b>213.028</b>	-	<b>213.028</b>
<b>XII. OTHER ASSETS</b>	<b>12</b>	<b>1.124.152</b>	<b>2.156.218</b>	<b>3.280.370</b>	<b>1.356.356</b>	<b>2.593.925</b>	<b>3.950.281</b>
<b>XIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		<b>27</b>	-	<b>27</b>	<b>380</b>	-	<b>380</b>
13.1 Held for sale		27	-	27	380	-	380
13.2 Discontinued Operations		-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>14.439.771</b>	<b>23.816.781</b>	<b>38.256.552</b>	<b>9.083.610</b>	<b>17.019.369</b>	<b>26.102.979</b>

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



# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

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

	LIABILITIES	Notes	Audited 31 December 2023			Audited 31 December 2022		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>FUNDS BORROWED</b>	<b>6</b>	<b>8.776.195</b>	<b>20.483.854</b>	<b>29.260.049</b>	<b>4.708.132</b>	<b>14.736.651</b>	<b>19.444.783</b>
<b>II.</b>	<b>FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>III.</b>	<b>LIABILITIES FROM THE SAVING FUND POOL</b>		-	-	-	-	-	-
<b>IV.</b>	<b>LEASE LIABILITIES (Net)</b>	<b>15</b>	<b>8.917</b>	<b>26</b>	<b>8.943</b>	<b>5.615</b>	<b>67</b>	<b>5.682</b>
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	<b>3</b>	<b>27.495</b>	-	<b>27.495</b>	<b>145.655</b>	-	<b>145.655</b>
<b>VIII.</b>	<b>PROVISIONS</b>	<b>13</b>	<b>144.833</b>	<b>153.097</b>	<b>297.930</b>	<b>93.666</b>	<b>94.031</b>	<b>187.697</b>
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserves for Employee Rights	13	38.906	-	38.906	27.067	-	27.067
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions	13	105.927	153.097	259.024	66.599	94.031	160.630
<b>IX.</b>	<b>CURRENT TAX LIABILITY</b>	<b>19</b>	-	-	-	<b>38.382</b>	-	<b>38.382</b>
<b>X.</b>	<b>DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XI.</b>	<b>SUBORDINATED DEBT INSTRUMENTS</b>		-	-	-	-	-	-
<b>XII.</b>	<b>OTHER LIABILITIES</b>	<b>7</b>	<b>671.145</b>	<b>2.296.053</b>	<b>2.967.198</b>	<b>619.062</b>	<b>1.424.151</b>	<b>2.043.213</b>
	<b>SUB TOTAL</b>		<b>9.628.585</b>	<b>22.933.030</b>	<b>32.561.615</b>	<b>5.610.512</b>	<b>16.254.900</b>	<b>21.865.412</b>
<b>XIII.</b>	<b>CURRENT ASSET LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>14</b>	<b>5.694.937</b>	-	<b>5.694.937</b>	<b>4.237.567</b>	-	<b>4.237.567</b>
14.1	Paid-in Capital		389.928	-	389.928	389.928	-	389.928
14.2	Capital Reserves		(34.598)	-	(34.598)	(34.598)	-	(34.598)
14.2.1	Share Premiums		2	-	2	2	-	2
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		(34.600)	-	(34.600)	(34.600)	-	(34.600)
14.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(21.303)	-	(21.303)	(16.133)	-	(16.133)
14.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		24.241	-	24.241	54.093	-	54.093
14.5	Profit Reserves		3.342.019	-	3.342.019	2.663.694	-	2.663.694
14.5.1	Legal Reserves		78.229	-	78.229	78.229	-	78.229
14.5.2	Status Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		3.299.369	-	3.299.369	2.621.044	-	2.621.044
14.5.4	Other Profit Reserves		(35.579)	-	(35.579)	(35.579)	-	(35.579)
14.6	Income or (Loss)		1.994.650	-	1.994.650	1.180.583	-	1.180.583
14.6.1	Prior Periods' Income or Loss		502.258	-	502.258	343.445	-	343.445
14.6.2	Current Period Income or Loss		1.492.392	-	1.492.392	837.138	-	837.138
	<b>TOTAL LIABILITIES</b>		<b>15.323.522</b>	<b>22.933.030</b>	<b>38.256.552</b>	<b>9.848.079</b>	<b>16.254.900</b>	<b>26.102.979</b>

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

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## CONSOLIDATED OFF BALANCE SHEET ITEMS AT 31 DECEMBER 2023

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

	OFF-BALANCE SHEET ITEMS	Notes	Audited 31 December 2023			Audited 31 December 2022		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>RECOURSE FACTORING TRANSACTIONS</b>		-	-	-	-	-	-
<b>II.</b>	<b>NON-RECOURSE FACTORING TRANSACTIONS</b>		-	-	-	-	-	-
<b>III.</b>	<b>SAVING FINANCE CONTRACTS TRANSACTIONS</b>		-	-	-	-	-	-
<b>IV.</b>	<b>GUARANTEES RECEIVED</b>	24	118.015.059	351.630.354	469.645.413	72.952.331	207.870.543	280.822.874
<b>V.</b>	<b>GUARANTEES GIVEN</b>	24	4.186.995	-	4.186.995	2.054.079	-	2.054.079
<b>VI.</b>	<b>COMMITMENTS</b>		564.952	2.757.559	3.322.511	588.874	5.577.725	6.166.599
6.1	Irrevocable Commitments		1.014	-	1.014	1.999	-	1.999
6.2	Revocable Commitments		563.938	2.757.559	3.321.497	586.875	5.577.725	6.164.600
6.2.1	Lease Commitments		563.938	2.757.559	3.321.497	586.875	5.577.725	6.164.600
6.2.1.1	Financial Lease Commitments		563.938	2.757.559	3.321.497	586.875	5.577.725	6.164.600
6.2.1.2	Operating Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	3, 24	850.200	674.345	1.524.545	269.666	1.707.788	1.977.454
7.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
7.1.1	Fair Value Hedges		-	-	-	-	-	-
7.1.2	Cash Flow Hedges		-	-	-	-	-	-
7.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
7.2	Trading Derivative Financial Instruments		850.200	674.345	1.524.545	269.666	1.707.788	1.977.454
7.2.1	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
7.2.2	Swap Buy/Sell Transactions		850.200	674.345	1.524.545	269.666	1.707.788	1.977.454
7.2.3	Option Buy/Sell Transactions		-	-	-	-	-	-
7.2.4	Future Buy/Sell Transactions		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
<b>VII.</b>	<b>ITEMS HELD IN CUSTODY</b>		21.008.280	85.256.848	106.265.128	14.215.377	52.096.296	66.311.673
	<b>TOTAL OFF BALANCE SHEET COMMITMENTS</b>		144.625.486	440.319.106	584.944.592	90.080.327	267.252.352	357.332.679

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

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>INCOME AND EXPENSE ITEMS</b>			
<b>I. OPERATING INCOME</b>		<b>4.536.796</b>	<b>2.050.593</b>
<b>FACTORING INCOME</b>		-	-
1.1. Interest Received from Factoring Receivables		-	-
1.1.1. Discounted		-	-
1.1.2. Other		-	-
1.2. Fees and Commissions Received from Factoring Receivables		-	-
1.2.1. Discounted		-	-
1.2.2. Other		-	-
<b>FINANCE LOAN INCOME</b>		-	-
1.3. Interest Received from Finance Loans		-	-
1.4. Fees and Commissions Received from Finance Loans		-	-
<b>LEASE INCOME</b>		<b>4.536.796</b>	<b>2.050.593</b>
1.5. Financial Lease Income		4.536.796	2.050.593
1.6. Operating Lease Income		-	-
1.7. Fees and Commissions Received from Lease Transactions		-	-
<b>SAVING FINANCE INCOME</b>		-	-
1.8. Dividends Received From Savings Financing Receivables		-	-
1.9. Fees and Commissions Received from Savings Financing Receivables		-	-
<b>II. FINANCIAL EXPENSES (-)</b>		<b>(3.235.365)</b>	<b>(1.252.500)</b>
2.1. Dividends Given to the Savings Fund Pool		-	-
2.2. Interest on Funds Borrowed		(3.145.808)	(1.237.678)
2.3. Interest on Factoring Payables		-	-
2.4. Interest Expenses on Leases		(1.550)	(1.008)
2.5. Interest on Securities Issued		(40.004)	-
2.6. Other Interest Expenses		-	(3.711)
2.7. Fees and Commissions Given		(48.003)	(10.103)
<b>III. GROSS PROFIT/LOSS</b>		<b>1.301.431</b>	<b>798.093</b>
<b>IV. OPERATING EXPENSES (-)</b>	<b>16</b>	<b>(284.704)</b>	<b>(159.003)</b>
4.1. Personnel Expenses		(193.023)	(95.911)
4.2. Provision Expenses for Employment Termination Benefits		(515)	(772)
4.3. Research and Development Expenses		-	-
4.4. General Administration Expenses		(86.057)	(59.326)
4.5. Other		(5.109)	(2.994)
<b>V. OPERATING GROSS PROFIT/LOSS</b>		<b>1.016.727</b>	<b>639.090</b>
<b>VI. OTHER OPERATING EXPENSES (-)</b>		<b>1.117.420</b>	<b>684.349</b>
6.1. Interest Received from Banks		29.557	13.976
6.2. Interest Received from Marketable Securities Portfolio		-	-
6.3. Dividend Income		4	2
6.4. Trading Gains on Securities		-	-
6.5. From Derivative Financial Transactions		103.840	109.133
6.6. Foreign Exchange Gains		654.375	371.963
6.7. Other	18	329.644	189.275
<b>VII. PROVISIONS</b>		<b>(339.813)</b>	<b>(300.305)</b>
7.1. Specific Provisions		-	-
7.2. Expected Loss Provisions		(286.117)	(269.912)
7.3. General Provisions		-	-
7.4. Other	16	(53.696)	(30.393)
<b>VIII. OTHER OPERATING EXPENSES (-)</b>		<b>(289.703)</b>	<b>(248.715)</b>
8.1. Impairment of Marketable Securities		-	-
8.2. Impairment of Fixed Assets		-	-
8.3. Loss From Capital Market Transactions		-	-
8.4. Loss from Derivative Financial Transaction		(289.407)	(246.573)
8.5. Foreign Exchange Loss		-	-
8.6. Other		(296)	(2.142)
<b>IX. NET OPERATING INCOME/EXPENSE (V+...+VIII)</b>		<b>1.504.631</b>	<b>774.419</b>
<b>X. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XI. INCOME/(LOSS) FROM INVESTMENTS CONSOLIDATED BASED ON EQUITY METHOD</b>	<b>11</b>	<b>383.371</b>	<b>235.529</b>
<b>XII. NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XIII. PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (IX+X+XI+XII)</b>		<b>1.888.002</b>	<b>1.009.948</b>
<b>XIV. TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>19</b>	<b>(395.610)</b>	<b>(172.810)</b>
14.1. Current Tax Provision		(432.415)	(160.729)
14.2. Deferred Tax Expense Effect (+)		-	(12.081)
14.3. Tax Income Effect (-)		36.805	-
<b>XV. PROFIT/LOSS BEFORE TAX FROM DISCONTINUING OPERATIONS (XIII±XIV)</b>		<b>1.492.392</b>	<b>837.138</b>
<b>XVI. TAXATION ON INCOME FROM DISCONTINUING OPERATIONS (±)</b>		-	-
16.1. Income from Assets Held for Resale		-	-
16.2. Income from Investment and Subsidiaries, Subsidiaries and Joint Ventures		-	-
16.3. Other Income		-	-
<b>XVII. EXPENSES FROM DISCONTINUING OPERATIONS (-)</b>		-	-
17.1. Expenses from Assets Held for Resale		-	-
17.2. Loss on Investment and Subsidiaries, Subsidiaries and Joint Ventures		-	-
17.3. Other Expenses		-	-
<b>XVIII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUING OPERATIONS (XVI-XVII)</b>		-	-
<b>XIX. TAXATION ON INCOME FROM DISCONTINUING OPERATIONS (±)</b>		-	-
19.1. Current Tax Provision		-	-
19.2. Deferred Tax Expense Effect (+)		-	-
19.3. Deferred Tax Income Effect (-)		-	-
<b>XX. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS</b>		-	-
<b>XXI. NET PROFIT/LOSSES</b>		<b>1.492.392</b>	<b>837.138</b>
<b>EARNINGS PER SHARE</b>	<b>20</b>	<b>3,8274</b>	<b>2,1469</b>

