Corporate Credit Rating

☐New ☒Update

Sector: Leasing
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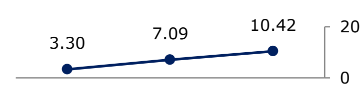
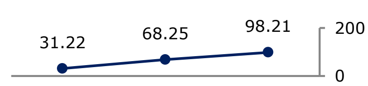
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign *	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

** Assigned by JCR on August 18, 2022*

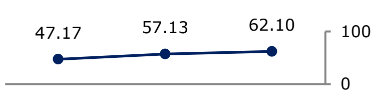
ROAA (%)



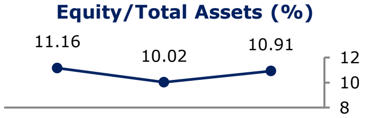
ROAE (%)



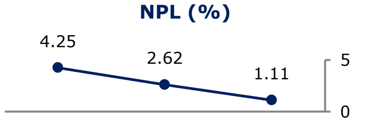
Net Profit Margin (%)



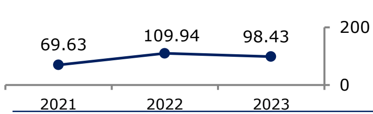
Equity/Total Assets (%)



NPL (%)



Growth Rate (%)



Vakıf Finansal Kiralama Anonim Şirketi

JCR Eurasia Rating has evaluated **"Vakıf Finansal Kiralama A.Ş."** in the investment-grade category and affirmed the Long-Term National Issuer Credit Rating at **'AA (tr)'** and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been determined as **'BB / Negative'** as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Vakıf Finansal Kiralama A.Ş. (hereinafter referred to as **"the Company"** or "**Vakıf Leasing"**), is licensed as a leasing company and has been subject to the "Financial Leasing, Factoring, Financing and Saving Financing Companies Law" dated December, 2012 and conducts its activities within the framework of "Regulation on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies" dated April 24, 2013. The Company was founded in 1988 to provide leasing services to real sector firms, particularly to Small and Medium Size Enterprises (SMEs), for their investments regarding assets and capital goods. The Company performs its activities through its headquarters in İstanbul and five branches in Adana, Ankara, Antalya, Bursa and İzmir as well as in the widespread branch network of Vakıfbank. Vakıf Leasing had a staff force of 82 as of FYE2023 (FYE2022: 76).

The Company is a subsidiary of **Türkiye Vakıflar Bankası T.A.O.** (referred to as "the Bank"), which ranks 2nd among Turkish banks in terms of asset size with its consolidated assets of TRY 2.79tn. Vakıfbank holds 62.05% of the Company's share as of FYE2023, while the remaining shares are publicly traded. The Company has been publicly traded on the Borsa İstanbul (BIST) since 1991 under the ticker symbol "**VAKFN**".

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• Uninterrupted upswing on financial performance together with the enhancing market share in the sector in FY2023, • Continuous increase in the profitability providing operational sustainability and underpinning internal equity generation, • Healthy outlook on the asset quality supported by the declining trend of NPL ratio staying below sector averages, • Balanced receivables and liabilities structure mitigating FX volatility effects, • As a bank-owned leasing company, harnessing from strong brand name of Vakıfbank with wide branch network, • Established position in the sector along with shareholders' extensive experience in finance sector, • As a publicly traded company, high level of compliance with corporate governance best practices, experience of senior management and continuity of well-established risk management practices.	• Carrying sensitivity due to the floating-rate weighted debt structure during the last two years, • Above sector leverage rates, albeit increasing equity levels, • Credit risk concentration among the top fifty customers, • Challenging macro environment and highly competitive market conditions.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as **'AA (tr)'**. Improved performance indicators of the Company, profitable outlook, decreased NPL ratio, intra-group synergy through Vakıfbank branches as well as sentiment to FX and interest rate levels, above sector leverages, geopolitical and economic concerns across the globe have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's Sectorial regulations, NPL ratios, profitability ratios, cash flow generation and the Company's market share and market conditions will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

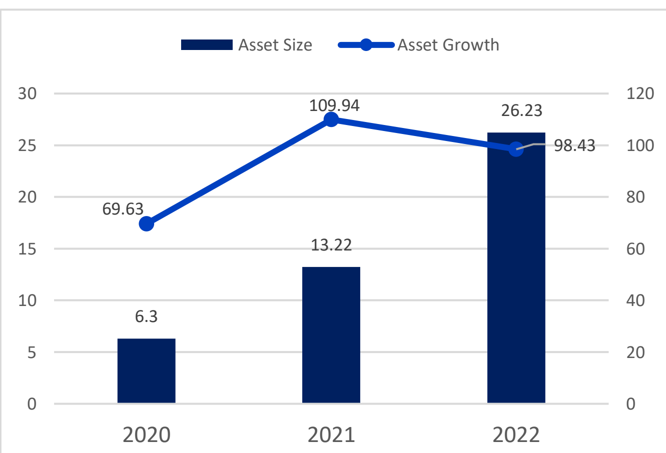
1. Rating Rationale

With respect to the factors mentioned below, JCR Eurasia Rating affirmed the Long-Term National Issuer Credit Rating of Vakıf Finansal Kiralama A.Ş. as **'AA (tr)'** and the Short-Term National Issuer Credit Rating as **'J1+ (tr)'** in JCR Eurasia Rating's notation system which denotes the investment-grades.

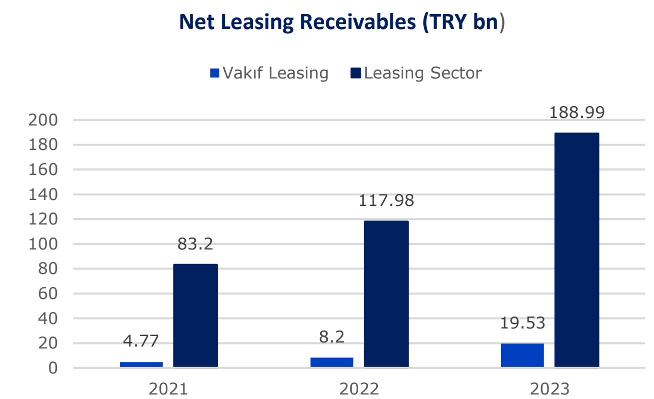
When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Company's Long-Term International Foreign and Local Currency Issuer Credit Ratings have been determined as **'BB'** as parallel to sovereign ratings of Republic of Türkiye.

Uninterrupted Upswing on Financial Performance Together with the Enhancing Market Share in the Sector in FY2023

Asset size of Vakıf Leasing rose to TRY 26.23bn by depicting 98.93% of growth rate through the lease receivables which constituted 74.46% of total balance sheet size as major driver of growth in FYE2023.



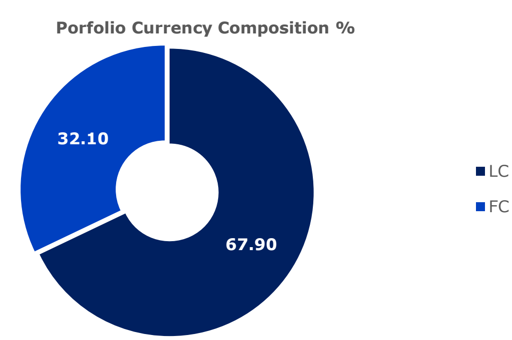
Besides, the lease receivables of the Company enlarged by %138.12 more than doubling the growth rate of the relevant item of the sector in FYE2023. It should be noted that the growth rate in terms of asset size and correspondingly the lease receivables exceeding the sector averages has been following a permanent trend in the examined periods.



Sectoral breakdown of leasing receivables between 2021 and 2023 is as follows:

Sectoral Breakdown (%)	2021	2022	2023
Manufacturing Sector	49.42	46.43	38.38
Construction	21.77	19.88	16.57
Wholesale and Retail Trade	14.37	10.95	11.20
Transportation and Storage	1.45	0.82	10.63
Health and Social Services	1.96	7.61	8.61
Real Estate and Rental	3.96	5.88	8.24
Mining and Quarrying	2.04	4.02	3.04
Hotels and restaurants	1.33	1.06	1.10
Others	3.70	3.35	2.23
Total	100	100	100

The depth look at the lease receivables structure reveals as 67.90% of local currency share in FYE2023, reflecting a shift to local currency by taking into consideration the previous period's weight on LC at 49.94%. Besides, the maturity breakdown of the lease receivables weighted more by %49.81 at shorter than 1 year of maturity in FYE2023 (FYE2022: 44.18%).



