



2022 ANNUAL REPORT



✓ COMPLIANCE REPORT ON THE ANNUAL REPORT

2022



INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Vakıf Finansal Kiralama Anonim Şirketi

1. Opinion

We have audited the annual activity report of Vakıf Finansal Kiralama Anonim Şirketi ("the Company") for the period of January 1, 2022 - December 31, 2022.

In our opinion, the financial information provided in the annual report of the Board of Directors and the discussions of the Board of Directors on the Company's position are consistent, in all material respects, with the audited full set of financial statements and the information obtained during the independent audit and presented fairly.

2. Basis of Opinion

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (KGK). Our responsibilities under these Standards are described in detail in the Independent Auditor's Responsibilities for the Independent Audit of the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) published by KGK and the ethical requirements in the regulations on auditing issued by KGK. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and other applicable laws and regulations. We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our opinion.

3. Auditor's Opinion on the Full Set of Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 10, 2023 on the Company's full set of financial statements for the period January 1, 2022 - December 31, 2022.

4. Responsibility of the Board of Directors for the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and Capital Markets Board ("CMB") Communiqué No. II-14.1 "Communiqué on the Principles of Financial Reporting in Capital Markets" ("the Communiqué"), the Company management is responsible for the following in relation to the annual report:

a) Prepares the annual activity report within the first three months following the balance sheet date and submits it to the general assembly.

b) The annual activity report is prepared in such a way as to reflect the flow of the Company's activities for that year and its financial status in all aspects accurately, completely, straightforwardly, truthfully and honestly. In this report, the financial situation is evaluated according to the financial statements. The report also clearly indicates the development of



the company and the possible risks that the company may face. The assessment of the board of directors on these issues is also included in the report.

c) The annual report also includes the following:

- Significant events that occurred in the Company after the end of the fiscal year,
- The Company's research and development activities,
- Financial benefits such as salaries, premiums, bonuses, allowances, travel, accommodation and representation expenses, in-kind and cash benefits, insurances and similar assurances paid to board members and senior executives.

While preparing the annual report, the board of directors also takes into consideration the secondary legislation regulations of the Ministry of Customs and Trade and related institutions.

5. Responsibility of the Independent Auditor for the Independent Audit of the Annual Activity Report

Our aim is to express an opinion on whether the financial information provided in the annual report and the discussions of the Board of Directors within the framework of the provisions of the Turkish Commercial Code and the Communiqué are consistent with the audited financial statements of the Company and the information obtained during the independent audit and whether they reflect the truth, and to prepare a report containing our opinion.

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Standards on Auditing issued by POA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial information in the annual report and the discussions of the Board of Directors are consistent with the financial statements and the information obtained during the audit and presented fairly.

The responsible auditor who conducted and concluded this audit is Emre Çelik.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Emre Çelik, SMMM
Responsible Auditor

February 21, 2023
Istanbul, Turkey



Future Towards You

We understand the future well and shape it for your investments.

With 34 years of experience, Vakıf Leasing adds value to your production and turns your opportunities into profit while offering leasing advantages in a special and innovative way.



Vakıf Leasing
Future Towards You

2022

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*Vakıf Leasing
in 34th Year*



**CHAIRMAN OF
THE BOARD OF
DIRECTOR'S MESSAGE**

✓ CHAIRMAN OF
THE BOARD OF DIRECTOR'S MESSAGE

2022



Dear Shareholders,

2022 was a year dominated by supply chain disruptions, the sharp rise in energy prices caused by the Russia-Ukraine war, and concerns over Covid-19.

After the rapid recovery in global markets following the pandemic, the disruptions in the supply chain, the sharp rise in energy prices caused by the Russia-Ukraine war, and the ultra-loose monetary and fiscal policies implemented worldwide in response to the pandemic pushed inflation to its highest levels in 40 years. In response, central banks, particularly in the United States, began raising interest rates at a faster pace than in the past in order to combat inflation. Towards the end of 2022, with signs that the peak in inflation had been reached, an idea began to emerge as to where the central banks' rate hike process would end.

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"In 2022, our Company continued to contribute to the growth of our country's economy by increasing its share in the sector. In this context, our Company successfully completed the year 2022 and increased its assets to TL 13,220 million and its shareholders' equity to TL 1,325 million with the strength of our employees and stakeholders. In this period, financial leasing receivables increased to TL 10,801 million and net profit for the period was realized as TL 519

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However, given that the highest inflation levels of the last 40 years have been seen, it is thought that it will not be very easy for inflation to fall to the levels targeted in previous years despite these sharp interest rate hikes. The world economy, which ended 2021 with 6% growth, is expected to grow by around 3% in 2022 due to monetary tightening.

Turkish economy recorded strong growth in the first two quarters of the year. The Turkish economy, which ended 2021 with a growth rate of 11% thanks to the recovery in domestic demand and the contribution of a competitive exchange rate, grew by 7.5% in the first quarter of 2022 compared to the same quarter of the previous year. While the services sector was the growth driver in the second quarter, the expenditure component that boosted growth was household consumption.

Thus, Turkish economy maintained its strong outlook in the second quarter and grew by 7.7%, close to expectations. In the third quarter of the year, Turkish economy grew by 3.9%, below market expectations. Based on the realizations of the first three quarters, the Turkish economy is expected to end the year with a growth rate of around 5%, although growth will slow slightly in the last quarter according to the preliminary and industrial production data.