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

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

		Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>		<b>1.492.392</b>	<b>837.138</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>		<b>(35.022)</b>	<b>59.713</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>		<b>(5.170)</b>	<b>(10.787)</b>
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	13	(8.926)	(14.831)
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	19	3.756	4.044
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>		<b>(29.852)</b>	<b>70.500</b>
2.2.1	Foreign Currency Translation Differences		-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets Held for Sale	11	(29.852)	70.500
2.2.3	Cash Flow Hedge Income/Loss		-	-
2.2.4	Foreign Net Investment Hedge Income/Loss		-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses		-	-
2.2.6	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss		-	-
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>		<b>1.457.370</b>	<b>896.851</b>

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

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

STATEMENT OF CHANGES IN EQUITY	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other comprehensive income or expense that will not be reclassified subsequently to profit or loss			Other comprehensive income or expense that will be reclassified subsequently to profit or loss			Profit Reserves	Prior Periods' Income or (Loss)	Current Period Net Income or (Loss)	Total equity
					1	2	3	4	5	6				
<b>PRIOR PERIOD</b>														
<b>(Audited)</b>														
<b>I. Prior Period End Balance (31 December 2021)</b>	389.928	2	-	(34.600)	-	(5.346)	-	-	-	(16.407)	2.292.992	255.677	458.470	3.340.716
<b>II. Corrections made as per TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted balances (I-II)</b>	389.928	2	-	(34.600)	-	(5.346)	-	-	-	(16.407)	2.292.992	255.677	458.470	3.340.716
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	-	70.500	-	-	837.138	896.851
<b>V. Capital increase</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital increase through internal resources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Inflation adjustments to paid-in capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/decrease due to other changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Current period net profit/loss</b>	-	-	-	-	-	-	-	-	-	-	370.702	87.768	(458.470)	-
11.1 Profit distribution	-	-	-	-	-	-	-	-	-	-	370.702	-	(370.702)	-
11.2 Dividends	-	-	-	-	-	-	-	-	-	-	370.702	-	(370.702)	-
11.3 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	-	87.768	(87.768)	-
<b>Balances at the end of the period (31 December 2022)</b>	389.928	2	-	(34.600)	-	(16.133)	-	-	-	54.093	2.663.694	343.445	837.138	4.237.567

STATEMENT OF CHANGES IN EQUITY	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other comprehensive income or expense that will not be reclassified subsequently to profit or loss			Other comprehensive income or expense that will be reclassified subsequently to profit or loss			Profit Reserves	Prior Periods' Income or (Loss)	Current Period Net Income or (Loss)	Total equity
					1	2	3	4	5	6				
<b>CURRENT PERIOD</b>														
<b>(Audited)</b>														
<b>I. Balances at the beginning of the period (31 December 2022)</b>	389.928	2	-	(34.600)	-	(16.133)	-	-	-	54.093	2.663.694	343.445	837.138	4.237.567
<b>II. Corrections made as per TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted balances (I-II)</b>	389.928	2	-	(34.600)	-	(16.133)	-	-	-	54.093	2.663.694	343.445	837.138	4.237.567
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	-	(29.852)	-	-	1.492.392	1.457.370
<b>V. Capital increase</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital increase through internal resources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Inflation adjustments to paid-in capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/decrease due to other changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Current period net profit/loss</b>	-	-	-	-	-	-	-	-	-	-	678.325	158.813	(837.138)	-
11.1 Profit distribution	-	-	-	-	-	-	-	-	-	-	678.325	-	(678.325)	-
11.2 Dividends	-	-	-	-	-	-	-	-	-	-	678.325	-	(678.325)	-
11.3 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	-	158.813	(158.813)	-
<b>Balances at the end of the period (31 December 2023)</b>	389.928	2	-	(34.600)	-	(21.303)	-	-	-	24.241	3.342.019	502.258	1.492.392	5.694.937

- (1) Fixed assets accumulated revaluation gains/losses
- (2) Remeasurement of defined benefit plans' accumulated gains/losses
- (3) 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),
- (4) Foreign currency translation differences
- (5) Accumulated revaluation of financial assets available for sale and/or classification gains/losses,
- (6) 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 consolidated financial statements

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>A.</b>	<b>Cash flows from operating activities</b>		
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>880.817</b>	<b>293.253</b>
1.1.1	Interests received/leasing income	4.253.377	2.068.380
1.1.2	Interests paid/leasing expenses	(2.719.020)	(1.384.013)
1.1.3	Leasing expenses	-	-
1.1.4	Dividend received	109.597	76.720
1.1.5	Fees and commissions received	-	-
1.1.6	Other income	-	-
1.1.7	Collections from previously written-off doubtful receivables	331.347	137.577
1.1.8	Payments to personnel and service suppliers	(153.951)	(61.810)
1.1.9	Taxes paid	(427.362)	(264.019)
1.1.10	Other	(513.171)	(279.582)
<b>1.2</b>	<b>Changes in operating assets and liabilities</b>	<b>(1.976.114)</b>	<b>(2.322.529)</b>
1.2.1	Net (increase) decrease in factoring receivables	-	-
1.2.2	Net (increase) decrease in finance loans	-	-
1.2.3	Net (increase) decrease in lease receivables	(3.520.466)	(1.386.320)
1.2.4	Net (increase) decrease in savings financing receivables	-	-
1.2.5	Net (increase) decrease in other assets	663.802	(1.706.643)
1.2.6	Net increase (decrease) in factoring payables	-	-
1.2.7	Net increase (decrease) in lease payables	-	-
1.2.8	Net increase (decrease) in savings and financing debts	-	-
1.2.9	Net increase (decrease) in funds borrowed	-	-
1.2.10	Net increase (decrease) in due payables	-	-
1.2.11	Net increase (decrease) in other liabilities	880.550	770.434
<b>I.</b>	<b>Net cash flows in operating activities (-)</b>	<b>(1.095.297)</b>	<b>(2.029.276)</b>
<b>B.</b>	<b>Cash flows from investing activities</b>		
2.1	Acquisition of investments, subsidiarys and subsidiarries	-	-
2.2	Disposal of investments, subsidiarys and subsidiarries	-	-
2.3	Purchases of property and equipment	(11.772)	(8.597)
2.4	Disposals of property and equipment	430	38
2.5	Purchase of financial assets at fair value through other comprehensive income	-	-
2.6	Sales of financial assets at fair value through other comprehensive income	-	-
2.7	Purchase of financial assets measured at amortized cost	-	-
2.8	Sale of financial assets measured at amortized cost	-	-
2.9	Other	(38.194)	(12.918)
<b>II.</b>	<b>Net cash flows in investing activities</b>	<b>(49.536)</b>	<b>(21.477)</b>
<b>C.</b>	<b>Cash flows from financing activities</b>		
3.1	Cash inflow from funds borrowed and securities issued	6	12.674.008
3.2	Cash outflow for repayment of funds borrowed and securities issued	6	(11.330.208)
3.3	Issued capital instruments	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance leases	3.261	2.444
3.6	Other	-	-
<b>III.</b>	<b>Net cash flows from financing activities</b>	<b>1.347.061</b>	<b>3.146.411</b>
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>369.506</b>	<b>156.950</b>
<b>V.</b>	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>571.734</b>	<b>1.252.608</b>
<b>VI.</b>	<b>Cash and cash equivalents at beginning of the period</b>	<b>1.482.858</b>	<b>230.250</b>
<b>VII.</b>	<b>Cash and cash equivalents at end of the period</b>	<b>4</b>	<b>2.054.592</b>

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

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023

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

		Current Period 31 December 2023 (*)	Prior period 31 December 2022
<b>I.</b>	<b>DISTRIBUTION OF CURRENT PERIOD PROFIT</b>		
1.1	CURRENT YEAR PROFIT	1.614.230	851.134
1.2	TAXES AND DUTIES PAYABLE (-)	(395.610)	(172.810)
1.2.1	Corporate Tax (Income Tax)	(432.415)	(160.729)
1.2.2	Withholding Tax	-	-
1.2.3	Other taxes and duties (**)	36.805	(12.081)
<b>A.</b>	<b>NET PROFIT FOR THE YEAR (1.1-1.2)</b>	<b>1.218.619</b>	<b>678.324</b>
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	(36.805)	-
<b>B.</b>	<b>DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3-1.4-1.5)]</b>	<b>1.181.815</b>	<b>678.324</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit/loss Sharing Certificates	-	-
1.7	DIVIDEND TO PERSONNEL (-)	-	-
1.8	DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit/loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVE (-)	-	-
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>	-	-
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	SHARE TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Preferred Stocks	-	-
2.3.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Owners of the profit/loss Sharing Certificates	-	-
2.4	SHARE TO PERSONNEL (-)	-	-
2.5	SHARE TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>	-	-
3.1	TO OWNERS OF STOCKS (TL)	3.0309	1.7396
3.2	TO OWNERS OF STOCKS (%)	303.09	173.96
3.3	TO OWNERS OF PREFERRED STOCKS (TL)	-	-
3.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>	-	-
4.1	TO OWNERS OF STOCKS (TL)	-	-
4.2	TO OWNERS OF STOCKS (%)	-	-
4.3	TO OWNERS OF PREFERRED STOCKS (TL)	-	-
4.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-

(\*) The Company’s annual General Meeting has not take place for the date the consolidated financial statements prepared.

(\*\*) It is considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be considered as cash or internal resources and therefore the part of the period profit arising from the said assets should not be subject to profit distribution and capital increase. As of 31 December 2023, deferred tax income of 36,805 TL arising from the Company’s deferred tax assets and liabilities was not taken into account in the calculation of distributable profit (31 December 2022: 12,081 TL deferred tax expense).

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

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 1. ORGANISATION AND PRINCIPAL ACTIVITIES

Yapı Kredi Finansal Kiralama A.O. (“the Company”) was established in 19 February 1987, pursuant to the license obtained from the Undersecretariat of Treasury and Trade for the purpose of domestic and international financial leasing and operating lease as permitted by Law Numbered 6361 on Financial Leasing, Factoring And Financing Companies issued at 13 December 2012.

Yapı ve Kredi Bankası A.Ş. (YKB) is the main shareholder of the Company and holds the control of the company. YKB’s publicly traded shares are traded on the Borsa Istanbul (“BIST”) since 1987. As of 31 December 2023, approximately 38,83% of the shares of the Bank are publicly traded (31 December 2022: 32,03%).

As of 30 November 2019, according to the announcement on Public Disclosure Platform (“KAP”) , Koç Group and Unicredit (“UCG”) have reached a deal to exchange their shares in YKB and Koç Financial Services (“KFS”).

As of 5 February 2020, all the shares representing the capital of KFS are transferred to Koç Group in proportion to their shares in KFS. Koç Group, which did not have a direct share in YKB's capital prior to the transaction, now directly owned 40,95% by YKB's capital and 31.93% by UCG and Koç Group's total direct and indirect share in YKB's capital was %49,99. In addition, as of 6 February 2020, UniCredit also announced the placement of an 11.93% shares in Bank to institutional investors. The transaction has been completed on 13 February 2020. As a result of the transaction UCG’s shareholding in YKB decreased to 20%.

In 2021, UCG sold 2.00% of its shares in YKB on the stock exchange, and reached an agreement with Koç Group for the sale of the remaining 18.00% shares in accordance with the Bank Share Purchase Agreement signed on 30 November 2019. Accordingly, Koç Group has stated that it held its right to submit a preliminary bid for the YKB shares planned to be sold by UCG on 9 November 2021. The sale of the relevant shares was completed on 1 April 2022, and Koç Group's direct share ratio increased from 9.02% to 27.02%.

On 25 July 2023, Koç Holding A.Ş. announced to the public that the shares corresponding to 6.81% of YKB shares were sold to institutional investors off-the-shelf through the accelerated bookbuilding method.