Vakıf Leasing's turnover rose to USD 752.21mn in FY2023 from USD 402.09mn in FY2022 with a 87.08% of growth rate compared to previous year indicating a healthy improvement of performance. Additionally, the number of transactions, which was 964 in 2022, increased by 14.32% to 1,102 in 2022. Additionally, according to the data procured from the Company, the Company's number of customers increased from 676 to 716 in FY2023.

(USD mn)	FY2021	FY2022	FY2023
Turnover	256.62	402.09	752.21
Number of Transactions	758	964	1102

As depicted below in the tables; thanks to marked and steady improvement of the operational and financial performance over the reviewed period, the Company's market share in terms of number of transactions and the transaction size reached to 5.28% and 14.64% FYE2023, correspondingly. (FYE2022: 4.75% and 9.92%).

Transaction Volume	Vakıf Leasing*	Sector**	Market Share (%)
2021	256,175	3,989,537	6.42
2022	402,095	4,051,353	9.92
2023	752,207	5,139,680	14.64

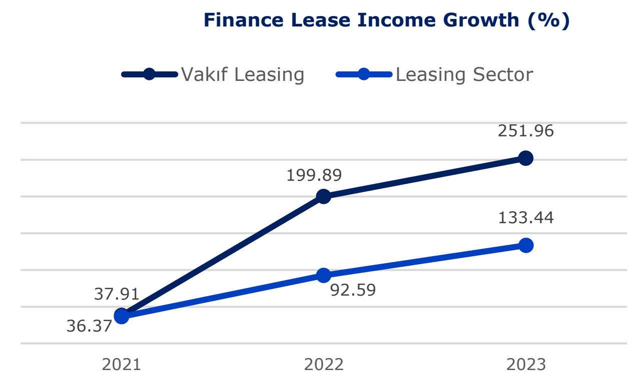
Number of Transaction	Vakıf Leasing*	Sector**	Market Share (%)
2021	734	19,753	3.72
2022	928	19,543	4.75
2023	1,102	20,854	5.28

**The figures of Vakıf Leasing are procured from the Company Management.*
***The sector figures are based on the reports issued by Association of the Financial Institution.*

The banks' tightening of credit taps for long-term funds in 2022 led companies to obtain long-term and fixed-rate funds for financing investment goods through financial leasing, which boosted Vakıf Leasing's performance.

Continuous Increase in the Profitability Providing Operational Sustainability and Underpinning Internal Equity Generation

Vakıf Leasing's finance lease income climbed to TRY 3.87bn by depicting three-digits of growth rate compared to previous year thanks to marked and steady improvement in increase in finance lease receivables. As shown in the graph below, the Company's finance lease income grew above the sector throughout the reviewed period and the gap between the sector and Vakıf Leasing continued to widen in FY2023.

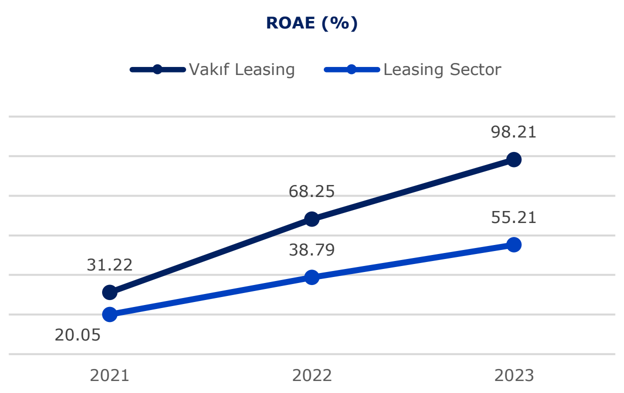


According to the Company's independent audit report, average compound interest on lease receivables realized as 32.27%, 9.59% and 8.18% for TRY, USD and EUR receivables, respectively in FYE2023. (FYE2022: TRY:27.09%, USD:8.45%, EUR:7.00%).

(TRY mn)	FY2021	FY2022	FY2023
Operating Income	368.46	1.107.48	3,870.51
Financial Expenses (-)	201.98	800.02	2,616.87
Gross Profit / Loss	166.92	307.46	1,253.64
Operating Expenses (-)	37.86	80.17	176.64
Gross Operating Profit / Loss	129.10	227.29	1,076.99
Other Operating Income	101.61	578.59	1,031.68
Provision Expenses (-)	43.36	30.45	51.54
Other Operating Expenses (-)	22.27	83.62	0.75
Net Operating Profit / Loss	165.09	691.81	2,056.39
Income Tax Expense from Discontinued Operations (-)	37.02	173.24	613.30
Net Profit / Loss from Discontinued Operations	128.07	518.57	1,443.08

Despite 2.09 (x) times increase in financial expenses, the surge in interest income from financial leases brought a cascading effect and gross profit increased by 3.08(x) times in FY2023 compared to previous year. (FY2022: TRY 307.46mn). Vakıf Leasing posted TRY 1.44bn profit at the bottom line in FY2023 with 2.78 (x) times increase compared to previous year.

In addition, as it is shown at the below graph, ROAE, which is accounted for pretax profit over average equities, realized as 98.21% in FY2023, remaining well above the sector average.



All in all, improved profitability adds to higher equity level. Internal Equity Generation to Previous Years Equity ratio surged to 108.92% in FY2023 whilst it was 73.82% in FY2022. Besides, the Company's paid-in capital increased up to TRY 1bn as of FYE2023 from TRY 600mn as of FYE2022. On the other hand, it must be noted that despite increased level of paid-in capital from TRY 600mn to TRY 1bn in FYE2023, equity to total assets ratio slightly increased from 10.02% to 10.91%, still remaining below sector averages. Besides, Vakıf Leasing enhanced its paid-in capital to TRY 2bn in 2024, entirely by cash paid by the main shareholder, Vakıfbank. Moreover, the Company materialized no dividend payment over the review period, indicating a management strategy envisaging to support the equity level through keeping the generated internal resources in the Company.

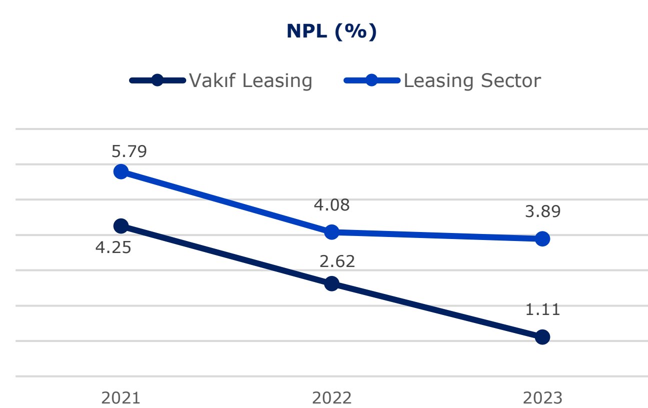
As JCR Eurasia, we see the healthy improved profitable outlook, which contributes to higher equity levels and operational sustainability, as the Company's strength.