In 2022, our Company continued to contribute to the growth of our country's economy by increasing its share in the sector. In this context, our Company, which successfully completed 2022, increased its assets to TL 13,220 million and its shareholders' equity to TL 1,325 million with the strength it received from our employees and stakeholders. In this period, the Company increased its financial leasing receivables to TL 10,801 million and realized a net profit of TL 519 million.

Continuing its growth trend in 2022, our Company increased its corporate and human resources capacity in terms of quality and quantity, and took steps to access long-term and low-cost financing sources in order to channel more resources to the real sector.

On behalf of our Company, I would like to extend my gratitude to our customers, employees and stakeholders who have contributed to the success of our Company, which continues to increase its growth.

Kind Regards,

HAZIM AKYOL

CHAIRMAN OF THE BOARD OF DIRECTORS



GENERAL MANAGER'S MESSAGE

✓ GENERAL MANAGER'S
MESSAGE

2022



Dear Shareholders;

The strong recovery in global economic activity will continue throughout 2021, but recovery across countries and regions level differentiations were observed. Access to opportunities to fight the pandemic and approaches in fiscal and monetary policies have been effective in the differentiation of general economic activity at the country level. On the other hand, supply and demand imbalances, changes in household consumption patterns, the crisis in raw materials, particularly chips, and high increases in freight costs have accentuated the differentiation in global economic activity.

Despite this divergence, global economic growth, which displayed a relatively buoyant outlook in the first two quarters of 2022, has been moving towards a negative path as of the third quarter. As the Covid-19 pandemic became more manageable, the global economy revived with normalized conditions and an increasingly rigid inflation outlook emerged. Government subsidies, loose monetary policies, increased liquidity and supply problems during the pandemic led to a high level of prices at the global level.

In early 2022, the Russian-Ukrainian war also posed a serious threat to the recovering global economy. With the war, problems in supply chains have deepened and global food and energy prices have reached historic highs. The energy prices that have been driven to record highs by the war have put all energy-deficit countries, especially European economies, in a difficult situation with high inflation and energy constraints. Moreover, China's position as a global manufacturing hub is likely to weaken as a result of trade tensions.

In 2021, as a result of the measures and supports taken to mitigate the negative effects of the Covid-19 pandemic on the economy and the rapid achievement of high vaccination rates, the Turkish economy grew by 11.4 percent in 2021, the highest growth rate in the last fifty years. Thus, the Turkish economy has achieved a significant success by maintaining uninterrupted growth after the global crisis.

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Our Company achieved a great acceleration in 2022 in terms of both transaction volume and transaction amount, and as a result, Vakıf Leasing's turnover increased by 51% in 2022 compared to the previous year, rising from USD 265,618 thousand to USD 402,095 thousand. The number of transactions, which was 758 in 2021, increased by 22% to 928 in 2022.

In 2022, as a result of all these activities, our Company increased its total assets by 109.9% to TL 13,220 million, its shareholders' equity by 88.6% to TL 1,325 million and its net profit for the period by 304.9% to TL 519 million. In 2022, Return on Assets (ROA) was 5.2%, Net Return on Equity (ROE) was 51.2% and NPL was 2.6%.

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In the first half of 2022, economic activity remained buoyant. In addition to rising raw material and energy costs due to the Russia-Ukraine war, disruptions in regional supply chains had a limited impact on the growth performance of the Turkish economy. Thanks to rising domestic and external demand, the Turkish economy recorded a strong growth rate of 7.5 percent in the first half of the year. Indicators for the third quarter, such as industrial production, manufacturing purchasing managers' index PMI and capacity utilization rates, suggest that the strong growth momentum in the economy will slow down slightly, yet the favourable outlook in the tourism sector stands out as a factor supporting growth in the third quarter.

In the financial leasing sector, which makes a great contribution to our country's economy, 14,304 contracts were signed in 2022. In the same period, a transaction volume of \$4,236 million was reached.

Our Company achieved a great acceleration both in terms of transaction volume and transaction amount in 2022, and as a result, Vakıf Leasing's turnover increased by 51% in 2022 compared to the previous year, rising from 265,618 thousand USD to 402,095 thousand USD. The number of transactions, which was 758 in 2021, increased by 22% to 928 in 2022.

In 2022, as a result of all these activities, our Company increased its total assets by 109.9% to TL 13,220 million, its shareholders' equity by 88.6% to TL 1,325 million, and its net profit for the period by 304.9% to TL 519 million. In 2022, Return on Assets (ROA) was realized as 5.2%, Net Return on Equity (ROE) as 51.2% and NPL as 2.6%.

In the coming period, in line with its sustainable targets, our Company will continue to work devotedly to increase the number of customers who will invest in production and employment that will create added value for our country's economy, with the corporate strength of nearly a thousand branches of its shareholder Vakıfbank behind it.

As I present our Company's 2022 Annual Report to you, I would like to thank all our esteemed shareholders, our largest shareholder Vakıfbank, Board of Directors, customers, business partners and all our employees for their trust in us, extend my sincere gratitude and respect to all of our stakeholders who have contributed to this ever-increasing success.

Sincerely,

Mustafa ERDİN

General Manager



*Vakıf Leasing
in 34th Year*



**MEMBERS OF
THE BOARD OF DIRECTORS
AND BIOGRAPHIES**

2022

MEMBERS OF
THE BOARD OF DIRECTORS
AND BIOGRAPHIES**Hazım AKYOL**

Member of the Board of Directors / Chairman

(26.06.2019 - ...)