Thus, Koç Holding A.Ş.'s direct shareholding in the Bank became 20.22%. Koç Holding A.Ş. and Koç Financial Services A.Ş.'s total share in the Bank is 61.17% and Koç Group continues to be the main shareholder of the Bank.

As of 31 December 2023, the Company has 133 employees (31 December 2022: 144). The Company operates predominantly in one geographical region (Turkey) and in one commercial segment (financial leasing). The main shareholder, Yapı ve Kredi Bankası A.Ş., holds the control of the Company.

The address of the registered office is Cömert Sokak No:1A D:18,19,20 Levent Mahallesi, Beşiktaş - İstanbul/Turkey.

#### Approval of the consolidated financial statements:

The consolidated financial statements for the period ended 31 December 2023 have been approved by the Board of Directors on 30 January 2024. General Assembly and other regulatory bodies have the right to amend the consolidated financial statements within legal framework.



# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1. Accounting standards

Company prepares its consolidated 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 in the Official Gazette dated 24 December 2013, numbered 28861; and in accordance with ‘Uniform Chart of Accounts for Financial Leasing, Factoring and Financing Companies’ from the same issue on Official Gazette and in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and their additions and comments issued by the Public Oversight Accounting and Auditing Standards’ Authority (“POA”).

The consolidated financial statements have been prepared on historical cost basis except for the derivative financial instruments which are measured at fair value. Company’s investment in the associate is recognized in equity method.

The preparation of consolidated 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.

#### 2.2 Basis of presentation

##### 2.2.1 Functional and presentation currency

Functional and presentation currency of the Company is Turkish Lira (“TL”).

##### 2.2.2 Financial statement amendments in hyperinflation economies

On 23 November 2023, 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, the financial statements of businesses applying TFRS for the annual reporting period ending on or after 31 December 2023 should be presented by adjusting for the effect of inflation in accordance with the relevant accounting principles in TMS 29; However, an announcement has been published stating that institutions or organizations authorized to regulate and supervise their own fields may determine different transition dates than those foreseen above for the implementation of the provisions in TMS 29 or BOBİ FRS. Based on this announcement, BRSA, in accordance with its decision numbered 10744 dated 12 December 2023, has decided that the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TMS 29. With its decision numbered 10825 dated 11 January 2024, BRSA was decided that the above-mentioned institutions would switch to inflation accounting as of 1 January 2025. Within the framework of these decisions, inflation accounting was not applied according to TMS 29 while preparing the financial statements dated 31 December 2023.

##### 2.2.3 Offsetting

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

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.2 Basis of presentation (Continued)

##### 2.2.4 Comparative figures and the reclassification to the financial statements of the prior period

In order to allow the determination of the financial position and performance trends, current year consolidated financial statements of the Company are prepared in comparative with the previous year the Company prepared its consolidated statement of financial position (balance sheet) as of 31 December 2023 in comparison with the consolidated statement of financial position (balance sheet) prepared as of 31 December 2022; prepared consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in shareholders’ equity between 1 January - 31 December 2023 in comparison with 1 January - 31 December 2022.

##### 2.2.5 Basis of consolidation

Associate is an entity that the Company has significant influence over it. Significant influence indicates the power to participate the financial and operating policies of the invested company; however, it does not hold any control over these policies.

The Company’s investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company’s share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the Company’s share for the associate’s operations. Any change in the Income Statement of those investees is presented as part of the Company’s income. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the share in the associate. The total of the Company’s share of profit or loss of an associate is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company. After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is an objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the loss in the Income Statement. (Note 11).

##### 2.2.6 Changes in accounting policies

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

##### 2.2.7 Change in accounting estimates and errors

The effect of a change in an accounting estimate is recognised 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.

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods.

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.2 Basis of presentation (Continued)

##### 2.2.8 Going concern

The Company prepared its consolidated financial statements considering the going concern principal.

##### 2.2.9 Segment reporting

Since the Company operates in a single business (financial lease), there is no segment reporting in the financial statements.

#### 2.3 Amendments in standards and interpretations

##### 2.3.1 Implementation of new or revised TAS and TFRS and interpretations

The Company adopted the standards, amendments and interpretations published by POA and which are mandatory for the accounting periods beginning on or after 1 January 2023.

###### a) *Standards, amendments, and interpretations applicable as of 31 December 2023:*

- **Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 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 TAS 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.
- **Amendment to TAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.
- **TFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

However, in the letter dated 6 April 2023 sent by the Public Oversight Authority (POA) to the Association of Insurance, Reinsurance and Pension Companies of Turkey, it was reported that it was concluded that it would be appropriate to apply TFRS 17 in the consolidated and separate financial statements of insurance, reinsurance and pension companies, banks that have partnerships/investments in these companies and other companies that have partnerships/investments in these companies as of 1 January 2024.

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.3 Amendments in standards and interpretations (Continued)

###### 2.3.1 Implementation of new or revised TAS and TFRS and interpretations (Continued)

###### *b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:*

- **Amendment to TFRS 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 TFRS 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.
- **Amendment to TAS 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. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendments to TAS 7 and TFRS 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.
- **Amendments to TAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **TSRS 1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **TSRS 2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. 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 to be effective as of 1 January 2023 are not expected to have a significant effect on the financial statements of the Company.

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are summarized below:

##### Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, deposits at banks and highly liquid investments with maturity periods of less than three months and that are not subject to significant change in value (Note 4).

##### Related parties

For the purposes of these financial statements, shareholders who has the controlling power, key management personnel and Board of Directors, in each case together with companies controlled by/or affiliated with them or with their close family members, associated companies and other companies within Koç Holding A.Ş. group companies are considered and referred to as “related parties” (Note 21).

A related party is a person or entity (reporting entity) that is related to the entity that is preparing its financial statements.

- (a) A person or a close member of that person’s family is considered to be associated with the reporting entity in the following cases:

If that person,

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of significant accounting policies (Continued)

##### Financial Leases

###### (i) As lessor

Assets which are subject to leasing transactions are presented as a receivable which equals to the investment amount made for the related leasing transactions. Interest income is recognised over the term of the lease using the net investment method, which reflects a periodic constant rate of return. The income which is not accrued yet is booked as unearned finance income. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

###### (ii) As lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Capitalized leased assets are depreciated over the estimated useful life of the asset.

##### Financial instruments

Financial assets and liabilities are included in the balance sheet of the Company in case the Company is a legal party to those financial instruments.

###### a) Non-derivative financial assets

Non-derivative financial assets are classified and accounted for as “Cash and Cash Equivalents”, “Financial Assets at Fair Value through Profit and Loss”, and “Financial Assets at Fair Value through Other Comprehensive Income”. These financial assets are included or excluded accordingly to the section three “Recognition and Derecognition of Financial Instruments” of TFRS 9 Financial Instruments Standard that is published on POA and on Official Gazette numbered 29953 dated 19 December 2017. For the first time measurement of financial assets, except for “Financial Assets at Fair Value through Profit and Loss”, transaction costs are added to or deducted from the fair value. Financial assets arising from the purchase or sale of financial assets that are subject to a contract with the condition of delivery of financial instruments in accordance with the determined period by relevant market are recognized or derecognized at transaction date.

The Company includes financial assets only when the Company is a legal party to those financial instruments. In the initial recognition of a financial asset, the business model determined by the Company management and the contractual cash flows of the financial asset are considered.

###### b) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if the financial asset is held under a business model aiming to collect contractual cash flows and the terms of the contract for financial assets cause cash flows that include interest payments from principal and principal balances on certain dates.

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs incurred, following by the measurement of amortized cost using the Effective Rate of Interest (Internal Efficiency) ratio. Interest rates related to financial assets measured at amortized costs are presented in the Statement of Profit/Loss. As of 31 December 2023, the Company classified the receivables on financial leases and cash and cash equivalents at amortized cost in their financial statements.

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

##### 2.4 Summary of significant accounting policies (Continued)

###### c) *Financial assets at fair value through other comprehensive income*

In addition to the collection of contractual cash flows of the financial asset and the retention of a financial asset in the context of a business model, the financial asset's fair value differs when the contractual terms of the financial asset lead to cash flows that include the payments of interest on the principal and principal balance on certain dates. Then, financial asset is classified as being reflected in other comprehensive income.

In financial statements, an irrevocable preference can be made to present subsequent changes in the fair value of an investment in an equity instrument that is not held for commercial purposes in other comprehensive income. If this preference is made, the valuation differences are classified as not to be reclassified to profit or loss. Dividends obtained from investments recognized as profit or loss in the financial statements.

###### d) *Impairment of financial assets*

A loss allowance for expected credit losses is provided for all financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

Measurement of the expected credit losses reflects:

- Time value of money
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date

Within the scope of the "Regulation on the Amendment of the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 2 May 2018 and numbered 30409, companies have been granted the right to allocate expected credit loss provision within the scope of TFRS 9, provided that they notify the BRSA. The effective date of the regulation was arranged as 30 September 2018. In this context, the Company has chosen to apply the expected credit loss provision calculation model within the scope of IFRS 9 for its receivables from financial leasing transactions, which is defined in Article 6/A of the regulation and has started to apply the expected loan loss provision calculation model for financial lease receivables as of 1 January 2019. The model is based on the "3-stage" impairment model based on the change in credit quality after the initial recognition.

###### e) *Financial liabilities*

The Company's financial liabilities and equity instruments are classified according to the definition of a contractual arrangement, a financial liability and a tool based on equity. The contract, which represents the right of remaining assets after deducting all debts of the Company, is a financial instrument based on equity.

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

Other financial liabilities are initially recognized at cost, net of transaction costs, and are measured at amortized cost in subsequent periods.

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of significant accounting policies (Continued)

##### f) *Derivative financial instruments*

The operations of the Company expose it to the financial risks primarily due to exchange rate and interest rate fluctuations. Company’s future currency and credit transactions and any financial risks arising from currency fluctuations from these transactions will be prevented by financial derivative instruments to manage the risk.

Derivative financial instruments are measured at fair value at the date of the contract and are recalculated at fair value at subsequent reporting periods. Derivative financial instruments are designated as hedge and accordingly the change in the fair value of these derivative transactions is related to the current period income.

The fair value of swap purchase contracts is calculated by discounted cash flow method.

#### **Assets held for sale**

The assets sustaining the criteria of being classified under assets held for sale are measured with the lower of their book values or fair value less costs to be incurred for sale. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold at once in the circumstances of usual conditions and should have a high possibility to be sold. Besides, the asset (or the asset group to be disposed) shall be traded actively with a price in concordance with its “fair market value”. As of 31 December 2023 and 31 December 2022 assets held for sale are stated at their book values.

#### **Recognition of income and expenses**

##### **(i) Lease income**

Interest and commissions from finance lease transactions are recognized on an accrual basis in profit or loss depending on the duration of the contracts.

##### **(ii) Interest income**

Interest income received from banks is accounted for on an accrual basis.

##### **(iii) Dividend income**

Dividend income is recognized on an accrual basis when the Company is entitled to receive a dividend payment.

##### **(iv) Gains and losses from foreign exchange transactions**

Gains/(losses) from foreign exchange transactions are comprised of foreign exchange gains/losses arising from the translation of monetary assets and liabilities that are indexed to foreign currency transactions and are recognized in profit or loss on an accrual basis.

##### **(v) Financing expenses**

Finance expense includes interest expense on issued loans, interest on issued securities and fees and commissions paid and is recognized in profit or loss on an accrual basis.

##### **(vi) Other income and expenses**

Other income and expense are accounted on accrual basis.



# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of significant accounting policies (Continued)

##### Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at period-end exchange rates.

##### Property and equipment and Intangible assets

All property and equipment are carried at cost, restated equivalent to purchasing power at 31 December 2004, less depreciation. Depreciation is calculated on the restated amounts of property and equipment using the straight-line method over its estimated useful life as follows:

Furniture and fixtures	5-10 years
Machinery, equipment and installations	6 years
Leasehold improvements	Contract term or useful life
Right of used assets	1-3 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on the disposal of premises and equipment are determined in reference to their carrying amounts and are taken into account in determining operating profit.