Healthy Outlook on the Asset Quality Supported by the Declining Trend of NPL Ratio Staying Below Sector Averages

Although Vakıf Leasing increased its net receivables by 138.12% in FYE2023, its non-performing loan volume slightly retreated by 0.44% to TRY 219.72mn (FYE2021: TRY 220.69mn). Whilst the Company applied material level of write-off in FYE2022, it continued by softening at TRY 4.49mn in FYE2023. The retreat in FYE2023 were mainly driven by the recovery of the collection in the NPL portfolio of the Company. In addition, the Company devote its provisions pursuant to the 6th article of the Regulation Governing the Accounting Practices and Financial Statements of the Financial Leasing, Factoring, Financing and Saving Financing Companies rather than IFRS 9. Specific provisions increased from TRY 128.13mn to TRY 147.40mn in FYE2023 due to aging NPL portfolio. Whilst the NPL portfolio over than 1 year had 66.37% in FYE2022, the proportion increased to 81.15% in FYE2023. Correspondingly, the NPL coverage ratio for Vakıf Leasing rose to 67.09% (FYE2022: 58.06%) staying below sector averages realized at 76.90% with younger NPL portfolio structure in comparison to sector in FYE2023. Nevertheless, Vakıf Leasing follow up the NPL portfolio with a conservative approach with the additional collaterals besides the assets subjected to the leasing operations. According to the data taken from the Company, material share of the NPL portfolio has the probability to be collected in the upcoming periods through the financial restructuring, conducted contracts with the customers etc. The detail of net finance lease receivables overdue is as follows:

(TRY mn)	FYE2022	FYE2023
Not overdue and not impaired	8,055.87	19,374.93
Overdue but not impaired	147.41	159.02
Impaired	220.69	219.72
Provision for impairment (-)	128.13	147.40
NPL Coverage Ratio (%)	**58.06**	**67.09**
Finance lease receivables, net	**8,295.84**	**19,606.26**
Impaired receivables		
151-240 days	33.79	33.88
241-365 days	40.43	3.53
>1 year	146.47	178.31
Non-performing receivables, net	**220.69**	**219.72**

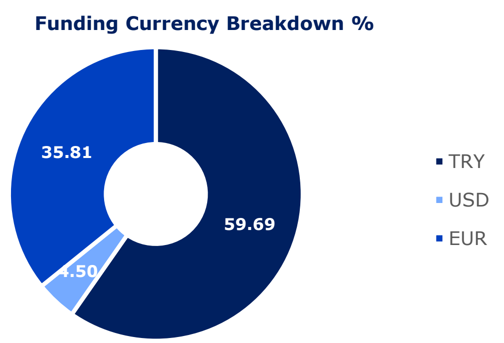
As it is shown at the below graph, the Company's NPL ratio remained below the sector average over the reviewed period and materialized at 1.11% as of FYE2023.



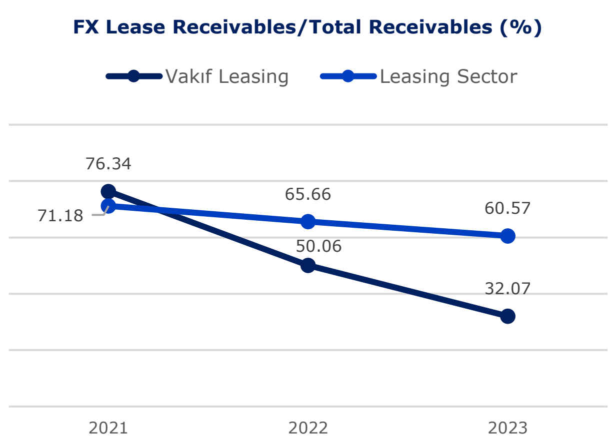
According to the Company management, no significant deterioration in the non-performing loan ratio is expected in 2024. Since NPL ratio is significant for financial institutions in terms of financial stability, profitability and reputation, we, as JCR Eurasia, see assets structure and low level of NPL ratio as a rating positive factor of the Company.

Balanced Receivables and Liabilities Structure Mitigating FX Volatility Effects

As it is shown at the below figure, TRY-based loans compose the majority of the funding structure of Vakıf Leasing with 59.69% of weight as of FYE2023.



Excluding foreign currency bad loans Vakıf Leasing's net balance sheet position realized as TRY 1.32bn in FYE2023 with a slight retreat from TRY 1.51bn due to nominally the amount of the funding side outnumbering the lease receivables. Still, the Company maintains its balanced structure of the financials. According to the Company management, foreign currency is purchased from the spot market when a contract is restructured, terminated or the currency is changed in order to avoid a short FX position on the balance sheet.



Since imported goods constitute majority of leasing in Türkiye, the finance lease receivable portfolio structure mainly consists of FX leases. It must be noted that, on one hand the Company's balanced portfolio structure of assets and liabilities in terms of currency unit enable the Company to ease effects of FX fluctuations on balance sheet integrity and on the other hand, declining to 32.07% of net finance leases were foreign-currency based, below the sector, mitigate credit risk amid local currency depreciation.

As a Bank-Owned Leasing Company, Harnessing from Strong Brand Name of Vakıfbank with Wide Branch Network

Presently there are 21 leasing companies in Türkiye, 15 of which are bank subsidiaries. Although Vakıf Leasing has 5 branches which are located in Adana, Ankara, Antalya, Bursa and İzmir, geographically diversified and extensive branch network of Vakıfbank enables Vakıf Leasing to reach a multitudinous customer. According to the Company management, 46% of the contracts in the 2023 were forwarded by Vakıfbank branches whilst the rest of them were realized through the direct marketing.

Vakıf Leasing get benefit from opportunities of being a bank affiliate company including access to funding, customer reach, credibility and economies of scale reducing costs. Existence of Vakıfbank, parent shareholder of Vakıf Leasing, through its 944 branches across all over Türkiye enable the Company to access these opportunities. In addition, Vakıfbank is a significant resource of human for the Company, particularly in management levels thanks to its well qualified staff force.

Established Position in the Sector Along with Shareholders' Extensive Experience in Finance Sector

Vakıf Leasing was established in 1988 as a subsidiary of Vakıfbank and its shares has been listed in BIST since 1991, which rendered the Company the first publicly-traded leasing Company in Türkiye. Having successfully operated exceeding 35 years, Vakıf Leasing continues not only to support investments that will contribute to national development and employment and increase national income, but also to provide added value for Türkiye.

BIST Indices that Vakıf Finansal Kiralama A.Ş. is included are BIST Financials / BIST All Shares-100 / BIST All Shares / BIST Main / BIST Leasing Factoring.

Vakıfbank, ranks 2nd in terms of assets size as of FYE2023, is one of the building blocks of the Turkish finance sector and has prominence through its contribution to the Türkiye's leading investment projects. Vakıfbank was rated by JCR Eurasia Rating and affirmed with the ratings of 'AAA (tr)' on the Long Term National Local Scale on June 23, 2023.

As a Publicly Traded Company, High Level of Compliance with Corporate Governance Best Practices, Experience of Senior Management and Continuity of Well-Established Risk Management Practices

Compliance with corporate governance best practices provides guidance and sustainability for companies through the enhancement of their efficiency via transparent, widely accepted and continuously monitored processes and policies.

Founded in 1988, Vakıf Leasing is Türkiye's first publicly traded leasing company whose shares have been traded on the BIST since 1991. Vakıf Leasing has reached a high standard of compliance with the Corporate Governance Practices such as a comprehensive risk management framework, high degree of transparency, presence of three independent members on the Board, establishment of all committees required by the principles (audit, corporate governance and early detection of risk), and comprehensive website, quality of financial reporting along with an emphasis on sustainability and efficiency which contributes to its current set of ratings.

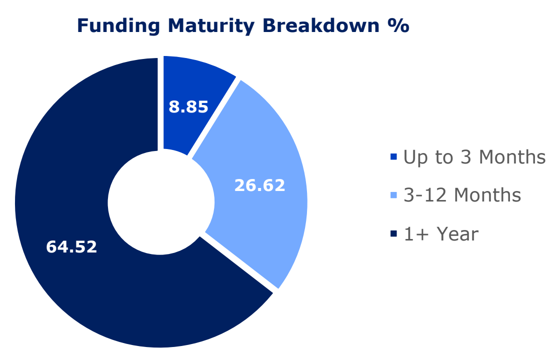
Vakıf Leasing's website includes history, products, information on up-to-date operational performance, international structure, career and news, financial reports and investor relations. These factors contribute to the Company's transparency level and to the investors' risk perception for the Company accordingly.

As a publicly traded Company, Vakıf Leasing is required by capital market law to adopt certain principles and establish bodies and units in compliance with the aforementioned standards. Vakıf Leasing has committed to these threshold standards and internalized the corporate governance culture throughout the organization with its qualified management team.

The experience and background senior management team in the leasing sector contribute to the Company's value. The Company benefits from an experienced team and presence of a well-functioning control organization compatible with its size.