Born in 1969 in Aksaray, Hazım AKYOL graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1990. He started his banking career at Vakıfbank in 1993 as an Assistant Inspector, and after serving as an Inspector, he worked as an Assistant Manager in the Commercial Credits Department and as a Manager in Bursa Branch, Kavaklıdere/Ankara Branch, Kızılay/Ankara Branch, Ankara Region Corporate Marketing Regional Directorate and Emek/Ankara Branch. Afterwards, he served as the Head of the Salary Payments Department of the Agency and as the Head of the Ankara Corporate Centre Branch. He also served as a Board Member in various subsidiaries of Vakıfbank. Hazım AKYOL, who is currently serving as Assistant General Manager at Vakıfbank, has been serving as the Chairman of the Board of Directors of our Company since 26.06.2019.

**Halil ÇELİK**

Vice Chairman of the Board of Directors / Independent Member

(26.06.2019 - ...)

Born on 01.08.1956 in Trabzon Akçaabat, Halil ÇELİK completed his primary, secondary and high school education in Akçaabat. In 1980, he graduated from Eskişehir Academy of Economic and Commercial Sciences, Department of Economics. In 1982, he started working as an Assistant Inspector at Ziraat Bankası A.Ş. Halil ÇELİK served as Inspector, Chief Inspector, Trabzon and Erzurum Regional Manager at Ziraat Bank, Inspector at İller Bank in 2002-2003, Assistant General Manager at Halk Bankası A.Ş. in 2003-2010 and Board Member at T.C. Ziraat Bankası A.Ş. in 2010-2012. Since 26.06.2019, he has been serving as the Vice Chairman of the Board of Directors of our Company.

**Emine UYUMAZ**

Member of the Board of Directors

(03.04.2018 - ...)

Born in 1982 in Adana, Emine UYUMAZ graduated from Middle East Technical University, Department of Economics in 2005. She completed her master's degree in Banking and Finance at Bilgi University. In 2006, she started working as an Assistant Inspector at T. Vakıflar Bankası TAO and served as Assistant Inspector and Inspector until 2012, after which she worked as Assistant Manager and Manager in the Commercial Credits Department. Since July 2017, she has been serving as the Head of Commercial Loans Allocation Management at Vakıfbank. Emine UYUMAZ has been serving as a Board Member of our Company since April 3, 2018.

**Eren SÜZEN**

Member of the Board of Directors

(25.06.2020 - ...)

Born in 1983 in Ankara, Eren SÜZEN completed his primary and secondary education in Ankara and graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2006. He started his career as an assistant inspector at Vakıfbank in February/2007, and after serving as an inspector for approximately 5 years, he was appointed as an assistant manager at the Çayyolu Branch in 2012. After serving as Western Black Sea Regional Credits Manager, Yenimahalle Branch Manager, Ankara 3rd Region Credits Manager, he was appointed as the Head of Retail and SME Credits Allocation Management in January 2020 and continues to work in this department.

✓ MEMBERS OF
THE BOARD OF DIRECTORS
AND BIOGRAPHIES

2022

**Savaş Atanur KAZAZ**

Independent Member of the Board of Directors

(01.04.2021 - ...)

Born in 1964 in Kırklareli, Savaş Atanur KAZAZ graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1987. He started his banking career at Vakıfbank in 1990 as an Assistant Financial Analyst and worked as a Specialist and Assistant Manager in the Credits Coordination, Credit Marketing and Credit Monitoring Departments, and then as the Head Office Branchless Banking Directorate, İvedik Organized Sanayi, Pursaklar, Elvankent, Ankara Public Corporate Branch Directorates, and then as the Head Office Retail Banking Sales Coordination Manager. In 2019, he was elected as a member of the Audit Committee of Vakıfbank Pension Fund Foundation. Savaş Atanur KAZAZ, who still holds this position, has been serving as an Independent Member of the Board of Directors of our Company since April 1, 2021.

**Selçuk GÖKBAYRAK**

Independent Member of the Board of Directors

(31.03.2022 - ...)

Born in 1978 in Artvin, Selçuk GÖKBAYRAK graduated from Anadolu University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2002. After starting his career as a banker candidate in 1999, he worked as an Audit Assistant at PricewaterhouseCoopers between 2000-2002 and as a Finance Manager at Evtekssan.Dış.Tic. A.Ş. between 2002-2005, Assistant General Manager at Tita Tekstil A.Ş. between 2005-2007, General Manager at FATSU FMI Grup A.Ş. between 2007-2012, Founding Partner and Manager of HAM&HAM Gıda İnşaat Turizm A.Ş. between 2012-2020. Since 2020, he has served as CFO at AVS Global Ship Supply Inc. and General Manager at Ekol Denizcilik A.Ş. continues. Selçuk GÖKBAYRAK, who also holds a Certified Public Accountant and NBA Certificate, has been serving as an Independent Member of the Board of Directors of our Company since 31/03/2022.

**Mustafa ERDİN**

Member of the Board of Directors / General Manager

(05.05.2021 - ...)

Born in 1969 in Trabzon, Mustafa ERDİN graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1990. 2003 Graduated from Boston University / Metropolitan College SA. with a master's degree in financial management. He started his professional career in 1992 as an assistant account specialist at the Ministry of Finance, Board of Account Specialists. In 1995, Mustafa ERDİN became an account specialist and in 2002 he became a chief account specialist. Between 2004 and 2009, he worked as group head and department head at the Revenue Administration. Between 2009 and 2020, he served as financial affairs coordinator and board member responsible for financial affairs in a construction group with international operations based in Turkey. Mustafa ERDİN also holds a Certified Public Accountant and Independent Auditor Certificate. He has been serving as a member of the Board of Directors and General Manager of our Company since 05/05/2021.