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

##### Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have any control or joint control over those policies

The Company’s investment in its associate is accounted for using the equity method.

##### Employee termination benefits

###### (i) Provision for employee termination benefits

Provision for employee termination benefit that arising from retirement of employees calculated by the present value of the probable obligation in accordance with the Turkish Labor Law. As it is earned by employees, it is calculated on accrual basis and recognized in the financial statements. The amount of liability is calculated based on the severance pay ceiling announced by the government.

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of significant accounting policies (Continued)

TAS 19, “Turkish Accounting Standard Related to Employee Benefits”, foresees companies to calculate the current value of their probable liabilities by using actuarial valuation methods. Therefore, the current value of Company’s probable liability is calculated by using the estimates shown in the table below:

	31 December 2023	31 December 2022
Discount rate (%)	2,90	0,55
Turnover rate to estimate the probability of retirement (%)	95,13	94,96

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate represents the expected real rate after adjusting for the anticipated effects of future inflation. Company has used the upper limit amounting full TL 35.058,58 from 1 January 2024 (1 January 2023: full TL 19.982,83).

#### (ii) Provision for unused leave

In accordance with the existing labour law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused leave days over the prevailing wage at the date the contract is terminated.

#### (iii) Bonus payments

The Company takes the profitability, the budget performance and the performance criterias into account when recording the bonus payments as liability and expense. The Company also reserves provisions in cases that create a contractual obligation or implied obligation.

### Provisions, contingent assets and liabilities

In accordance with the TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Company discloses the related issues in the accompanying notes. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the time value of the money is significant to the provision. In determining the discount rate to be used in reducing the provisions to their present value, the interest rate on the relevant market and the risk related to the related obligation are taken into consideration. Contingent assets are disclosed in the notes and not recognised unless they are realized.

### Taxation on income

#### Corporate income tax

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

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of significant accounting policies (Continued)

Corporate tax is subject to offsetting when a legal right exists about netting off the current tax assets/liabilities or when they are related to the corporate tax collected by the same tax regulator. (Note 19).

##### *Deferred tax*

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

The main items forming the temporary differences consist of valuation differences of financial instruments, differences between the carrying amount of the tangible assets and their tax value, provision for doubtful receivables and allowances for employee benefits.

The Company calculates the deferred tax on the provision for doubtful receivables added to the corporate tax base, assuming that future receivables will be taxable through future collection and/or sale.

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

Deferred tax assets or deferred tax liabilities are recognized at the estimated amount that they will increase or decrease future tax payable in the periods where temporary differences will disappear. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised (Note 19).

#### **Share capital and dividends**

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

#### **Finance lease income (Sales income)**

Initial value of the assets which are subject to leasing transaction is recognised as leasing receivables in the balance sheet. The excess of aggregate contract lease rentals, over the original cost of related equipment, represents the total revenue to be recognised over the term of the lease. The revenue is recognised in order to provide a constant periodic rate of return on the net investment remaining in each lease.

#### **Earnings per share**

Earnings per share disclosed in the statements of income is determined by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period concerned.

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of significant accounting policies (Continued)**

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and revaluation fund. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the period in which they were issued and for each earlier period (Note 20).

**Subsequent events**

Subsequent events refer to the events that occur in favour or against the Company between the reporting date and the authorization date for issuance of the financial statements. In accordance with TAS 10 'Turkish Accounting Standards for Events Occurred After the Reporting Period (Balance Sheet Date)' the Company adjusts its financial statements if there is any evidence that incidents in subject may occur or if there is any incidents occurred after the reporting date. If the financial statements do not need any adjustment, the Company explains the relevant events in the notes (Note 25).

**Statement of cash flows**

The Company prepares its cash flow statement to provide information to financial statement users about the ability of collimating in changes in net assets, financial structure and amount and timing of cash flows according to changed conditions.

In the cash flow statement, cash flow for the period are classified and reported in a format based on the operating, investing and financing activities. Cash flows from operating activities reflect cash flows generated from within the company's field of activity. Cash flows from investing activities represent cash flows from investing activities the Company uses in its investing activities (fixed investments and financial investments). Cash flows from financing activities represent the resources the Company uses in its financing activities and the repayments of those resources.

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

The Company prepared its consolidated financial statements considering the going concern principal.

Preparation of the financial statements requires estimates and judgments 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 judgments are based on the Company's best estimates regarding current events and transactions, however, the actual results may differ from these estimates.

The significant estimates and assumptions the Company uses in preparing its consolidated financial statements are explained below:

***Expected credit losses for financial assets***

Expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions and the time value of money. Expected credit loss refers to the calculation made to estimate the loss to be incurred in the event of a default of a financial instrument and is based on a 3-stage impairment model based on change in credit quality.

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.5 Significant accounting judgements, estimates and assumptions (Continued)

##### *Provisions for other cases filed against and continuing cases*

In accordance with the TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. As of 31 December 2023, the Company has made lawsuit provision amounting TL 157.745 (31 December 2022: TL 104.049) (Note 13).

##### *Recognition of deferred tax asset*

Deferred tax assets can be recorded to the extent that such tax benefit is probable. The amount of future taxable profits and future possible tax benefits is based on forecast forecasts that the Company will profit in the following periods. The business plan is based on the Company's reasonable expectations in such circumstances.

Company, records for deferred tax assets from provision of doubtful receivables in accordance with the ‘Regulations and Accounting Practices on Financial Statements for Financial Leasing, Factoring and Financing Companies’ established by BRSA issue numbered 28861 at 24 December 2013. Company foresees that deferred tax assets that it has created over the provision for doubtful receivables can be used as a deduction for tax purposes in future periods and that it can benefit from the tax advantage. Deferred tax assets of the Company as of 31 December 2023 is TL 253.589 (31 December 2022: TL 213.028 deferred tax asset).

### 3. DERIVATIVE FINANCIAL ASSETS

	Nominal amount	Fair value	
		Assets	Liabilities (-)
<b>31 December 2023</b>			
<b>Trading derivative financial assets</b>			
Currency swap (Note 24)	1.524.545	-	(27.495)
<b>Total</b>	<b>1.524.545</b>	<b>-</b>	<b>(27.495)</b>
<b>31 December 2022</b>			
<b>Trading derivative financial assets</b>			
Currency swap (Note 24)	1.977.454	3.649	(145.655)
<b>Total</b>	<b>1.977.454</b>	<b>3.649</b>	<b>(145.655)</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 4. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Due from banks	2.056.102	1.483.236
- <i>time deposits</i>	812.656	1.428.433
- <i>demand deposits</i>	1.243.446	54.803
Expected credit loss provision(-)	(26.845)	(19.366)
	<b>2.029.257</b>	<b>1.463.870</b>

As of 31 December 2023, Company's time deposit maturities are less than 3 month, and the interest rates are shown in Note 21. As of 31 December 2023 accruals on time deposit is TL 1.510 (31 December 2022: there is an interest accrual of 378 TL on time deposits.).

For the purposes of cash flow statements, cash and cash equivalents comprise:

	31 December 2023	31 December 2022
Due from banks	2.056.102	1.483.236
Interest accruals (-)	(1.510)	(378)
	<b>2.054.592</b>	<b>1.482.858</b>

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

The distribution of the Company's demand deposits in terms of currencies as of 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023 Amount (TL Equivalent)	31 December 2022 Amount (TL Equivalent)
TRY	1.222.606	10.126
GBP	11.792	125
EUR	3.936	11.482
CHF	2.687	9.843
USD	2.425	23.227
<b>Total</b>	<b>1.243.446</b>	<b>54.803</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 4. CASH AND CASH EQUIVALENTS (Continued)

As of 31 December 2023 and 31 December 2022, the currency of the time deposits of the Company is presented below:

	31 December 2023			31 December 2022		
	Maturity	Amount (TL Equivalent)	Per-annum rate (%)	Maturity	Amount (TL Equivalent)	Per-annum rate (%)
EUR	8 January 2024	326.582	3,50	-	-	-
EUR	15 January 2024	163.151	3,50	-	-	-
USD	15 January 2024	147.518	4,50	-	-	-
USD	2 January 2024	126.584	0,01	-	-	-
TRY	1 January 2024	28.555	24,00	-	-	-
CHF	2 January 2024	10.494	0,25	-	-	-
EUR	2 January 2024	9.772	0,01	-	-	-
EUR	-	-	-	2 January 2023	747.559	0,01
USD	-	-	-	2 January 2023	224.392	1,00
USD	-	-	-	24 January 2023	187.144	3,50
USD	-	-	-	2 January 2023	142.107	0,10
USD	-	-	-	3 January 2023	112.626	2,50
CHF	-	-	-	27 January 2023	10.101	0,01
TRY	-	-	-	2 January 2023	4.504	15,00
<b>Total</b>		<b>812.656</b>			<b>1.428.433</b>	

#### 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (NET)

	31 December 2023	31 December 2022
Financial assets at fair value through other comprehensive income	152	152
	<b>152</b>	<b>152</b>

As of 31 December 2023 and 2022, the details of financial assets at fair value through other comprehensive income are as follows:

Company	31 December 2023		31 December 2022	
	Amount	Share (%)	Amount	Share (%)
Yapı Kredi Bank Azerbaycan Closed Joint Stock Company	109	<1	109	<1
Yapı Kredi Faktoring A.Ş.	19	<1	19	<1
Yapı Kredi Yatırım Menkul Değerler A.Ş.	14	<1	14	<1
Koç Kültür Sanat ve Tanıtım Hizmetleri A.Ş.	10	4,9	10	4,9
	<b>152</b>		<b>152</b>	
Less: Provision for impairment (-)	-		-	
	<b>152</b>		<b>152</b>	

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

### 6. FUNDS BORROWED

	31 December 2023			31 December 2022		
	Effective interest rate (%)	Original currency	TL	Effective interest rate (%)	Original currency	TL
<b>Domestic banks:</b>						
<i>Fixed rate borrowings:</i>						
-TL	38,7	8.354.544	8.354.544	16,4	4.299.214	4.299.214
-EUR	7,6	109.895	3.579.720	6,4	102.327	2.039.879
-USD	8,5	19.766	581.862	8,1	22.930	428.759
<i>Floating rate borrowings:</i>						
-USD	8,7	69.001	2.031.264	7,1	64.897	1.213.459
-EUR	6,0	23.911	778.888	4,1	27.302	544.267
-TL	31,3	421.651	421.651	21,6	408.918	408.918
<b>Total domestic banks</b>			<b>15.747.929</b>			<b>8.934.496</b>

	31 December 2023			31 December 2022		
	Effective interest rate (%)	Original currency	TL	Effective interest rate (%)	Original currency	TL
<b>Foreign banks:</b>						
<i>Fixed rate borrowings:</i>						
- EUR	3,4	50.691	1.651.194	2,3	91.153	1.817.119
- USD	6,5	11.545	339.878	6,8	14.498	271.097
<i>Floating rate borrowings:</i>						
- EUR	6,2	195.222	6.359.154	3,8	209.387	4.174.108
- USD	9,5	175.347	5.161.894	8,2	225.934	4.224.574
- CHF	-	-	-	0,6	1.158	23.389
<b>Total foreign banks</b>			<b>13.512.120</b>			<b>10.510.287</b>
<b>Total</b>			<b>29.260.049</b>			<b>19.444.783</b>

	31 December 2023	31 December 2022
Short term borrowings	6.194.112	3.369.590
Short term portion of long term borrowings	10.672.753	6.393.539
<b>Total short term financial liabilities</b>	<b>16.866.865</b>	<b>9.763.129</b>
Long term borrowings	12.393.184	9.681.654
<b>Total financial liabilities</b>	<b>29.260.049</b>	<b>19.444.783</b>



## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 6. FUNDS BORROWED (Continued)

Maturities of the financial liabilities as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
To be paid in 1 year	16.866.865	9.763.129
To be paid in 1-2 years	8.761.241	4.229.506
To be paid in 2-3 years	1.338.566	3.606.313
To be paid in 3-4 years	1.090.364	716.231
To be paid in 4-5 years	881.929	561.764
To be paid in 5-6 years	305.875	446.253
To be paid in 6-7 years	15.209	121.587
	<b>29.260.049</b>	<b>19.444.783</b>

The movement table of the Company's loans for the period 1 January - 31 December 2023 is presented below.