Carrying Sensitivity due to the Floating-Rate Weighted Debt Structure During the Last Two Years

The Company's loans received amount increased from TRY 10.85bn to TRY 20.14 bn as of FYE2023 with 1.86 (x) times increase compared to previous year. LC loans has been constituted the majority during last two years. As the availability of credit, especially long-term credit, is limited, the Company was mainly supported by Vakıfbank in terms of fund supply in FYE2022 and FYE2023. The share of Vakıfbank in the Company's funds borrowed increased from 67.58% to 75.77% in FYE2023. Additionally, a depth look at Company's balance sheet reveals a rising share of TRY in both assets and liabilities side.

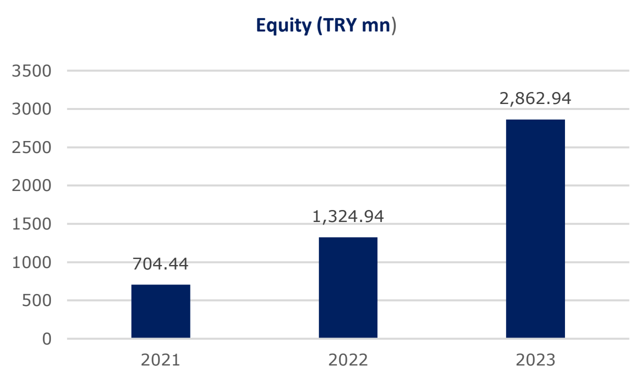


The majority of the Company's funding maturity is over 1+ year as it is shown at the above figure. As it is shown at the below table, the share of loans with variable interest rate realized as 78.43% and at TRY 15.79bn as of FYE2023. The policy rate has been gradually increased by CBRT after June 2023, it should be noted that the Company carries sensitivity due to the predominance of variable interest rate loans in this regard. On the other hand, according to the Company management, interest rate risk mitigated by the interest rate cap against the possibility of a surge in interest rates.

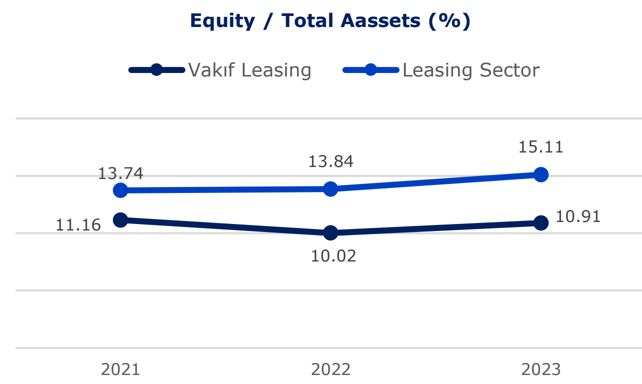
(TRY mn)	FYE2021	FYE2022	FYE2023
Domestic Bank Loans			
Loans with Fixed Interest Rate			
TRY	*957.60*	*972.91*	*534.12*
EUR	*1,691.65*	*955.69*	*2,136.90*
USD	*529.72*	*16.58*	*462.51*
Loans with Floating Interest Rate			
TRY	-	5,539.97	11,490.31
EUR	*975.54*	1,790.99	2,895.23
Total Domestic Bank Loans	**4,154.52**	**9,376.15**	**17,519.07**
Loans Received from Abroad			
Loans with Fixed Interest Rate			
EUR	*505.51*	*517.96*	*1,210.56*
Loans with Floating Interest Rate			
EUR	*278.51*	*675.06*	*970.81*
USD	*194.92*	*281.43*	*443.26*
Total Loans Received from Abroad	**978.94**	**1,474.46**	**2,624.64**
Total Loans Received	**5,133.45**	**10,850.60**	**20,143.71**

Above Sector Leverage Rates, Albeit Increasing Equity Levels

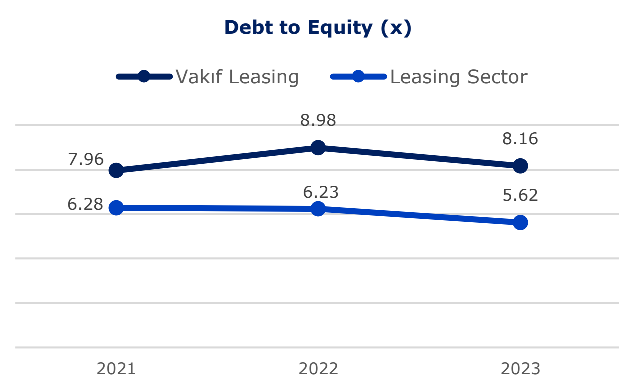
The equity level of Vakıf leasing enhanced by 116.08% in FYE2023 by demonstrating above the sector thanks to solid internal source generation capacity. The equity growth was mainly driven by the net profit of the period.



Despite the sizeable equity growth, Vakıf Leasing has been falling behind the sector averages in the manner of equity to asset indicator which realized at 10.91% in FYE2023 with a slight increase in comparison to previous year by also demonstrating an increasing gap range with the sector. Vakıf leasing injected cash to its paid-in-capital and enhanced to TRY 2bn in 2024. The injection is expected to underpin the equity level and the operational sustainability in the upcoming periods.



Besides, despite decrease in the debt to equity ratio in FYE2023 in line with the direction of the sector, it still hovers around above the sector averages. Vakıf Leasing had the approval of issuance ceiling amount by TRY 10bn from CMB as of December,2023. Despite the statement of not being certain of issuance in the upcoming periods in the current year, 2024, the Company may issue depending on the market conditions and this may be reflecting to higher leverage indicator. The leverage trend of the Company will be continued to be followed up closely by JCR-ER in the upcoming periods.



Credit Risk Concentration Among the Top Fifty Customers

Vakıf Leasing increased its finance lease receivables and number of customers increased from 676 to 716 as of FYE2023. Customer concentration risk is the level of revenue risk that a portfolio holds as a result of relying on a small pool of customers and is a measure of how total revenue is distributed among the Company's customer base.

Customer Concentration	%
First 10	31
First 20	43
First 50	58

According to the data obtained from the Company management, top 50 customers represented 58% of total finance leases as of FYE2023. On the other hand, despite customer concentration, it must be noted that, the fact that the Company's customer base is also Vakıfbank's customer, the Company utilizes from assessment and grading methodology of Vakıfbank which increases the Company's receivables quality.

Challenging Macro Environment and Highly Competitive Market Conditions

Companies based in Türkiye face several headwinds, stemming from both global and domestic conditions. Major central banks have been hiking rates at the most rapid pace in near history and net lending standards have been tightening as well. In Türkiye, Central Bank of Republic of Türkiye (CBRT) also joined the hiking central banks in June 2023, at a rapid pace as well. CBRT hiked the rates from 8.5% in a quick succession targeting ex-ante real interest and gradually lifted previously implemented macroprudential measures affecting bank lending. The aim of administration is to achieve a soft landing via curbing consumption, though selective lending to support exports & investments persist. The tightening actions of major central banks (increasing interest rates and quantitative tightening), especially the Fed, in order to fight inflation, increased global recession concerns. Accompanied by tightening financial conditions, a weak growth outlook emerged in 2023, especially in Europe and Euro Zone completed next year with only annual growth of 0.4% (2022: 3.4%). The weak growth outlook for Europe is still expected for 2024. In addition, ongoing geopolitical risks are still on the agenda. Unprecedented pace of tightening and geopolitical risks severely limited the risk appetite towards emerging markets while the flow of funds to emerging markets weakened. Funds instead flowed to safe instruments such as the dollar and gold, fueled partly by the fear of credit/counterparty risk. With these expectations and central banks' guidance, government bond's yields were at record high level almost all over the world until last quarter of 2023. Beginning of 2024, pullback in inflation, especially with the support of energy prices, has changed market expectations towards monetary expansion at an earlier date than expected before. Thus, global government bond yield has been starting to decrease from record high level.

Recently, in line with the major central banks' guidance and the announced macroeconomic data, market expectations have become compatible with the central banks. Therefore, as JCR-ER, we expect central banks to initiate monetary expansion in the second half of 2024. With the monetary easing steps expected to be taken as of the second half of the 2024 (provided that rising oil prices due to possible geopolitical tension do not pose a risk on inflation), it is expected that the global demand outlook will recover compared the 2023, and this recovery will accelerate in 2025.