Mehmet İlkey COŞKUN
Group Manager

Ali KOÇ
Assistant General Manager

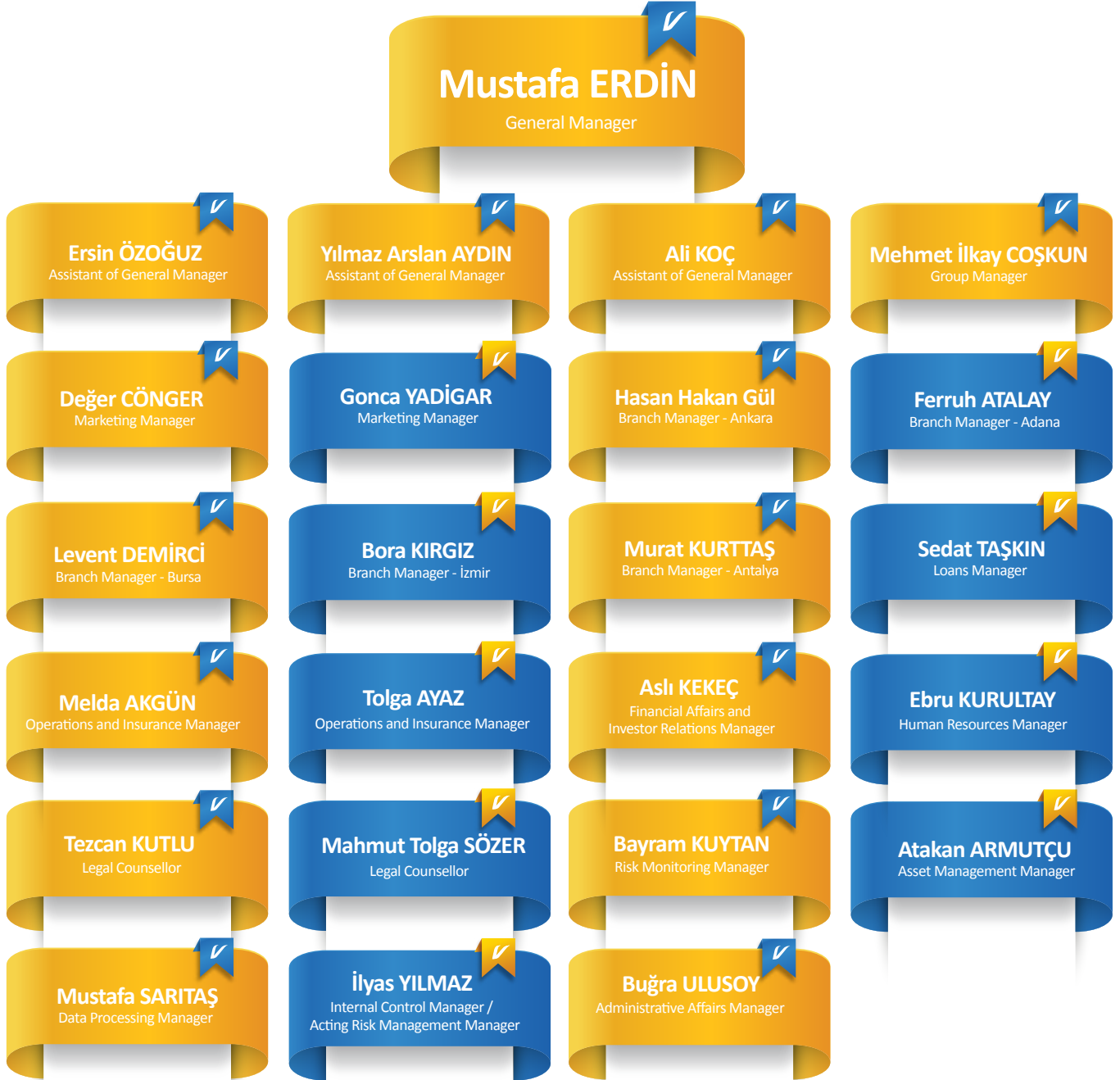
Mustafa ERDİN
General Manager

Ersin ÖZOĞUZ
Assistant General Manager

Yılmaz Arslan AYDIN
Assistant General Manager

✓ OUR EXECUTIVES

2022





**GENERAL INFORMATION
ABOUT THE COMPANY**

✓ GENERAL INFORMATION
ABOUT THE COMPANY

2022

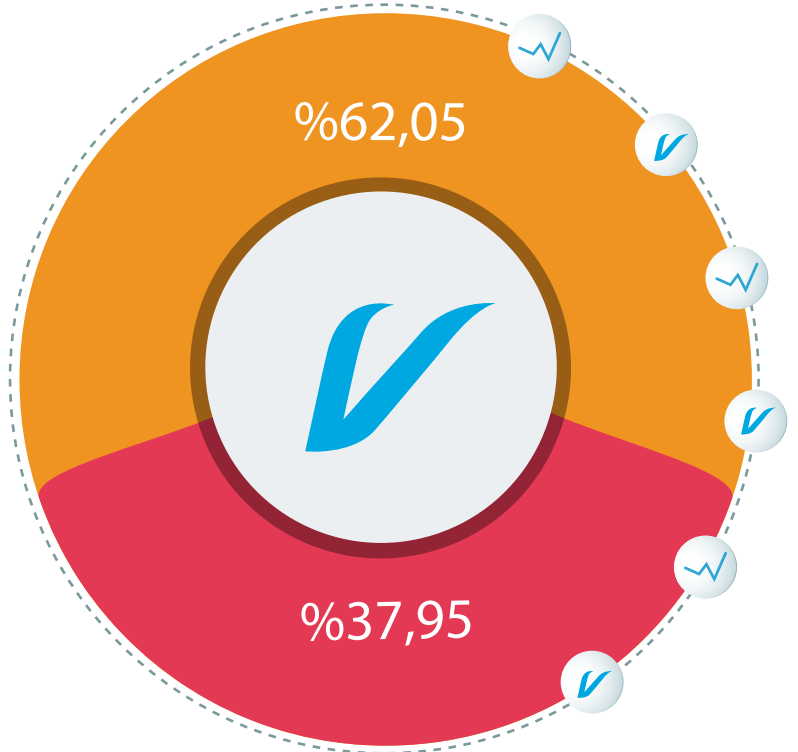
• Date of Commencement of Operations	15/09/1988
• Main Field of Activity	Financial Leasing
• Company Headquarter	İstanbul
• Paid-up Capital	600.000 thousand TL
• Number of Personnel	76
• Chairman of the Board of Directors	Hazım AKYOL
• General Manager	Mustafa ERDİN
• Independent Audit Organization	Güney Bağımsız Denetim and SMMM A.Ş.
• Address - Head Office	Büyükdere Cad. Matbuat Sok Gazeteciler Sitesi No: 13 Esentepe-Şişli / İstanbul
• Phone	90 (212) 337 67 67 – (Operator)