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>19.444.783</b>	<b>12.511.247</b>
Loans and securities issued during the period	12.674.008	13.543.879
Loans paid during the period and securities issued (-)	(11.330.208)	(10.399.912)
Accruals on interest and exchange differences	8.471.466	3.789.569
<b>End of the period - 31 December</b>	<b>29.260.049</b>	<b>19.444.783</b>

#### 7. OTHER LIABILITIES

The details of Company's other liabilities of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Trade payables (*)	2.100.204	1.384.838
Advances received (**)	784.577	612.311
Insurance payables	68.340	38.284
Taxes and liabilities payable (Note 19)	13.906	7.687
Other payables	171	93
	<b>2.967.198</b>	<b>2.043.213</b>

(\*) Trade payables are mainly related with the purchase of fixed assets from domestic and foreign suppliers regarding the financial lease agreements with respect to the assets subject to financial leasing.

(\*\*) The advances received have been collected from the financial leasing customers as part of financial leasing contracts and as of the balance sheet date, they are classified under other liabilities in the statement of financial position. The related amounts are deducted from the financial lease receivables of the related customers in the following periods.

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 8. LEASE RECEIVABLES

	31 December 2023	31 December 2022
Lease receivables	39.885.037	24.309.424
Invoiced lease receivables	22.422	56.786
<b>Gross lease receivables</b>	<b>39.907.459</b>	<b>24.366.210</b>
Unearned interest income (-)	(7.858.535)	(4.313.896)
<b>Lease receivables</b>	<b>32.048.924</b>	<b>20.052.314</b>
Doubtful lease receivables	402.132	500.902
Expected credit loss provision- Stage 1 (-)	(222.867)	(143.581)
Expected credit loss provision- Stage 2 (-)	(222.120)	(255.160)
Expected credit loss provision- Stage 3 (-)	(276.274)	(367.751)
<b>Financial Assets Measured at Amortised Cost (Net)</b>	<b>31.729.795</b>	<b>19.786.724</b>

As of 31 December 2023 and 2022, finance lease receivables can be analysed according to their interest types as follows:

	31 December 2023	31 December 2022
Fixed rate	38.912.848	23.505.382
Floating rate	994.611	860.828
	<b>39.907.459</b>	<b>24.366.210</b>

The maturity of finance lease receivables as of 31 December 2023 and 31 December 2022 is as follows:

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	Gross	Net	Gross	Net
<b>Period End</b>				
Due within 1 year	17.378.181	12.739.254	9.407.531	7.247.529
Due within 1 to 2 years	11.380.254	9.334.021	6.762.164	5.554.513
Due within 2 to 3 years	6.106.056	5.365.841	4.190.686	3.643.263
Due within 3 to 4 years	2.820.256	2.561.307	2.353.151	2.130.377
Due within 4 to 5 years	1.507.179	1.413.827	958.447	886.479
Due in more than 5 years	715.533	634.674	694.231	590.153
	<b>39.907.459</b>	<b>32.048.924</b>	<b>24.366.210</b>	<b>20.052.314</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 8. LEASE RECEIVABLES (Continued)

Net finance lease receivables can be analysed as follows:

	31 December 2023	31 December 2022
Stage 1	31.201.629	19.286.943
Stage 2	847.295	765.371
Stage 3	402.132	500.902
<b>Gross finance lease receivables</b>	<b>32.451.056</b>	<b>20.553.216</b>
Expected credit loss provision- Stage 1 (-)	(222.867)	(143.581)
Expected credit loss provision- Stage 2 (-)	(222.120)	(255.160)
Expected credit loss provision- Stage 3 (-)	(276.274)	(367.751)
<b>Net finance lease receivables</b>	<b>31.729.795</b>	<b>19.786.724</b>

Past due but not impaired invoiced lease receivable as follows:

	31 December 2023		31 December 2022	
	Invoiced Amount	Remaining Principal	Invoiced Amount	Remaining Principal
0-30 days	17.630	253.752	35.424	218.851
30-60 days	2.151	15.469	19.417	159.119
60-90 days	2.641	16.369	1.945	14.548
	<b>22.422</b>	<b>285.590</b>	<b>56.786</b>	<b>392.518</b>

As of 31 December 2023 TL 11.943 of past due but not impaired invoiced lease receivables is followed-up by the Company through the watch list. Remaining principal amount of the same lease receivables amounting to TL 223.358 is also followed-up through the watch list (31 December 2022: TL 24.071 invoiced amount, TL 230.122 remaining principal).

The movement schedule of the total special and general provisions for finance lease receivables is as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>766.492</b>	<b>698.165</b>
Provision for impairment	286.116	242.719
Reversal of provision for collections made during the period (-)	(331.347)	(174.392)
<b>End of the period - 31 December</b>	<b>721.261</b>	<b>766.492</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 8. LEASE RECEIVABLES (Continued)

Reconciliation of impairment allowance account for losses on finance lease receivables by stage as of 31 December 2023 and 31 December 2022 are as follows:

	Stage 1	Stage 2	Stage 3	Total
<b>Beginning of the period - 1 January 2023</b>	<b>143.581</b>	<b>255.160</b>	<b>367.751</b>	<b>766.492</b>
Additions	98.870	36.651	23.954	159.475
Disposals	(3.183)	(51.807)	(276.357)	(331.347)
Transfers	(76.500)	(64.334)	140.834	-
Transfer from Stage 1 to Stage 2	(76.500)	76.500	-	-
Transfer from Stage 2 to Stage 3	-	(140.834)	140.834	-
Currency translation differences	60.099	46.450	20.092	126.641
<b>End of the period - 31 December 2023</b>	<b>222.867</b>	<b>222.120</b>	<b>276.274</b>	<b>721.261</b>
	Stage 1	Stage 2	Stage 3	Total
<b>Beginning of the period - 1 January 2022</b>	<b>106.069</b>	<b>248.870</b>	<b>343.226</b>	<b>698.165</b>
Additions	44.694	78.755	54.170	177.619
Disposals	(39.069)	(58.112)	(77.211)	(174.392)
Transfers	(579)	(36.236)	36.815	-
Transfer from Stage 1 to Stage 2	(579)	579	-	-
Transfer from Stage 2 to Stage 3	-	(36.815)	36.815	-
Currency translation differences	32.466	21.883	10.751	65.100
<b>End of the period - 31 December 2022</b>	<b>143.581</b>	<b>255.160</b>	<b>367.751</b>	<b>766.492</b>

Finance lease receivables are classified in Stage 3 as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		31 December 2022	
	Total doubtful receivables	Provisions (-)	Total doubtful receivables	Provisions (-)
Maturity 0-3 months overdue	11.144	(8.605)	4.083	(3.866)
Maturity 3-6 months overdue	136.769	(66.487)	126.582	(32.189)
Maturity 6-12 months overdue	74.881	(72.955)	7.267	(6.887)
Maturity 1 year and above	179.338	(128.227)	362.970	(324.809)
	<b>402.132</b>	<b>(276.274)</b>	<b>500.902</b>	<b>(367.751)</b>

As of 31 December 2023, total collateral received from customers for financial leasing is TL 22.903.960 (31 December 2022: TL 15.398.601 ).

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 8. LEASE RECEIVABLES (Continued)

Industrial concentration for the gross finance lease receivables as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	(%)	31 December 2022	(%)
Textile	7.855.731	19	3.380.600	14
Energy	5.576.600	13	3.412.118	14
Construction	5.119.639	13	3.429.251	14
Steel and mining	5.030.900	12	3.306.767	14
Transportation and Communication	3.558.316	9	2.190.460	9
Real Estate	3.035.614	8	2.285.884	9
Automotive	2.025.949	5	792.387	3
Machinery and Equipment	1.542.954	4	1.062.950	4
Petroleum and Chemistry	1.509.336	4	1.303.704	5
Printing	1.035.067	3	744.393	3
Health	707.169	2	575.442	2
Food	686.318	2	509.386	2
Wholesale and retail trade	610.829	2	309.977	2
Tourism	231.912	1	392.999	2
Other	1.381.125	3	669.892	3
	<b>39.907.459</b>	<b>100</b>	<b>24.366.210</b>	<b>100</b>

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.

Company has terminated some of its lease agreements due to inability of payment by its clients or similar economic reasons. Assets related to these agreements may be re-rentable to the same client or to a third party.

#### 9. PROPERTY AND EQUIPMENT

	1 January 2023	Additions	Disposals	31 December 2023
<b>Cost</b>				
Furniture and fixtures	494	334	-	828
Leasehold improvements	1.013	596	(13)	1.596
Machinery and equipment	5.056	1.135	(417)	5.774
Right of use assets	18.862	9.707	-	28.569
	<b>25.425</b>	<b>11.772</b>	<b>(430)</b>	<b>36.767</b>
<b>Accumulated depreciation (-):</b>				
Furniture and fixtures	(483)	(11)	-	(494)
Leasehold improvements	(917)	(39)	13	(943)
Machinery and equipment	(2.419)	(1.143)	92	(3.470)
Right of use assets	(13.461)	(6.697)	-	(20.158)
	<b>(17.280)</b>	<b>(7.890)</b>	<b>105</b>	<b>(25.065)</b>
<b>Net book value</b>	<b>8.145</b>	<b>3.882</b>	<b>(325)</b>	<b>11.702</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 9. PROPERTY AND EQUIPMENT (Continued)

	1 January 2022	Additions	Disposals	31 December 2022
<b>Cost</b>				
Furniture and fixtures	485	9	-	494
Leasehold improvements	981	32	-	1.013
Machinery and equipment	3.156	1.938	(38)	5.056
Right of use assets	12.244	6.618	-	18.862
	<b>16.866</b>	<b>8.597</b>	<b>(38)</b>	<b>25.425</b>
<b>Accumulated depreciation (-):</b>				
Furniture and fixtures	(454)	(29)	-	(483)
Leasehold improvements	(878)	(39)	-	(917)
Machinery and equipment	(1.933)	(509)	23	(2.419)
Right of use assets	(8.922)	(4.539)	-	(13.461)
	<b>(12.187)</b>	<b>(5.116)</b>	<b>23</b>	<b>(17.280)</b>
<b>Net book value</b>	<b>4.679</b>	<b>3.481</b>	<b>(15)</b>	<b>8.145</b>

As of 31 December 2023, there is no pledge on the assets of the Company. (31 December 2022: None).

#### 10. INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	31 December 2023
<b>Cost</b>				
Rights	57.982	36.747	-	94.729
	<b>57.982</b>	<b>36.747</b>	<b>-</b>	<b>94.729</b>
<b>Accumulated depreciation (-):</b>				
Rights (-)	(36.201)	(6.300)	-	(42.501)
	<b>(36.201)</b>	<b>(6.300)</b>	<b>-</b>	<b>(42.501)</b>
<b>Net book value</b>	<b>21.781</b>	<b>30.447</b>	<b>-</b>	<b>52.228</b>
	1 January 2022	Additions	Disposals	31 December 2022
<b>Cost</b>				
Rights	43.536	14.446	-	57.982
	<b>43.536</b>	<b>14.446</b>	<b>-</b>	<b>57.982</b>
<b>Accumulated depreciation (-):</b>				
Rights (-)	(29.959)	(6.242)	-	(36.201)
	<b>(29.959)</b>	<b>(6.242)</b>	<b>-</b>	<b>(36.201)</b>
<b>Net book value</b>	<b>13.577</b>	<b>8.204</b>	<b>-</b>	<b>21.781</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 11. EQUITY INVESTMENTS

Company name	31 December 2023		31 December 2022	
	Amount	Share (%)	Amount	Share (%)
Allianz Yaşam ve Emeklilik A.Ş.	898.891	19,93	654.969	19,93
	<b>898.891</b>		<b>654.969</b>	

The movements of the subsidiarys in the Company's financial statements for the years ended 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>654.969</b>	<b>425.657</b>
Shares from profit of subsidiarys	383.371	235.529
Shares from subsidiarys' equity	(29.852)	70.500
Dividend income elimination (-)	(109.597)	(76.717)
<b>End of the period - 31 December</b>	<b>898.891</b>	<b>654.969</b>

The Company has acquired 115.574.715 shares with a full nominal value of TL11.557 representing 19.93% of the capital of Allianz Yaşam ve Emeklilik A.Ş. for full TL 188.108 on 12 July 2013. The Company has accounted for the equity method within the framework of the accounting policies stated in Note 2 in the financial statements of Allianz Yaşam ve Emeklilik A.Ş. which is its associate.