Current economic program entails high interest rates at a level that would curb leveraged consumption and inventory hoarding as carrying costs rise. On the fiscal side, tax regulations and additional tightening measures aim to support the efforts to limit consumption. Moreover, long list of previously announced macroprudential regulations in the banking system are lifted, liberating banks to pursue more independent asset-liability management. This resulted in much higher credit interest rates.

Despite the commitment to fight inflation, CBRT's realistic projection comprises an inflation path peaking in May with circa. 70%, and ending the year with 36%. We note that most firms had been able to pass through the production costs to the consumers, though efforts to limit consumption and suppress real income could break this mechanism. Current economic program has affected loan growth and the growth rate is not as high as the excessive pace observed in the first half of 2023, as intended by the administration. Thus, firms which had relied on easy access to finance at low rates face significant financing costs and might need to rapidly deleverage.

Access to finance and the cost of financing is still a substantial topic affecting Turkish corporates, as the selective lending policies aimed to supporting exports, agricultural production, investments and high-tech and SMEs have resulted in a divergence in financial conditions. In fact, CBRT recently announced "Advance Loans Against Investment Commitment" framework to support investments with adequate Technology/Strategy scores, providing them with affordable loans up to 10 years of maturity. In this sense, current outlook is more accommodative for export, technology and investment-oriented firms. On the other hand, for other companies, high loan rates (especially considering expected inflation trend) and moderating credit growth would translate into tighter credit standards.

Tightening financial conditions, expected slowdown in consumer spending and weak outlook in major export markets will likely result in a lower growth rate in 2024 compared to last year. In fact, economic administration expects a negative output gap in 2024, implying an annual growth rate of 2-2.5%. On the other hand, government expenditures and still relatively resilient consumption might push the growth a bit higher.

As of December, 2023, there are 21 leasing institutions, 15 of which are bank-owned. As can be seen, most of the players in the sector, including Vakıf Leasing, benefit from the opportunities of being a bank subsidiary, which leads to increased competition. On the other hand, according to the leasing penetration rate which is accounted for leasing volume excluded building divided by total fixed investment excluding building was 2.76% as of December, 2023, indicating potential for growth for leasing sector. Besides, the number of the customers for the leasing sector in Türkiye was enhanced by 8.6% in 2023 in comparison to the previous year.

As stated below in the graph, whilst the leasing companies had dominated the sector in 2021 and 2022, activities by the participation banks escalated and the market share of the banks expanded by nearly taking over the half of the market in 2023. The companies are exposed to high level of competitive due to the market dynamics.

	By Volume (%)		By Number (%)	
	Leasing Companies	Participation Banks	Leasing Companies	Participation Banks
2021	74.83	25.07	71.77	28.23
2022	72.88	27.12	64.90	35.10
2023	50.38	49.62	56.84	43.16

**The figures are obtained from the Company Management.*

2. Rating Outlook

JCR Eurasia Rating has determined **'Stable'** outlook on Long-Term National Issuer Credit Rating and Short-Term National Issuer Credit Rating perspectives of Vakıf Leasing, considering improved performance and profitability indicators, low level of NPL, intra-group synergy with Vakıfbank branches as well as sentiment to interest rates, above sector leverage rates and uncertainties across the globe.

Additionally, the outlook on the International Long-Term Issuer Credit Rating perspectives of Vakıf Leasing have been determined as **'Negative'** in line with the sovereign rating outlooks of the Republic of Türkiye.

Significant factors that may be taken into consideration for any future change in ratings and outlook status include;

Factors that Could Lead to an Upgrade

- Growing income stream and further improvement in profitability indicators,
- Solid growth performance in assets volume,
- Improvement in leverage ratios,
- Ease of access to financial resources from both national and international organizations,
- Improvements in diversification of customer base,
- Reduction in financing costs and robust economic growth in the domestic and international markets,
- Upgrades in sovereign ratings and economic growth prospects of Türkiye.

Factors that Could Lead to a Downgrade

- Contraction in performance and profitability indicators,
- Deteriorating asset quality and liquidity profile,
- Increasing cost of funding and its effect on profitability,
- Potential deterioration in accessing external financial resources,
- Possible regulatory actions that would restrain the profitability & growth performance of the sector,
- A sharp slump in growth in the domestic and international markets,
- Downgrades in the sovereign rating level of Türkiye.

The Company's Sectorial regulations, NPL ratios, profitability ratios, cash flow generation and the Company's market share and market conditions will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

3. Projections

Balance sheet and income statement projections for FYE2024 and following years have not been submitted by the Company.

4. Company Profile & Industry

a. History and Activities

Vakıf Leasing was established in 1988 and has been publicly traded since 1991 under the ticker of **"VAKFN".** It was the first leasing company listed on the BIST and had a 37.95% free float of its paid-in capital of TRY 1bn as of December, 2023. Besides, Vakıf Leasing enhanced its paid-in-capital level to TRY 2bn through the cash injection in FY2024 and the share of Vakıfbank is currently at 62.12.

The Company has been subject to the "Financial Leasing, Factoring, Financing and Saving Financing Companies Law" dated December, 2012 and conducts its activities within the framework of Regulation on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies dated April 24, 2013.

The Company offers leasing services of investment support for domestic and international assets and capital goods needed by SMEs through its headquarters and five regional offices in Adana, Ankara, Antalya, Bursa and İzmir as well as the widespread branches of Vakıfbank. The labor force of the headquarters and regional offices was 82 people as of FYE2023 (FYE2022: 76).

In addition, the Company's organizational chart did not change compared to last year and was composed of 12 units (law-monitoring and liquidation, credits, risk monitoring & asset management, financial affairs and investor relations, human resources, administrative affairs, marketing, operations & insurance, IT, financing, risk management and internal control) structured under a general manager and a deputy general manager.

Vakıf Leasing's Board has 7 members, including one member as a general manager. The Company formed 3 different committees, namely Early Risk Detection Committee, Corporate Governance Committee and Audit Committee.

Board of Directors	
Hazım AKYOL	Chairman
Halil ÇELİK	Vice Chairman / Independent Member
Emine UYUMAZ	Member
Eren SÜZEN	Member
Savaş Atanur KAZAZ	Independent Member
Selçuk Gökbayrak	Independent Member
Mustafa ERDİN	Member /General Manager

b. Shareholders, Subsidiaries & Affiliates

As of December 2023, the paid in capital of Vakıf Leasing is TRY 1bn. Besides, Vakıf Leasing enhanced its paid-in-capital level to TRY 2bn through the cash injection in FY2024 and the share of Vakıfbank is currently at 62.12.The table below indicates the shareholding structure of Vakıf Leasing as of FYE2023 and FYE2022:

Vakıf Leasing's Shareholder Structure

	December, 2022		December,2023	
TRY mn	**Amount-TRY**	**%**	**Amount-TRY**	**%**
Vakıfbank	372.27	62.05	620.45	62.05
Public Held	227.73	37.95	379.54	37.95
Total	**600.00**	**100**	**1,000.00**	**100**

Vakıfbank, with paid-in capital, asset size and net profit figures of TRY 9.92bn, TRY 2.79tn and TRY 25.04bn, respectively in FYE2023, held the majority stake of the Company shares over the years. Vakıfbank was rated by JCR Eurasia Rating and affirmed with the ratings of **'AAA (tr)'** on the Long Term National Local Scale on June 23, 2023.