• Trade Registry Number	248616
• Mersis Number	0922003369500010
• Fax	90 (212) 337 67 99
• Web-site	www.vakifleasing.com.tr

SUBSIDIARIES AND AVAILABLE-FOR-SALE FINANCIAL ASSETS

- Vakıf Faktoring A.Ş.
- Vakıf Pazarlama Sanayi ve Tic. A.Ş.
- Vakıf Enerji ve Madencilik A.Ş.
- Doğu Yatırım Holding A.Ş.
- Vakıf Yatırım Menkul Değerler A.Ş.
- Tasfiye Halinde World Vakıf UBB. Ltd.

PARTNERSHIP STRUCTURE

	%	Thousands TL
• T.Vakıflar Bankası T.A.O.	% 62,05	372.274
• Public Offering	% 37,95	227.726
• Total	% 100	600.000





CORPORATE
IDENTITY

✓ CORPORATE IDENTITY / History and Milestones

2022

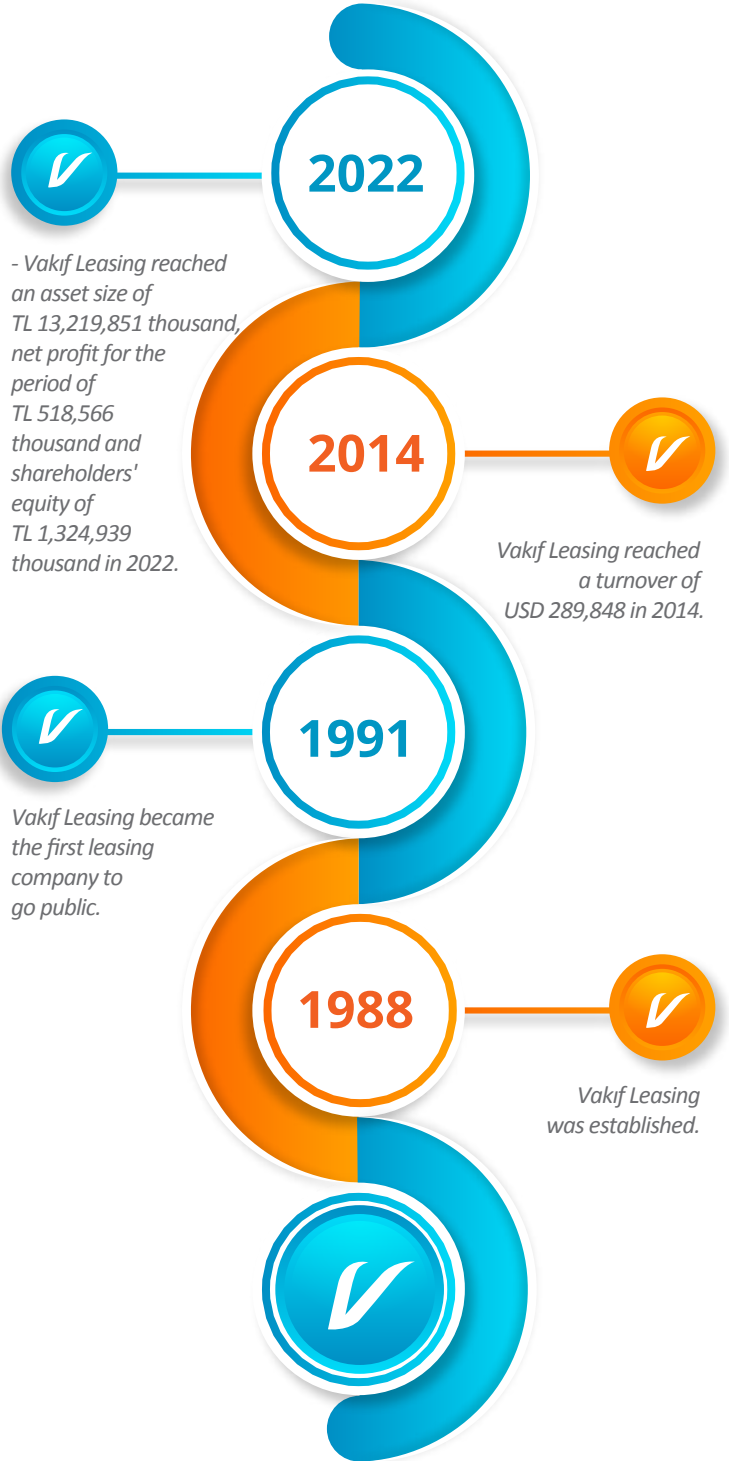
On September 15, 1988, Vakıf Leasing was appointed to Vakıf Finansal Kiralama A.Ş. as a subsidiary of Vakıf-bank. In 1991, it became the first leasing company listed on the Istanbul Stock Exchange and opened to the public.