The details of the Company's shares received from participation profits in the accounting periods ending on 31 December 2023 and 31 December 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Shares from profits of investments valued by equity method</b>		
Shares from profit of subsidiarys (*)	383.371	235.529
	<b>383.371</b>	<b>235.529</b>

(\*) The total of TL 383.371 (31 December 2022: TL 235.529) that the Company has received from the profit of its subsidiary in the accounting period ended 31 December 2023. It is presented in the profit or loss statement for the accounting period ended 31 December 2023 under the item “Shares Received from Profits of Investments Valued by the Equity Method”.

The fair value difference of Allianz Yaşam ve Emeklilik A.Ş. is presented in “Other comprehensive income or expense that will be reclassified subsequently to profit or loss” under Statement Of Changes In Equity.

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 12. OTHER ASSETS

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

	31 December 2023	31 December 2022
Advances given for leasing transactions	1.699.599	2.086.748
Ongoing investments subject to lease	1.165.628	1.584.392
Cash collateral given to Takasbank	167.295	40.304
Prepaid financing expenses	166.996	156.986
Prepaid insurance expenses	46.144	29.665
Prepaid operating expenses	21.211	9.549
Transferred VAT	13.364	42.523
Other	133	114
	<b>3.280.370</b>	<b>3.950.281</b>

#### 13. PROVISIONS

##### a) Other provisions

Details of other provisions as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Legal provisions	157.745	104.049
Provision for resource utilization support fund and provision on leasing of registered assets	8.697	8.699
Provision for personnel bonuses	50.281	23.048
Other provisions	42.301	24.834
<b>Total</b>	<b>259.024</b>	<b>160.630</b>

The Company has provided for a total provision of TL 157.745 against certain pending legal cases as of 31 December 2023 (31 December 2022: TL 104.049).

The movement of provisions for legal proceedings for the period ending 31 December 2023 and 31 December 2022 is as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>104.049</b>	<b>73.875</b>
Current period provision, (canceled allowance during the period, net (Note 16))	53.696	30.174
<b>End of the period - 31 December</b>	<b>157.745</b>	<b>104.049</b>



## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 13. PROVISIONS (Continued)

##### b) Provisions for employee benefits

	31 December 2023	31 December 2022
Provision for employee termination benefits	33.252	23.812
Provision for vacation	5.654	3.255
	<b>38.906</b>	<b>27.067</b>

Movements of the provision for employment termination benefits as of 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
<b>Beginning of the period - 1 January</b>	<b>23.812</b>	<b>8.207</b>
Service cost & Interest cost	2.599	1.513
Paid during the period (-)	(2.085)	(739)
Actuarial loss	8.926	14.831
<b>End of the period - 31 December</b>	<b>33.252</b>	<b>23.812</b>

#### 14. SHAREHOLDERS' EQUITY

At 31 December 2023 and 31 December 2022, the shareholder's of the Company and their share capitals with historical amounts are as follows:

	31 December 2023		31 December 2022	
	Amount	Share (%)	Amount	Share (%)
Yapı ve Kredi Bankası A.Ş.	389.904	99,99	389.904	99,99
Other	24	0,01	24	0,01
<b>Share capital</b>	<b>389.928</b>	<b>100,00</b>	<b>389.928</b>	<b>100,00</b>
Share capital adjustment differences (-) (*)	(34.600)		(34.600)	
	<b>355.328</b>		<b>355.328</b>	

(\*) Share capital adjustment differences represent the difference between total amount of capital adjusted in respect of inflation and the capital amount before inflation adjustment.

Share capital of the Company consists of 389.927.705 authorized shares with a nominal value of full TL1 each.

The Company's registered capital ceiling is TL 389.928 (31 December 2022: TL 389.928).

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 14. SHAREHOLDERS’ EQUITY (Continued)

##### Profit reserves, retained earnings

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.

##### Profit distribution

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

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

Per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. As of 31 December 2023 the Company has deferred tax income amounting TL 36.805 associated with the deferred tax asset (31 December 2022: TL 12.081 deferred tax expense).

The Company did not distribute dividends in 2023 and 2022.

#### 15. LEASE PAYABLES

	31 December 2023		31 December 2022	
	Gross	Net	Gross	Net
Less than 1 year	9.436	7.148	5.298	4.545
1-4 years	1.992	1.795	1.209	1.137
<b>Total</b>	<b>11.428</b>	<b>8.943</b>	<b>6.507</b>	<b>5.682</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 16. OPERATING AND PROVISION EXPENSES

Operating expenses for the period ended 31 December 2023 and 31 December 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	193.538	96.683
Donation expenses	25.785	20.502
Audit and advisory expenses	14.982	11.042
Amortization expenses (note 9 and 10)	14.085	11.358
Computer maintenance and repair expenses	8.857	6.027
Taxes and duties expenses	5.109	2.994
Transportation expenses	2.492	1.283
Marketing and advertising expenses	1.159	688
Insurance expenses	1.093	915
Communication expenses	702	376
Office management expenses	165	180
Litigation expenses	165	136
Other	16.572	6.819
	<b>284.704</b>	<b>159.003</b>

Provision expenses for the period ended 31 December 2023 and 31 December 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Other provision expenses</b>		
Provision for litigation	53.696	30.174
Other	-	219
	<b>53.696</b>	<b>30.393</b>

#### 17. EXPLANATIONS ON FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fee	1.104	853
Fees for tax consultancy services	163	96
Fees for other assurance services	171	-
<b>Total<sup>(*)</sup></b>	<b>1.438</b>	<b>949</b>

(\*) Value added tax (VAT) excluded amounts are presented

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 18. OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Other operating income</b>		
Recoveries from prior periods' provisions for lease receivables	326.379	174.535
Gain on sale of property and equipment	2.099	5.156
Other	1.166	9.584
	<b>329.644</b>	<b>189.275</b>

#### 19. TAX ASSETS AND LIABILITIES

The corporate tax rate is 20% in accordance with the New Corporate Tax Law no.5520 which is published in the official Gazette dated 21 June 2006 and numbered 26205. In accordance with the Article 11 and temporary Article 13 added to the Law numbered 7316 on "Amendment of Law on Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated 22 April 2021, starting from the declarations that must be submitted and to be valid for the taxation period starting from 1 January 2021, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022.

In addition, Article 26 of the Law No. 7394 on the Evaluation of Treasury-Owned Immovable Properties and Amendments to the Value Added Tax Law, which came into force after being published in the Official Gazette No. 31810 dated 15 April 2022, and the Law on Amendments to Certain Laws and Decree Laws and with the paragraph added to the temporary article 13 of the Corporate Tax Law No. 5520, it has been determined that the Corporate Tax rate for certain companies, including financial leasing companies, will be rearranged and applied as 25% for corporate profits for the 2022 taxation period. With this change, the 25% rate will be valid in the taxation of corporate earnings for the periods starting from 1 January 2022, starting from the declarations that must be submitted as of 1 July 2022. With Law No. 7456 published in the Official Gazette No. 32249 dated 15 July 2023, the corporate tax rate for banks was determined as 30%. This rate has come into force to be applied to corporate earnings for accounting periods starting from 1 January 2023, starting from declarations that must be submitted as of 1 October 2023.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case. Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to office that they relate.

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 19. TAX ASSETS AND LIABILITIES (Continued)

Authorities may review the accounting records within five years, and if incorrect transaction is detected, the tax amounts may change due to the tax assessment to be made. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. However, tax losses cannot be carried back to offset profits from previous periods.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted by Law No. 7532 on 20 January 2022, and the conditions regarding inflation adjustment within the scope of Article 298 Duplicate will be applicable for the 2021 and 2022 accounting periods, including the provisional accounting periods, and the provisional tax periods of the 2023 accounting period. It has been decided that the financial statements will not be subject to inflation adjustment, regardless of whether it has occurred or not. In line with Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be subject to tax.

The Company has paid taxes on the advance payments in the current period as of 31 December 2023 and 31 December 2022.

	31 December 2023	31 December 2022
Corporate taxes payable (-)	(426.821)	(173.354)
Prepaid taxes	427.362	134.972
<b>Current period tax asset/(liabilities)</b>	<b>541</b>	<b>(38.382)</b>

Details of tax and other liabilities to be paid as of 31 December 2023 and 31 December 2022 are as follow:

	31 December 2023	31 December 2022
VAT payable	375	177
Employee SSI premium payable	6.179	3.480
Other taxes	7.352	4.030
<b>Other tax payables and liabilities (*)</b>	<b>13.906</b>	<b>7.687</b>

(\*) Other taxes and liabilities payable are classified under Other Liabilities in the statement of financial position prepared as of 31 December 2023 and 31 December 2022.

Taxes reflected on the income statement are summarized below for the periods ending as of 31 December 2023 and 31 December 2022:

	1 January - 31 December 2023	1 January - 31 December 2022
Current tax expense (-)	(426.821)	(173.354)
Cancellation effect of the prior period's corporate tax provision	(5.594)	12.625
Deferred tax income/(expense)	36.805	(12.081)
<b>Total tax expense (-)</b>	<b>(395.610)</b>	<b>(172.810)</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 19. TAX ASSETS AND LIABILITIES (Continued)

Reconciliation of current year tax expense and calculated theoretical tax expense with statutory tax rate by the Company is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Profit before taxes</b>	<b>1.888.002</b>	<b>1.009.948</b>
Theoretical tax expense (-)	(566.401)	(252.487)
Investments' effect of non taxation of shares using equity method	115.011	58.882
<u>Impact of change in tax rate</u>	<u>55.780</u>	<u>20.795</u>
<b>Current year tax expense (-)</b>	<b>(395.610)</b>	<b>(172.810)</b>

#### Deferred taxes

Calculated deferred tax assets and deferred tax liabilities are presented as net on the financial statements.

Deferred tax assets and liabilities calculated on accumulated temporary differences subject to deferred taxation as of 31 December 2023 and 31 December 2022 are reflected in the consolidated financial statements prepared using the applicable tax rates effective for the periods when the realization of the assets or liabilities are expected to be fulfilled.