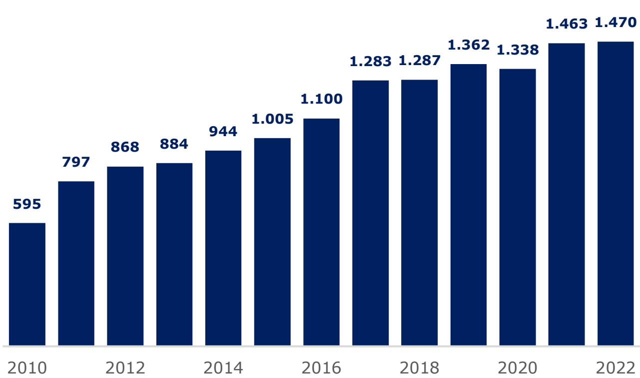
Moreover, the Company has 3 affiliates which are Vakıf Faktoring Hizmetleri A.Ş., Vakıf Pazarlama Sanayi ve Tic. A.Ş., Vakıf Yatırım Menkul Degerler A.Ş. Vakif Faktoring A.S. provides leasing and factoring services. The Company offers loan prepayment, monitoring the collection, agreement, invoice amount, and credit to business enterprises for relatively short periods. Vakıf Pazarlama Sanayi ve Tic. A.Ş. offers support services. Vakıf Yatırım Menkul Değerler A.Ş. operates as an institutional brokerage firm. The Company offers portfolio management, capital raising, financial planning, and advisory services.

Company Name	Ownership 2022	Ownership 2023
Vakıf Faktoring A.Ş.	3.79	3.79
Vakıf Pazarlama Sanayi ve Tic.A.Ş.	3.27	3.27
Vakıf Yatırım Menkul Değerler A.Ş.	0.25	0.25

c. Industry Assessment

Leasing companies with their role of financing fixed-asset investments makes a huge contribution to the economies. Especially, since banks loans possibility of to be used for speculative purposes, leasing companies' effect on economy is to create significant direct impact. In other word, since financial leasing offers an asset's using rights, it works like selective loans which has produced direct output. However, since fixed asset investment strongly correlate with the general economic conditions, leasing sectors potential closely relate with economic activity. Thus, sectors general outlook strongly correlates with the general economic conditions. Since the activity field of the leasing sector is the financing of investments, the development and growth of the sector is of great importance for Türkiye as well.

Leasing volumes across the world follows upward trend.
Leasing Volume (billion USD)



Source: Solifi, JCR-ER

Recently, it seems that leasing transactions have become popular in the world. We can say that it is one of the main sources of financing for investments around the world, especially in developed countries. As clearly seen in the table below, the sector received a double-digit share of fixed asset investments in developed countries. While Türkiye is increasing its leasing volume, it is possible to say that there is a growth potential in this field, considering the share of the sector in the global financing volume.

Leasing Volumes by Country in 2022 (billion USD)

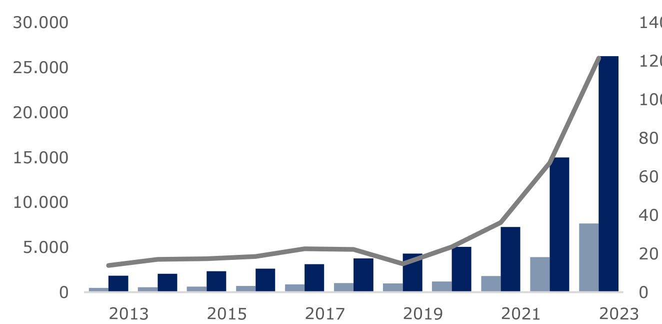
Ranking		Annual Volume (in billion USD)	Growth (%)	Penetration Rate (%)
1	USA	503	6.3	22
2	China	319	1.4	9.6
3	UK	97	9.5	40.0
4	Germany	79	1.64	25.0
5	Japan	64	12.0	4.2

Source: Solifi, JCR-ER

Although the sector's potential is closely related with the general economic outlook, banks domination in Turkish financial markets direct customers to the banks as first financing sources. On the other hand, banks can direct their customers to leasing companies, which are their own subsidiaries, in order to increase the awareness of leasing transactions and increase transaction volumes.

As of the FYE2023, Türkiye has seen a fixed asset investment of TRY 7,659bn over the past 4 quarters. Leasing companies financed TRY 121.5bn of this total fixed asset investment. The penetration rate, which represents the ratio of leasing business volume to total fixed asset investment, was 1.7% in 2022, decreased to 1.6% in the 2023.

GDP (in billion TRY) (left axis)
Fixed Asset Investment (in billion TRY) (left axis)
Financial Leasing Business Volume (in billion TRY) (right axis)



Source: AFI, JCR-ER

According to the data from BRSA, which is the regulating body of the sector indicates that sector's asset size jumped by 66.2% and reached to TRY 271.9bn compared to same period of the previous year, as of FYE2023. In the mentioned period, financial assets which includes net leased assets, non-performing receivables and allowances increased by 62.8% and recorded as TRY 191.3bn.

Selected Balance Sheet Items for Financial Leasing Companies (in million TL)

	2021	2022	2023
Cash, Cash Equivalents and Central Bank	5,981	12,405	17,697
Financial Assets (Net)	83,014	117,511	191,309
Leasing (Net)	*83,203*	*117,979*	*188,998*
Non-Performing Receivables	*5,094*	*5,002*	*7,659*
Allowances for Expected Credit Loss	*5,352*	*5,672*	*5,890*
Other Financial Assets	*69*	*202*	*542*
Tangible Assets (Net)	1,947	4,001	10,514
Other Assets	15,106	29,663	52,337
Total Assets	**106,048**	**163,580**	**271,857**
Funds Borrowed	77,459	116,176	187,602
Securities Issued	3,325	8,177	10,567
Other Liabilities	10,689	16,587	32,623
Shareholders' Equity	14,575	22,640	41,065
Paid-in Capital	4,362	4,777	9,778
Total Liabilities and Equity	**106,048**	**163,580**	**271,857**

Source: BRSA

Since the bulk amount of the sector's business volume take place in FX denominated assets, it is important to mention that significant part of financial assets is FX denominated. Therefore, FX movements had a considerable effect on balance sheet in terms of financial assets. While net lease assets increased by 60.2% compared to the same period of 2022, non-performing receivables increased by 53.1%. Even tough the leasing sector acted very cautiously regarding provisions during past periods, sector's allowances against the non-performing receivables increased only by 3.8% in 2023.

In 2023, sectoral leasing volume composition of the industry did not display any change. The manufacturing sector, led by the textile and metal industry, had a share of more than 55%, while the service sector decreased its share to 41.2% in FYE2023.

Leasing Volume by Sectors (in million TRY)

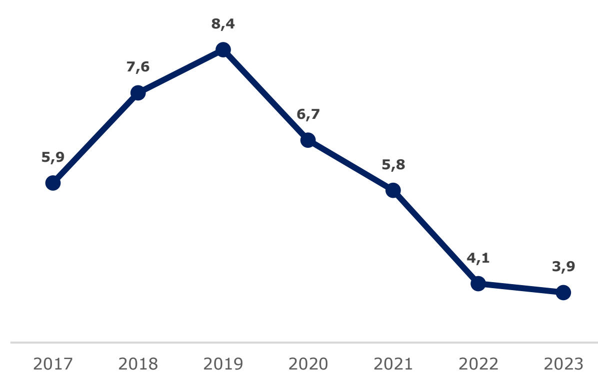
	2023	2022	2021	2020
Construction	28,247	10,384	6,486	4,079
Textile and Textile Products	9,941	8,677	4,842	3,298
Wholesale and Retail	17,025	6,473	2,669	1,560
Main Metal Industry and Production of Material	7,988	5,526	2,487	1,628
Manufacturing	70,694	35,459	18,565	11,627
Services	52,752	29,418	15,458	10,306
Total	127,986	67,258	36,134	23,479

Source: BRSA, AFI, JCR-ER

The construction sector increased its leasing volume from TRY 8.6bn to TRY 13bn in the seven months of the year compared to 2022. The wholesale and retail trade sector increased from TRY 5.6bn to TRY 9.7bn. The textile sector, on the other hand, decreased from TRY 7.5bn to TRY 5.5bn in this period when manufacturing decreased.

While the sector is cautious about non-performing receivable, NPL rate has been decreasing since 2020. Although the regulation which allowed financial institutions allows to delete non-performing receivables from account, the positive signal that leasing companies are well-behaved to manage its non-performing receivables. Although the nominal amount of non-performing receivables increased from TRY 5,002mn in December 2022 to TRY 7,659mn in December 2023, the rate of non-performing loans as of December 2023 has been calculated as 3.9%.