34 years full of success filled the Vakıf Leasing, contributing to increased development and employment in our country continues to be one of Turkey's surplus value. Vakıf Leasing, which provides investors with significant advantages in leasing with the experience of being able to make the right moves at the right time with careful work, has adopted the right principles from yesterday to today; decisively, faithfully and progressively.

Aiming to provide financial intermediation to SMEs and investors in the commercial segment, which constitute a significant portion of its customer portfolio, Vakıf Leasing continues on its way by increasing its market share in the sector.

The most important indicator of Vakıf Leasing's innovative approach is; is the first company to provide leasing services in sectors such as aircraft and aviation, wind power.

Vakıf Leasing has branches in Ankara, Adana, İzmir, Bursa, Antalya and continues its comprehensive operations with its extensive customer portfolio and service network throughout the country, backed by the corporate strength of Vakıfbank's nearly one thousand branches.



CORPORATE IDENTITY / Our Vision - Our Mission Our Values - Code of Ethics



OUR VISION

*To be the first choice of investors in the leasing sector, **to be a Leading Company** that its employees will be proud of, by offering its customers the most appropriate finance- man opportunities in their investments with the highest level of customer satisfaction and service quality.*



OUR MISSION

*To Create **Continuous Value** for our customers, employees and shareholders with a success-based, contemporary and customer-oriented approach.*



OUR VALUES

Quality service understanding based on knowledge and creativity.

Fast and effective decision making.

High sense of responsibility with a belief in continuous development.

Open communication based on mutual trust. Employees who are dedicated to success and have team spirit.

Commitment to ethical and professional rules.



OUR CODE OF ETHICS

Full compliance with the regulations issued by law. Honesty in relations with customers, sellers and creditors.

Transparency and reliability.

Carrying out activities by taking into account the reasons for economic development as well as profitability.

Respecting information and confidentiality and keeping secrets.

Not creating unfair competition by considering the common interest of the sector.



*Vakıf Leasing
in 34th Year*



VAKIF FİNANSAL
KİRALAMA A.Ş.
CORPORATE
GOVERNANCE



VAKIF FİNANSAL KİRALAMA A.Ş. DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

2022

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Vakıf Finansal Kiralama A.Ş. ("Vakıf Leasing" or the "Company") is committed to the corporate governance principles set out in the Financial Leasing, Factoring and Financing Companies Law, capital markets legislation, Turkish Commercial Code and related regulations and pays utmost attention to the realisation of these principles. The Company has adopted the concepts of equality, transparency, accountability and responsibility of the Corporate Governance Principles ("Principles") published by the Capital Markets Board ("CMB").

The Company has adopted the following Corporate Governance Principles from the Corporate Governance Principles included in the annex of the Corporate Governance Communiqué numbered II-17.1, which entered into force after being published in the Official Gazette dated 03 January 2014 and numbered 28871;

a-) The Company is in compliance with the principles that are mandatory for companies to comply with. These principles are (1.3.1.), (1.3.5.), (1.3.6.), (1.3.9.), (4.2.6.), (4.3.1.), (4.3.2.), (4.3.3.), (4.3.3.), (4.3.4.), (4.3.5.), (4.3.6.), (4.3.7.), (4.3.8.), (4.5.1.), (4.5.2.), (4.5.3.), (4.5.4.), (4.5.9.), (4.5.10.), (4.5.11.), (4.5.12.), (4.5.13.), (4.6.2.) and (4.6.3.).

The duties, authorities and responsibilities of the "Investor Relations Department", which carries out its activities as the Financial Affairs and Investor Relations Department, have been revised in accordance with the framework specified in Article 11 of the Corporate Governance Communiqué, and thus full compliance with the relevant legislation has been achieved.

b-) Regarding non-mandatory principles;

There are female members in the Company's Board of Directors. No target ratio and target time has been set for the ratio of female members in the Board of Directors. In this context, there is partial compliance with the advisory principle no. 4.3.9.4.5. Regarding the Sustainability Policy, compliance studies have been initiated.

REPORT ON COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES:

In accordance with the decision of the Capital Markets Board dated 10.01.2019 and numbered 2/49, Compliance Reporting No. II-17.1 will be made through the PDP platform using the Corporate Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates.

Related Reports can be accessed at www.kap.org.tr/tr/sirket-bilgileri/ozet/1115-vakif-finansal-kiralama-a-s

VAKIF FİNANSAL KİRALAMA A.Ş.
CORPORATE GOVERNANCE PRACTICES

CORPORATE GOVERNANCE PRACTICES

SHAREHOLDERS

2.1 Investor Relations Department

The Investor Relations Department operates under the Financial Affairs and Investor Relations Department, reporting to Group Manager Mehmet İlkey COŞKUN in relation to the duties of the Investor Relations Department.