Details of cumulative timing differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2023 and 31 December 2022 are as follows:

	<u>Total temporary differences</u>		<u>Deferred tax assets/ (liabilities)</u>	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>Deferred tax assets</b>				
Provision for financial lease receivables	530.368	475.823	159.110	118.956
Temporary differences between carrying value and tax base of financial leases	159.811	185.514	47.943	46.378
Derivative financial instruments valuation differences	27.495	142.007	8.249	35.502
Provision for litigation (Note 13)	157.745	104.049	47.324	26.012
Other	176.337	107.588	52.901	26.898
<b>Deferred tax assets</b>	<b>1.051.756</b>	<b>1.014.981</b>	<b>315.527</b>	<b>253.746</b>
<b>Deferred tax liabilities</b>				
Valuation difference on financial liabilities (-)	(199.311)	(161.328)	(59.793)	(40.332)
Temporary differences on property, equipment and intangible assets (-)	(7.148)	(1.544)	(2.145)	(386)
<b>Deferred tax liabilities (-)</b>	<b>(206.459)</b>	<b>(162.872)</b>	<b>(61.938)</b>	<b>(40.718)</b>
<b>Deferred tax assets/(liabilities), net</b>	<b>845.297</b>	<b>852.109</b>	<b>253.589</b>	<b>213.028</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 19. TAX ASSETS AND LIABILITIES (Continued)

Movement of the deferred tax asset during the year is as follows:

	2023	2022
<b>Beginning balance - 1 January</b>	<b>213.028</b>	<b>221.065</b>
Deferred tax income/(expense) accounted in the profit or loss	36.805	(12.081)
Deferred tax accounted in other comprehensive income	3.756	4.044
<b>End of the period - 31 December</b>	<b>253.589</b>	<b>213.028</b>

#### 20. EARNINGS PER SHARE

	1 January - 31 December 2023	1 January - 31 December 2022
Net income for the period	1.492.392	837.138
Weighted average number of outstanding shares with a nominal value of full TL1	389.927.705	389.927.705
<b>Earnings per share (full TL)</b>	<b>3,8274</b>	<b>2,1469</b>

#### 21. RELATED PARTIES

##### Balance sheet items

	31 December 2023	31 December 2022
<b>Banks</b>		
<b>Demand deposit</b>		
Yapı ve Kredi Bankası A.Ş. (Shareholder)	1.211.843	45.632
<b>Time deposit</b>		
Yapı ve Kredi Bankası A.Ş. (Shareholder)	162.704	904.267
	<b>1.374.547</b>	<b>949.899</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 21. RELATED PARTIES (Continued)

##### Finance lease receivables and ongoing investment:

	31 December 2023	31 December 2022
Defaş Madencilik Sanayi ve Ticaret A.Ş.	570.545	7.424
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	525.521	196.743
Koç Üniversitesi	47.860	59.312
Moment Eğitim Araştırma Sağlık Hizm.ve Tic. A.Ş.	18.016	57.838
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	17.950	23.726
Düzey Tüketim Malları Sanayi	16.564	-
Vetamerikan Veterinerlik Hizmetleri Ticaret A.Ş.	16.246	8.715
Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş.	4.969	13.889
Türk Traktör ve Ziraat Makineleri A.Ş.	4.610	3.573
Simit & Smith İstanbul Gıda Üretim ve Tic. A.Ş.	611	1.356
Sendeo Dağıtım Hizmetleri A.Ş.	553	329
Halikarnas Özel Sağlık Hizmetleri ve Sağlık Malz. San. ve Tic. A.Ş.	100	615
Yapı ve Kredi Bankası A.Ş. (Ortak)	17	5.214
Momentum Sağlık Turizm ve Catering Hizmetleri Ticaret A.Ş.	-	281
	<b>1.223.562</b>	<b>379.015</b>

##### Finance lease receivables and ongoing investment:

	31 December 2023	31 December 2022
<b>Funds borrowed</b>		
Yapı ve Kredi Bankası A.Ş. (Shareholder)	3.361.517	772.520
	<b>3.361.517</b>	<b>772.520</b>

	31 December 2023	31 December 2022
<b>Trade payables:</b>		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	484	348
Yapı Kredi Plaza Bina Yönetimi	220	161
Opet Petrolcülük A.Ş.	81	47
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	23	-
Kredi Kayıt Bürosu A.Ş.	15	4
Setur Servis Turistik A.Ş.	4	-
Zer Merkezi Hiz. Ticaret A.Ş.	2	158
Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş.	2	6
Allianz Yaşam ve Emeklilik A.Ş.	-	3
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	1
	<b>831</b>	<b>728</b>



## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 21. RELATED PARTIES (Continued)

##### Lease Payables (net)

	31 December 2023		31 December 2022	
	Gross	Net	Gross	Net
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	7.137	5.175	3.744	3.081
Yapı ve Kredi Bankası A.Ş. (Shareholder)	4.291	3.768	2.763	2.601
	<b>11.428</b>	<b>8.943</b>	<b>6.507</b>	<b>5.682</b>

	31 December 2022	31 December 2023
<b>Derivative Financial (Liabilities) / Assets, Net</b>		
Yapı ve Kredi Bankası A.Ş. (Shareholder)	-	(13.851)
	-	<b>(13.851)</b>

##### Income statement items

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Financial lease interest income</b>		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	183.981	9.762
Yapı ve Kredi Bankası A.Ş. (Ortak)	133.413	866
Defaş Madencilik Sanayi ve Ticaret A.Ş.	125.923	1.072
Koç Üniversitesi	20.386	9.424
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	7.165	414
Moment Eğitim Araştırma Sağlık Hizm.ve Tic.A.Ş.	4.948	14.043
Vetamerikan Veterinerlik Hizmetleri Ticaret A.Ş.	4.566	262
Düzye Tüketim Malları Sanayi	2.738	-
Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş.	1.365	2.568
Türk Traktör ve Ziraat Makineleri A.Ş.	322	272
Sendeo Dağıtım Hizmetleri A.Ş.	184	38
Simit & Smith İstanbul Gıda Üretim ve Tic. A.Ş.	169	344
Halikarnas Özel Sağlık Hizmetleri ve Sağlık Malzemeleri San. ve Tic. A.Ş.	27	204
Momentum Sağlık Turizm ve Catering Hizmetleri Ticaret A.Ş.	-	120
	<b>485.187</b>	<b>39.389</b>

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Interest income on bank deposits</b>		
Yapı ve Kredi Bankası A.Ş. (Shareholder)	3.069	1.311
	<b>3.069</b>	<b>1.311</b>

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Interest expenses</b>		
Yapı ve Kredi Bankası A.Ş. (Shareholder)	571.583	207.264
Yapı Kredi Bank Nederland N.V.	-	61
	<b>571.583</b>	<b>207.325</b>

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

### 21. RELATED PARTIES (Continued)

#### Rent expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Yapı ve Kredi Bankası A.Ş. (Ortak)	4.554	2.871
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	4.012	3.309
	<b>8.566</b>	<b>6.180</b>

#### Commission expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Yapı ve Kredi Bankası A.Ş. (Shareholder)	314	138
	<b>314</b>	<b>138</b>

#### General administrative expense

	1 January - 31 December 2023	1 January - 31 December 2022
Vehbi Koç Vakfı	21.748	18.100
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	8.509	5.585
Yapı ve Kredi Bankası A.Ş. (Ortak)	5.826	4.010
Allianz Yaşam ve Emeklilik A.Ş.	5.290	2.314
Token Flex	4.812	-
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	4.045	3.309
Suna İnan Kıraç Vakfı	4.000	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	1.800	2.708
Setur Servis Turistik A.Ş.	1.732	76
Opet Petrolcülük A.Ş.	1.236	977
Koç Holding A.Ş.	870	2.020
Koç Digital Çözümler A.Ş.	739	448
Kredi Kayıt Bürosu A.Ş.	153	134
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	117	49
Momentum Sağlık Turizm ve Catering Hizmetleri Ticaret A.Ş.	104	57
Koç Spor Topluluğu	49	-
Koç Yönder	41	-
Türk Eğitim Vakfı	13	2
Türkiye Aile Sağlığı ve Planlaması Vakfı	-	1.800
Türkiye Eğitim Gönüllüleri Vakfı	-	600
	<b>61.084</b>	<b>42.189</b>

#### Dividend income

	1 January - 31 December 2023	1 January - 31 December 2022
Allianz Yaşam ve Emeklilik A.Ş.	109.597	76.717
Other	4	2
	<b>109.601</b>	<b>76.719</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 21. RELATED PARTIES (Continued)

The details of the derivative transactions with Yapı ve Kredi Bankası are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Profit/(loss) from derivative transactions</b>		
Yapı ve Kredi Bankası A.Ş. (Shareholder)	(22.567)	(18.653)
	<b>(22.567)</b>	<b>(18.653)</b>

Contractual Amount	<u>31 December 2023</u>		<u>31 December 2022</u>	
	Original currency	TL	Original currency	TL
Swap Purchases				
USD	-	-	25.102	469.368
		-		<b>469.368</b>

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	Original currency	TL	Original currency	TL
Swap sales				
EUR	-	-	24.000	478.438
		-		478.438
		-		<b>947.806</b>

The wages and similar benefits paid to the Board of Directors and senior executives during the accounting periods as of 31 December 2023 and 31 December 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Payments made to members of the Board and key management personnel	23.050	12.205
	<b>23.050</b>	<b>12.205</b>

## **22. FINANCIAL RISK MANAGEMENT**

### **Financial instruments and financial risk management**

#### ***a. Capital management***

In accordance with Article 12 of the “Regulation on Establishment and Operation Principles of Financial leasing, Factoring and Financing Companies” published in the Official Gazette dated 24 December 2013, the Company is required to keep minimum 3% standard ratio calculated by dividing equity to total assets. Standard ratio of the Company is 14,9% as of 31 December 2023. (31 December 2022: 16,2 %)

#### ***b. 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.

#### ***c. 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. The Company manages market risk under foreign exchange risk, interest rate risk and liquidity risk.

The Financial market policy is approved by the Board of Directors. It is the Company’s responsibility to assure regular compliance with these principles and limits.

As a leasing company, the Company is exposed to risks such as foreign exchange risk, interest rate risk and liquidity risk. Treasury and Foreign Relations Department mainly focuses on the structure of the Company’s assets and liabilities while managing these risks. Treasury and Foreign Relations Department’s mission is to provide funds to the Company, to manage the structural excess of liquidity to match the foreign currency exposure and interest rate risk of the Company; and in addition it tries to minimise the volatility of the results. Treasury and Foreign Relations Department also aims to satisfy the compliance to the Regulator’s requirements.

For the market risk management some general guidelines apply;

- Yapı ve Kredi Bankası A.Ş. (“YKB”) Risk Management and the Company’s Board of Directors are informed of and Board of Directors approve any major change in the risk portfolio or any important decision regarding market risk before any action is taken All market risks are managed by the Company’s Treasury,
- Business Planning and Financial Reporting Department is independent from the Treasury and Foreign Relations Department and reports directly to general manager and management,
- Interest rate and foreign exchange risk are managed by Treasury and Foreign Relations Department within the predetermined limits,
- Derivative trading is allowed only for hedging purposes,
- Investments in government bonds are allowed if in Turkish domestic debt. Other government bonds are subject to the approval of the Board of Directors.

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 22. FINANCIAL RISK MANAGEMENT (Continued)

##### d. Liquidity risk

Liquidity risk is the possibility that the Company will be unable to fund its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. Treasury and Foreign Relations Department has daily control over liquidity risk. To hedge against this risk, management has diversified funding sources, and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents. Moreover, the ability to fund the existing and prospective debt requirements and cover withdrawals at unexpected levels of demand is managed by maintaining the availability of adequate funding lines from shareholders and high quality investors.

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.

The details of the liquidity risk of the derivative and non-derivative financial liabilities of the Company as of 31 December 2023 are as follows:

Non derivative financial liabilities:

31 December 2023	Carrying value	Up to 3 months	3 months to 12 months	Over 1 year	Demand	Total of contractual cash flow
Funds borrowed	29.260.049	5.564.293	13.886.451	14.031.133	-	33.481.877
Lease payables	8.943	2.654	6.093	1.992	-	10.739
<b>Total cash outflows</b>	<b>29.268.992</b>	<b>5.566.947</b>	<b>13.892.544</b>	<b>14.033.125</b>	<b>-</b>	<b>33.492.616</b>

The cash inflows and outflows to be incurred in accordance with the contracts arising from derivative transactions at the maturity are presented below.