After pandemic with the help of forbearance measures, NPL rate is downwarding.
NPL Rate (%)



Source: BRSA, JCR-ER

Increases in assets are reflected in financing side of balance sheet. Leasing companies use security issuance and bank loans as sources of finance along with retained earnings. However, in 2023, the weight of banks in the funding composition decreased. As of December 2023, the fund amounts received increased by 61.5% compared to the same period of the previous year and amounted to TRY 187.6bn. In the same period, the volume of securities issued in the sector increased by 29.2%, from TRY 8,177mn to TRY 10,567mn.

Paid-in capital account increased by 104.7% and reached TRY 97.8bn. However, retained earnings also make a relative contribution to shareholders' equity. Annually, the sector's equity increased by 81.4%, reaching TRY 41.1bn in FYE2023.

On the other hand, operating income reached TRY 32.0bn as of December 2023. The gross profit amount went up more than twice and recorded as TRY 9.0bn. The net profit amount in the sector increased from TRY 5.9bn, which was the 2022 profit amount, to TRY 14.5bn. Compared to the same period last year, there was a 127.8% increase in net operating profit and a 145.6% increase in period net profit. Additionally, there was an increase in financial expenses during the same period. Financing expenses increased by 141.5% and reached TRY 23.0bn in the 2023. This pressured the gross profit margin.

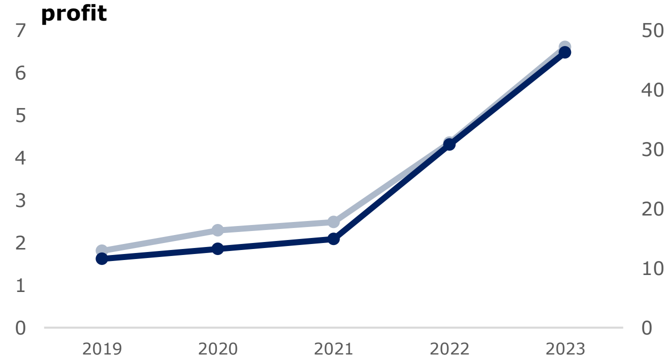
Selected Income Statement Items for Financial Leasing Companies (in million TL)

	2021	2022	2023
Operating Income	7,013	13,613	31,953
Financial Lease Income	7,013	13,613	31,953
Financial Expenses	4,213	9,507	22,958
Gross Profit/Loss	2,799	4,105	8,996
Operating Expenses	871	1,634	3,335
Other Operating Profit/Loss	2,911	5,669	11,547
Net Operating Profit/Loss	2,708	6,208	14,143
Profit from Continuing Operations Before Tax	2,708	7,215	17,585
Net Profit	2,042	5,898	14,488

Source: BRSA, JCR-ER

ROAA has trended upward since 2018, rising to 6.48% in July 2023. ROAE, on the other hand, increased faster than ROAA and recorded a significant increase to 46.57% in July 2023.

Protfitabiliry ratios are going up with incresing net profit



Source: BRSA, JCR-ER

In the first half of 2024, increasing loan rates and slowing down credit growth would translate into tighter credit standards. Considering the relationship between financial conditions and growth, expected slowdown in consumer spending with tightening conditions as well as the weak outlook in major export markets, a gradual slowdown could be expected. Despite everything, the leasing sector is seen as a sector with growth potential in Türkiye in the medium and long term. All developments will be observed by JCR-ER for the upcoming period.

5. Additional Rating Assessments

The use of the financial instruments exposes the company to credit, liquidity and market risks. The Board of Directors of the Company is responsible for the establishment and supervision of the risk management structure. The board manages the effectiveness of the risk management system through the mechanisms existing within the Group. Additionally, the Company owns the Early Detection of Risk Committee required in the Corporate Governance Principles. The risk management policies and processes of the Company have been configured in a structure aiming to identify and analyze the risks exposure, to determine the appropriate risk limits and controls and to monitor risk and compliance with established limits. Risk management policies and systems are subject to regular revisions to update the changes in the products/services and market conditions. The Company aims to build up a disciplined and constructive control environment in which all employees understand their duties and responsibilities through training and management standards and procedures. Moreover, since the Company is a subsidiary of Vakıfbank on a consolidated basis, it performs a periodical data declaration to Vakıfbank in order to calculate operational, market, credit and liquidity risk exposures.

Credit Risk

Due to its leasing transactions, the Company is exposed to credit risk. By dealing with creditworthy counterparties and, where possible, obtaining sufficient collateral, the Company seeks to mitigate its credit risk. In addition, the financial situation and credibility of customers are analyzed and credit risks are monitored on the basis of these analyses, supplemented by intelligence reports. Credit risk of the Company is concentrated in Türkiye, where operations are carried out. Credit risk is controlled through limits set by the Company Board. Moreover, the Company had a Risk Monitoring Committee with a detailed monitoring process, and an internal scoring system applied for the lease activities up to EUR 250k. The "Customer Delay Report" is prepared daily by the Risk Monitoring and Asset Management Departments and is shared with related departments.

As stated in the audit report, the principle items exposed to credit risk includes receivables from financial leasing activities, other receivables as well as bank deposits which collectively amounted to TRY 22.48bn as of FYE2023 (FYE2022: TRY 11.06bn) indicating almost doubled rise in comparison to the previous year arising from significant increase in receivables from financial leasing activities. Total credit risk exposure comprised 103.32% of total asset size as of FYE2022. (FYE2021: 83.64%) In addition, sector credit concentrations are avoided in order to minimize the associated risks. The Company's lease receivables are diversified across various industries. Besides the other related issues are elaborated in the heading of "healthy outlook on the asset quality supported by the declining trend of NPL ratio staying below sector averages".

Market Risk

Market risk is the risk that changes in the value of a financial instrument may have an impact on the Company's future cash flows. The objective of market risk management is to control the level of market risk within acceptable parameters through optimization of the return on risk. These include foreign currency risk, interest rate risks and risks relating to changes in the prices of financial instruments and commodities. Market risk is subject to the Company's ALCO meetings held on a weekly basis and managed through regulatory measures revised in accordance with the changing market conditions.

Foreign exchange risk

The Company is exposed to FX risk due to its FX denominated financial leasing activities and funds borrowed. Vakıf Leasing's net FX position recorded a decrease to TRY 1.32bn as of FYE2023 (FYE2022: TRY 1.51bn). The distribution of foreign currency assets and liabilities as of 2023 and 2022 year-end are shown below:

FX Position (TRY mn)	FYE2022	FYE2023
Assets	6,317.91	9,933.22
Liabilities (-)	4,801.98	8,613.19
Net FX Position	**1,515.92**	**1,320.02**

The effect of a 10% change in the value of TL against the following currencies-USD, EUR, CHF, GBP- on the income statement and shareholders' equity (excluding tax effect) for the accounting periods ending on FYE2023 and FYE2022 is (+/-) TRY 132.00mn and TRY 151.59mn, respectively.

Interest Rate Risk

The main risk to which non-trading portfolios are exposed is the fluctuations in future cash flows due to changes in market interest rates. The Company's borrowings at fixed and floating interest rates expose it to interest rate risk. Interest rate risk is controlled by the Company through an appropriate allocation between fixed and floating rate borrowings.

(TRY mn)	FYE2022	FYE2023
Fixed Interest Rate Financial Instruments		
Financial Assets (Total)	10,945.42	22,377.55
Term Deposit	*2,742.14*	*2,217.42*
Financial Lease Receivables, Net	*8,203.28*	*19,533.95*
FVPL	*-*	*626.18*
Financial Liabilities (Total)	2,463.15	4,344.10
Funds Borrowed	2,463.15	4,344.10
Floating Interest Rate Financial Instruments		
Financial Liabilities (Total)	8,387.46	15,799.61
Funds Borrowed	*8,387.46*	*15,799.61*

As of FYE2023, the Company’s has a debt structure with floating interest rate with a weight of 78.43%.

Liquidity Risk

The liquidity risk management is under the responsibility of Company Board. A suitable liquidity risk management has been formed by the Board to meet the short, medium and long-term funding and liquidity requirements of the Company. The Company manages its liquidity risk by holding an adequate level of funding and borrowing sources through regular following of estimated and realized cash flows and due matching efforts of assets and liabilities. Additionally, the Company's receivables and payables are evaluated weekly in asset and liability meetings (APCO) on the basis of maturity dispute and average interest rate analyses, and monthly information is given to the Board.