The Financial Affairs and Investor Relations Department, which manages relations with institutional investors, rating agencies and shareholders, makes quarterly presentations to the Board of Directors on all activities carried out, especially the presentation of comparative financial analyses with competitor companies. The licence of the department manager is as shown below:

Name and Surname	Title	Licence Certificate
*Gonca YADIGAR	Director	Capital Market Activities Advanced Level Licence
Mehmet İlkey COŞKUN	Group Director	Corporate Governance Assessment Licence
*Serves as a member of the Corporate Governance Committee in accordance with Article 11 and paragraph 2 of the Corporate Governance Communiqué.		

The personnel working under the Financial Affairs and Investor Relations Department are as follows:

Name and Surname	Title	Phone Number	E-Mail Address
Mehmet İlkey COŞKUN	Group Director	0212 337 67 67	I.COSKUN@vakifleasing.com.tr
Aslı KEKEÇ	Director	0212 337 67 67	A.KEKEC@vakifleasing.com.tr
Neslihan YILDIZLI	Manager	0212 337 67 67	N.YILDIZLI@vakifleasing.com.tr
Ece AKGÜN	Expert	0212 337 67 67	E.AKGUN@vakifleasing.com.tr
Barış ATIK	Assistant Expert	0212 337 67 67	B.ATIK@vakifleasing.com.tr

The main duties and responsibilities of the Investor Relations Department are as follows

- To ensure that shareholder records are kept in a healthy, secure and up-to-date manner,
- To respond to shareholders' written requests for information about the company, except for confidential and commercial information about the company that has not been disclosed to the public,
- To ensure that the general assembly meeting is held in accordance with the applicable legislation, articles of association and other internal regulations,
- To prepare the documents that can be utilised by the shareholders at the general assembly meeting,
- To ensure that the voting results are recorded and reports on the results are sent to the shareholders,
- To observe and monitor all kinds of issues related to public disclosure, including the legislation and the company's disclosure policy.

Throughout the year 2022 by the Investor Relations Department;

The Ordinary General Assembly Meeting held in 2022 has been organized to fulfill the scope and the form required by the related Law, Capital Markets Law, Corporate Governance Communiqué, Company Articles of Association and other legislation.

2.2 Exercise of Shareholders' Right to Obtain Information

Questions addressed to the Investor Relations Unit, except for confidential information and trade secrets, are answered either by telephone or in writing by contacting the most authorised person of the relevant subject.

In 2022, there were no written requests for information received by the Investor Relations Unit; however, the necessary answers were given to telephone inquiries. Information and developments concerning the Company, such as share transactions, capital increases, dividend payments, general assembly meetings, financial reports, material event disclosures, etc., which are of interest to shareholders, are regularly communicated to the relevant parties via the Company's website, mail and telephone. In addition, written responses are provided to the requests of domestic shareholders for information on the status of their shares, conversion of their existing shares, and distribution of shares after death.

On the other hand, the request for the appointment of a special auditor is not regulated as an individual right in the Articles of Association and no request for the appointment of a special auditor was received during the reporting period.

2.3 General Assembly Meetings

Ordinary General Assembly;

The General Assembly of our company for the 2021 activity period was held on 31.03.2022 at the company headquarters with the participation of the representatives of the shareholders, the Ministry Representative of the Ministry of Trade of the Republic of Turkey, and 75.09% shareholders.

At the General Assembly Meeting of our Company held on 31.03.2022, "Article 6 titled Capital" of the Articles of Association of the Company was amended and the registered capital ceiling was increased from TL 1,000,000,000 to TL 2,000,000,000,000.

The Company held its Ordinary General Assembly Meeting in 2022 in accordance with the provisions of the "Regulation on General Assembly Meetings of Joint Stock Companies to be held electronically" and the "Communiqué on the General Assembly System to be applied in General Assemblies of Joint Stock Companies". Thus, shareholders had the opportunity to attend the General Assembly meeting electronically, make suggestions, express their opinions and vote.

VAKIF FİNANSAL KİRALAMA A.Ş. CORPORATE GOVERNANCE PRACTICES

2022

It is announced to the public and shareholders via Public Disclosure Platform, Turkish Trade Registry Gazette, e-Company Information Portal and e-General Assembly Electronic General Assembly System, and also published on the Company's website.

For the e-General Assembly service, which enables attending, making proposals, expressing opinions and voting in the Company's General Assembly Meeting electronically, a General Assembly call is made at least 21 days prior to the General Assembly Meeting in the CRA system, excluding the meeting and call days. In addition, these documents are also sent by mail to shareholders whose address information is up-to-date in the Company records.

The Company's Balance Sheet and Profit and Loss statements for the 2021 accounting period, the Board of Directors' Annual Report for 2021, the Financial Statements and Footnotes for 2021, including the Independent External Audit Firm Report, prepared for the General Assembly, are made available for the information and review of the Company's shareholders prior to the General Assembly at the Company Headquarters as well as the CRA system. In addition, upon request of the shareholders, the invitation to the General Assembly, agenda and power of attorney samples can be obtained. Shareholders who have the right to attend the General Assembly and fulfil the necessary procedures to attend the General Assembly attended the Ordinary General Assembly Meeting in 2022.

In the announcements and invitation letters published prior to the General Assembly, shareholders are informed about:

- The date, time and place of the meeting,
- The agenda of the meeting,
- The body by which the invitation was made (the Company's Board of Directors),
- The addresses where the Annual Report and balance sheet, profit and loss statements will be submitted for the review of the shareholders (Head Office),
- Samples of proxy forms for shareholders who cannot attend the meeting in person.