31 December 2023	Up to 3 months	3 months to 12 months	Over 1 year	Demand	Total of contractual cash flow
Trading derivative					
Financial liabilities	-	1.524.545	-	-	1.524.545
	-	<b>1.524.545</b>	-	-	<b>1.524.545</b>

The details of the liquidity risk of the derivative and non-derivative financial liabilities of the Company as of 31 December 2022 are as follows:

Non derivative financial liabilities:

31 December 2022	Carrying value	Up to 3 months	3 months to 12 months	Over 1 year	Demand	Total of contractual cash flow
Funds borrowed	19.444.783	5.089.840	5.619.157	10.649.730	-	21.358.727
Lease payables	5.682	1.630	3.581	1.209	-	6.420
<b>Total cash outflows</b>	<b>19.450.465</b>	<b>5.091.470</b>	<b>5.622.738</b>	<b>10.650.939</b>	<b>-</b>	<b>21.365.147</b>

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 22. FINANCIAL RISK MANAGEMENT (Continued)

The cash inflows and outflows to be incurred in accordance with the contracts arising from derivative transactions at the maturity are presented below:

31 December 2022	Up to 3 months	3 months to 12 months	Over 1 year	Demand	Total of contractual cash flow
Trading derivative Financial liabilities	-	1.977.454	-	-	1.977.454
	-	<b>1.977.454</b>	-	-	<b>1.977.454</b>

#### e. Currency risk

Foreign currency risk is a result of the Company's assets and liabilities denominated in foreign currencies. The Company has a foreign currency position as a result of its operations. Treasury and Foreign Relations Department monitors daily the foreign currency position of the Company. Monthly reporting of the foreign currency position, in detailed tables by maturity and currency, is the responsibility of Business Planning and Financial Reporting Department. A maximum limit of (+/-) USD 7.030.000 (31 December 2022: (+/-) EUR 6,500,000) for foreign currency exposure is projected by the Company. The Company invests in derivative financial instruments to match its assets and liabilities denominated in foreign currencies. The foreign currency positions of the Company as of 31 December 2023 and 2022 are stated in the table below:

31 December 2023	TL Equivalent			
	Total	US Dollar	Euro	Other
<b>Assets</b>				
Banks	794.431	272.917	496.868	24.646
Finance lease receivables	20.866.132	7.917.927	12.947.801	404
Other assets	2.156.218	513.857	1.636.941	5.420
<b>Total assets</b>	<b>23.816.781</b>	<b>8.704.701</b>	<b>15.081.610</b>	<b>30.470</b>
Funds borrowed (-)	(20.483.854)	(8.114.898)	(12.368.956)	-
Other liabilities (-)	(2.296.053)	(436.647)	(1.851.829)	(7.577)
Other provisions (-)	(153.097)	(141.303)	-	(11.794)
Lease payables (-)	(26)	-	(26)	-
<b>Total liabilities</b>	<b>(22.933.030)</b>	<b>(8.692.848)</b>	<b>(14.220.811)</b>	<b>(19.371)</b>
<b>Net foreign currency position (*)</b>	<b>883.751</b>	<b>11.853</b>	<b>860.799</b>	<b>11.099</b>
Derivative financial instruments	(674.345)	-	(674.345)	-
<b>Net foreign currency position</b>	<b>209.406</b>	<b>11.853</b>	<b>186.454</b>	<b>11.099</b>

(\*) The table above had the impact of the currency difference arising from the transactions between the Company and its vendors, which would have been reflected to customers, been eliminated, the net foreign exchange position would have occurred as TL (156.795) in USD, TL 612.809 in EUR, TL 12.778 in other currencies and TL 468.792 in total.

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 22. FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022	TL Equivalent			
	Total	US Dollar	Euro	Other
<b>Assets</b>				
Banks	1.449.431	680.493	749.131	19.807
Finance lease receivables	12.976.013	4.239.558	8.725.581	10.874
Other assets	2.593.925	1.368.784	1.220.310	4.831
<b>Total assets</b>	<b>17.019.369</b>	<b>6.288.835</b>	<b>10.695.022</b>	<b>35.512</b>
<b>Liabilities</b>				
Borrowings (-)	(14.736.651)	(6.137.888)	(8.575.374)	(23.389)
Other liabilities (-)	(1.424.151)	(347.054)	(1.068.178)	(8.919)
Other provisions (-)	(94.031)	(86.947)	-	(7.084)
Lease payables (-)	(67)	-	(67)	-
<b>Toplam pasifler</b>	<b>(16.254.900)</b>	<b>(6.571.889)</b>	<b>(9.643.619)</b>	<b>(39.392)</b>
<b>Net foreign currency position (*)</b>	<b>764.469</b>	<b>(283.054)</b>	<b>1.051.403</b>	<b>(3.880)</b>
Derivative financial instruments	(367.262)	410.199	(777.461)	-
<b>Net foreign currency position</b>	<b>397.207</b>	<b>127.145</b>	<b>273.942</b>	<b>(3.880)</b>

(\*) The table above had the impact of the currency difference arising from the transactions between the Company and its vendors, which would have been reflected to customers, been eliminated, the net foreign exchange position would have occurred as TL (431.831) in USD, TL 871.408 in EUR, TL (3.888) in other currencies and TL 435.689 in total.

The foreign currency rates used by the Company at 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
USD	29.4382	18,6983
EUR	32.5739	19,9349
CHF	34.9666	20,2019

The table below shows the Company's sensitivity to 20% change in USD and Euro as of 31 December 2023 (31 December 2022: 20%). These amounts represent the effect on the income statement of the 20% increase / decrease in the value of USD and Euro against TL. During this analysis, all variables, especially interest rates, will be assumed to remain constant.

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 22. FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	Profit/Loss		Equity (*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Change of USD by 20% against TL</b>				
1. USD net asset/liability	2.371	(2.371)	2.371	(2.371)
2. Secured portion from USD Risk (-)	-	-	-	-
<b>3. USD Effect - net (1+2)</b>	<b>2.371</b>	<b>(2.371)</b>	<b>2.371</b>	<b>(2.371)</b>
<b>Change of EUR by 20% against TL</b>				
4. EUR net asset/liability	172.160	(172.160)	172.160	(172.160)
5. Secured portion from EUR risk (-)	(134.869)	134.869	(134.869)	134.869
<b>6. EUR Effect - net (4+5)</b>	<b>37.291</b>	<b>(37.291)</b>	<b>37.291</b>	<b>(37.291)</b>
<b>Total (3+6)</b>	<b>39.662</b>	<b>(39.662)</b>	<b>39.662</b>	<b>(39.662)</b>
31 December 2022	Profit/Loss		Equity (*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>Change of USD by 20% against TL</b>				
1. USD net asset/liability	(56.611)	56.611	(56.611)	56.611
2. Secured portion from USD Risk (-)	82.040	(82.040)	82.040	(82.040)
<b>3. USD Effect - net (1+2)</b>	<b>25.429</b>	<b>(25.429)</b>	<b>25.429</b>	<b>(25.429)</b>
<b>Change of EUR by 20% against TL</b>				
4. EUR net asset/liability	210.281	(210.281)	210.281	(210.281)
5. Secured portion from EUR risk (-)	(155.492)	155.492	(155.492)	155.492
<b>6. EUR Effect - net (4+5)</b>	<b>54.789</b>	<b>(54.789)</b>	<b>54.789</b>	<b>(54.789)</b>
<b>Total (3+6)</b>	<b>80.218</b>	<b>(80.218)</b>	<b>80.218</b>	<b>(80.218)</b>

(\*) Equity effect includes the amounts that will be reflected to the profit/loss statement.

#### f. Interest rate risk

Movements in market interest rates which lead to price fluctuations in financial instruments of the Company require the management of the interest risk. It is Treasury and Foreign Relations Department that follows up the Company’s interest sensitive assets, liabilities and off-balance sheet items. In addition Business Planning and Financial Reporting Department reports the interest rate risk by distributing interest rate risk into monthly time bands according to their maturity. The interest rate risk is measured on a monthly basis using Economic Value Sensitivity Analysis, Interest Rate Stress Testing and various scenarios. In the sensitivity analysis of the Company as of 31 December 2023, the interest sensitivity of TL 3.599 (31 December 2022: TL 2.168) against 1 basis point increase.

Interest rate sensitive financial instruments as of 31 December 2023 and 31 December 2022 are presented in the following table.



## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 22. FINANCIAL RISK MANAGEMENT (Continued)

Floating rate financial instruments:	31 December 2023	31 December 2022
Financial lease receivables	994.611	860.828
Funds borrowed (-)	(14.752.852)	(10.588.715)

#### Fixed rate financial instruments:

Cash and cash equivalents	2.029.257	1.463.870
Financial lease receivables	38.912.848	23.505.382
Funds borrowed (-)	(14.507.197)	(8.856.068)

The tables below show an analysis of the Company's assets and liabilities at the balance sheet date according to the time remaining to their next interest rate change date and the maturity dates in the agreements.

	31 December 2023					Total
	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non interest bearing	
Funds borrowed	10.441.793	15.366.928	3.369.485	81.844	-	29.260.049
	<b>10.441.793</b>	<b>15.366.928</b>	<b>3.369.485</b>	<b>81.844</b>	<b>-</b>	<b>29.260.049</b>

	31 December 2022					Total
	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non interest bearing	
Funds borrowed	8.713.839	9.277.608	1.301.983	151.353	-	19.444.783
	<b>8.713.839</b>	<b>9.277.608</b>	<b>1.301.983</b>	<b>151.353</b>	<b>-</b>	<b>19.444.783</b>

Average interest rates applied to financial instruments as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023			31 December 2022		
	USD (%)	EUR (%)	TL (%)	USD (%)	EUR (%)	TL (%)
<b>Assets</b>						
Lease receivables	6,80	6,29	42,23	6,14	4,83	29,30
Time deposits	2,42	3,43	24,00	1,76	0,01	15,00
<b>Liabilities</b>						
Funds borrowed	9,10	6,21	38,37	7,93	4,10	16,80

# YAPI KREDİ FİNANSAL KİRALAMA A.O.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### 23. FINANCIAL INSTRUMENTS

#### *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.

Fair value hierarchy in accordance with TFRS 7 that reflects the significance of the inputs used in determining the fair values of financial assets and liabilities, those are carried with their fair values on the balance sheet are as follows:

- 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.

#### *Classification of fair value measurement*

As of 31 December 2023, the Company carries its derivative financial liabilities amounting to TL 27.495 at fair value (31 December 2022: The company carries derivative financial assets amounting to 3,649 TL and derivative financial liabilities amounting to 145,655 TL at their fair values in the statement of financial position.)

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 23. FINANCIAL INSTRUMENTS (Continued)

Hierarchy of financial instruments carried at fair value:

	31 December 2023		
	Level 1	Level 2	Level 3
Trading derivative financial assets	-	-	-
<b>Total assets</b>	-	-	-

	31 December 2023		
	Level 1	Level 2	Level 3
Trading derivative financial liabilities	-	27.495	-
<b>Total liabilities</b>	-	27.495	-

	31 December 2022		
	Level 1	Level 2	Level 3
Trading derivative financial assets	-	3.649	-
<b>Total liabilities</b>	-	3.649	-

	31 December 2022		
	Level 1	Level 2	Level 3
Trading derivative financial liabilities	-	145.655	-
<b>Total liabilities</b>	-	145.655	-

	Net book value		Fair value	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financial lease receivables, net	31.729.795	19.786.724	30.919.291	10.591.088
Funds borrowed	29.260.049	19.444.783	29.078.396	8.277.987

## YAPI KREDİ FİNANSAL KİRALAMA A.O.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

#### 24. CONTINGENT ASSETS AND LIABILITIES

##### a. Guarantees taken

Details of guarantees taken as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Sureties	446.741.453	265.424.273
Assignments of receivables	14.208.014	9.436.403
Other pledged assets	3.213.620	1.939.137
Pledged machines	1.260.236	899.621
Mortgages	1.188.851	1.062.943
Buyback guarantees	905.780	561.214
Guarantor	675.357	535.716
Letter of guarantee	115.578	65.462
Other	1.336.524	898.105
	<b>469.645.413</b>	<b>280.822.874</b>

##### b. Guarantees given

	31 December 2023	31 December 2022
İstanbul Takas ve Saklama Bankası A.Ş.	4.167.000	2.025.000
Other (*)	19.995	29.079
	<b>4.186.995</b>	<b>2.054.079</b>

(\*) The company gave letters of guarantee to the courts, banks and customs which it has liabilities to.

##### c. Derivative financial instruments

Derivative financial instruments are carried at fair value and positive fair value differences are shown in trading derivative financial assets and negative fair value differences are shown in trading derivative financial liabilities. As at 31 December 2023 and 31 December 2022, the details of trading derivative instruments consisting of forward purchase and sale agreements are as follows:

##### Swap transactions

	31 December 2023		31 December 2022	
	Original Currency	TL	Original Currency	TL
Swap purchases				
TL	850.200	850.200	269.666	269.666
USD	-	-	35.846	670.263
		<b>850.200</b>		<b>939.929</b>
Swap sales				
USD	-	-	13.908	260.064
EUR	20.702	674.345	39.000	777.461
		<b>674.345</b>		<b>1.037.525</b>
<b>Total</b>		<b>1.524.545</b>		<b>1.977.454</b>

**YAPI KREDİ FİNANSAL KİRALAMA A.O.**

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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

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**25. SUBSEQUENT EVENTS**

None.

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