As of April 2, 2024, cash credit lines worth TRY 55.48bn were allocated to Vakıf Leasing by 29 different financial institutions (as of April 7, 2023, TRY 57.13bn by 32 institutions) and circa 38.83% of this total line was utilized in cash and non-cash loans. Additionally, a TRY 2bn borrowing/lending limit was allocated to the Company to transact in the Takasbank Money Market (TPP).

Operational, Legal Regulatory & Other Risks

The Company tries to minimize the human risk through implementations such as awareness and duties and legislation trainings, transition studies to performance system based on qualitative data, system and automation investments for manual errors, supervision of work processes through control points by Internal Control, extension the scope of approval mechanisms for risky transactions and creation of authority and limit matrices. In order to ensure information and system security, the independent auditing company and the controlling shareholder Vakıfbank perform periodic IT audits. In addition, in-house trainings are performed to increase the awareness of staff regarding systemic threats. Emergency regulations and emergency action plans have been established in order to minimize and manage external factor risks.

VAKIF FİNANSAL KİRALAMA ANONİM ŞİRKETİ

Balance Sheet ('000 TRY)

	2021	2022	2023
Cash, Cash Equivalents	779,199	2,742,139	2,737,177
Financial Assets at Fair Value Difference through P/L (net)	0	0	626,179
Financial Assets at Fair Value Difference through Other Comprehensive Income (net)	26,434	46.781	104,561
Financial Assets Measured at Amortized Cost (net)	4,812,958	8,295,843	19,606,267
Leasing Transactions (net)	4,769,551	8,203,283	19,533,950
Non-Performing Loans	211,78	220,694	219,717
Expected Loss Provisions/Special Provisions (-)	-168,373	-128,134	-147,400
Tangible Assets (net)	28,99	91,749	158,974
Intangible Assets (net)	684	1,063	1,121
Deferred Tax Asset	0	0	0
Current Period Tax Asset	8,862	56,228	559,544
Others	639,797	1,857,568	2,389,249
Assets Held for Sale and from Discontinued Operations (net)	0	128,48	49,500
TOTAL ASSETS	**6,296,924**	**13,219,851**	**26,232,572**
Loans Received	5,133,454	10,850,603	20,143,713
Payables from Leasing Transactions	171	180	6,666
Securities Issued (net)	0	0	730,473
Derivative Financial Liabilities	21,516	0	0
Provisions	48,002	25,292	39,696
Current Tax Liability	33,367	30,331	127,131
Deferred Tax Liability	11,742	95,931	171,447
Others	346,228	892,575	2,150,505
TOTAL LIABILITIES	**5,594,480**	**11,894,912**	**23,369,631**
Paid-in Capital	468,895	600,000	1,000,000
Capital Reserves	513	1,662	13,310
Other Accumulated Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss	40,354	112,029	195,294
Profit Reserves	64,611	92,682	211,248
Net Profit/Loss	128,071	518,566	1,443,089
TOTAL EQUITY	**702,444**	**1,324,939**	**2,862,941**
TOTAL LIABILITIES AND EQUITY	**6,296,924**	**13,219,851**	**26,232,572**

- *Including JCR Eurasia Rating's adjustments where applicable,*

VAKIF FİNANSAL KİRALAMA ANONİM ŞİRKETİ

Income Statement ('000 TRY)

	2021	2022	2023
Operating Income	**368,946**	**1,107,484**	**3,870,513**
Leasing Revenues	360,924	1,082,375	3,809,540
Fees and Commissions from Leasing	8,022	25,109	60,973
Financing Expenses	-201,984	-800,022	-2,616,876
Interests Paid on Used Loans	-183,147	-751,775	-2,461,838
Interest Paid on Leasing Transactions	-23	-46	-764
Interests Paid on Issued Securities	-5,952	0	-54,688
Fees and Commissions Given	-12,862	-48,201	-99,586
Gross Profit/Loss	**166,962**	**307,462**	**1,253,637**
Expenses from Op. Act.	-37,862	-80,169	-176,639
Gross Operating Profit	**129,1**	**227,293**	**1,076,998**
Other Operating Income	101,615	578,587	1,031,686
Provision Expenses (-)	-43,356	-30,450	51,539
Other Operating Expenses (-)	-22,27	-83,620	-754
Net Operating Profit/Loss	**165,089**	**691,810**	**2,056,391**
Tax Provision for Continuing Operations (±)	-37,018	-173,244	-613,302
Net Profit/Loss for the Period	**128,071**	**518,566**	**1,443,089**

- *Including JCR Eurasia Rating's adjustments where applicable,*

VAKIF FİNANSAL KİRALAMA ANONİM ŞİRKETİ

Key Ratios & Metrics

	2021	2022	2023
PROFITABILITY & PERFORMANCE			
Operating ROAA(Ope Net Inc / Assets (avg)) (%)	7.08	14.79	23.19
Operating ROAE(Ope Net Inc /Equ Cap (avg))(%)	66.98	142.41	218.42
ROAA	3.30	7.09	10.42
ROEA	31.22	68.25	98.21
Net Profit/Avg Total Assets	2.56	5.31	7.32
Provisions/Total Income	15.94	3.35	2.22
Growth Rate	69.63	109.94	98.43
Gross Profit Margin	60.81	76.21	88.49
Total Operating Expenses/Total Income	13.95	8.83	7.63
Interest Coverage Ratio	187.29	192.02	181.69
Total Income/Total Expenses (x)	21.44	16.50	13.10
Net Profit Margin	47.17	57.13	62.10
Total Income/Avg Total Assets	5.42	9.30	11.78
Interest Margin (%)	4.11	5.53	11.16
Total Income/Avg Equity	51.34	89.54	110.98
Market Share (%)	5.94	8.08	9.65
LIQUIDITY			
Liquid Assets + Marketable Securities / Equity (%)	110.93	206.96	117.48
Net Interest and Commission / Total Assets (%)	2.82	3.31	7.00
Liquid Assets + Marketable Securities / Total Assets (%)	12.37	20.74	12.82
CAPITAL ADEQUACY			
Intangible Assets / Total Assets (%)	0.01	0.01	0.00
Equity/Total Assets (Standard Ratio) (%)	11.16	10.02	10.91
Internal Equity Gen/Previous Years Equity	36.06	73.82	108.92
Free Equity / Total Receivables Ratio (%)	13.51	14.63	13.71
Tangible Assets / Total Assets (%)	0.46	0.69	0.61
ASSET QUALITY			
Loan Loss Provision/Total Loans	3.53	1.56	0.74
Total Provision/Profit Before Tax&Provision	20.80	4.22	2.45

- *Including JCR Eurasia Rating's adjustments where applicable,*

Rating Info

Rated Company:	Vakıf Finansal Kiralama A.Ş. İnkılap Mahallesi Dr. Adnan Büyükdeniz Caddesi No:7/A İç Kapı No:9 Ümraniye / İstanbul Telephone: +90 216 285 92 00
Rating Report Preparation Period:	01.04.2024 – 22.04.2024
Rating Publishing Date:	26.04.2024
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Financial Statements:	FYE2023- FYE2022-FYE2021 | Solo Audit Figures
Previous Rating Results:	April 26, 2023 / Long Term National Scale / ‘AA (tr)’ Other rating results for the Company are available at www.jcrer.com.tr
Rating Committee Members:	Ö.Sucu *(Manager),* M. Hayat *(Manager),* M. Başar *(Team Leader)*

Disclaimer

The ratings affirmed by JCR Eurasia Rating are a reflection of the Company’s independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, unaudited financial statements, information and clarifications provided by the Company, and non-financial figures. Certain financial figures of the Company for previous years have been adjusted in line with the JCR Eurasia Rating’s criteria.

The Company’s balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings.

Considering the fact that there are no additional legal or financial collateral guarantees provided separately for the repayment of the bonds issued, the note assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short-Term National Local Ratings, unless otherwise stated.

Previous rating results and other relevant information can be accessed on www.jcrer.com.tr

This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Turkey), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations.

JCR Eurasia Rating
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