The Annual Report includes information such as Company activities, information on senior management, Company balance sheets, balance sheet footnotes, Independent Audit Report, Corporate Governance Principles Compliance Report, etc. The Annual Report is provided to shareholders upon request by the Investor Relations Department before and after the General Assembly.

In both Ordinary General Assemblies of the Company, all shareholders, regardless of their shareholding rates, have the right to speak, express their opinions and ask questions on agenda items. At the Ordinary General Assembly meeting held on 31 March 2022, the questions asked by the shareholders who attended both physically and electronically,

the wishes and opinions expressed, and the answers given by the Chairman of the Meeting and the Council Board regarding the aforementioned issues are included in the General Assembly minutes in detail. The minutes and annexes of the General Assembly meetings are announced to the public and shareholders through the Public Disclosure Platform, the Turkish Trade Registry Gazette, the e-Company Information Portal and the e-General Assembly Electronic General Assembly System, and are also published on the Company's website.

In 2022, there were no transactions where the decision was left to the General Assembly due to the lack of affirmative votes by the majority of the Independent Board Members.

Shareholders who control the management, members of the board of directors, executives with administrative responsibilities and their spouses and relatives by blood or marriage up to second degree do not have any significant transactions with the Company or its subsidiaries that may cause conflict of interest. In addition, it has been understood that the aforementioned persons do not carry out any commercial business transactions within the scope of the Company's or its subsidiaries' field of activity on their own account or on behalf of others, or that they do not have any responsibility as unlimited partners in another partnership engaged in the same type of commercial business.

Pursuant to the last item of the agenda, shareholders and other invitees exercised their right to ask questions, and after receiving adequate answers from the company executives, they expressed their wishes for a favourable outcome.

2.4 Voting Rights and Minority Rights

The voting rights of shareholders and provisions regarding the exercise of these rights are set forth in the Company's Articles of Association.

At the General Assembly meetings, each shareholder holding ten shares or representing this amount of shares has one vote. Holders of more than ten shares have the right to vote without limitation in a number to be determined according to the above-mentioned ratio.

There is no cross-shareholding relationship in the Company capital. The exercise of minority rights is subject to the Turkish Commercial Code, Capital Markets Law, relevant legislation and the communiqués and resolutions of the CMB.

Our Company does not use cumulative voting method.

2.5 Dividend Rights

There are no privileges in terms of participation in the Company's profits.

The "Dividend Distribution Policy" of our Company, which determines the dividend distribution decisions by taking into consideration the provisions of the Turkish Commercial Code, Capital Markets Legislation, Capital Markets Board regulations, tax laws and other legal legislation together with the Company's articles of association, has been determined according to the following principles.

VAKIF FİNANSAL KİRALAMA A.Ş. CORPORATE GOVERNANCE PRACTICES

According to this;

- The Board of Directors decides on profit distribution; The CMB legislation provides recommendations to the General Assembly taking into consideration the market conditions and the Company's objectives. In the event that there is no negativity in the economic conditions of the world and country as a dividend distribution policy, and if the Company's financial structure and capital adequacy ratios are at the foreseen levels, it is foreseen that at least 10% of the distributable profit shall be distributed as cash and / or registered shares.
- The decision of distribution shall come into force if it is approved by the General Assembly and the decisions taken shall be announced to the public on the same day through the Public Disclosure Platform.
- Cash dividend payments are made no later than the end of the second month following the date of the General Assembly meeting at which the dividend distribution decision is taken. Dividend distribution in the form of bonus shares is realized following the receipt of legal permissions.
- There are no privileged shares in terms of dividend distribution.
- If dividend distribution is not made, the Board of Directors submits to the shareholders the reasons why it was not distributed and where the undistributed profit was used.
- The Company's Articles of Association, the Capital Markets Law, the provisions of the Capital Markets Board's communiqués and the Turkish Commercial Code shall be complied with in dividend distributions.

The Company's Board of Directors submits its proposal for dividend distribution to the General Assembly each year and to shareholders through the annual report prior to the General Assembly. The Board of Directors' proposal for profit distribution is discussed and resolved at the General Assembly. The decision taken in 2022 regarding the profit distribution for 2021 has been implemented and the necessary notifications have been made to the official authorities. In addition, the relevant decision was announced to the public on the same day via the Public Disclosure Platform.

2.6 Transfer of Shares

There are no provisions restricting the transfer of shares in the Articles of Association of our Company. According to Article 7 of the Articles of Association, all of our Company's shares are registered shares and their transfer is possible in compliance with the provisions of the legislation.

PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Company Website and its Content

The Company's Turkish and English websites can be accessed at www.vakifleasing.com.tr.

The Company's website is in compliance with the principles numbered (2.1.1), (2.1.2) and (2.1.3) of the Corporate Governance Communiqué (11-17.1) published by the CMB on 03.01.2014.

3.2 Annual Report

The Company's Annual Report is in compliance with the principles numbered (2.2.1) and (2.2.2.2) of the Corporate Governance Communiqué (11-17.1) published by the CMB on 03.01.2014.

SHAREHOLDERS

4.1 Informing Stakeholders

Vakif Leasing's shareholders are regularly informed about necessary issues through annual reports, news and announcements on the website.

In order to ensure accurate and reliable information flow, information regarding the financial statements announced every quarter is shared with investors via the website and announced on PDP. All questions and requests raised by investors are answered by telephone and e-mail.

4.2 Shareholders' Participation in Management

Our Company has established two different models for stakeholders' participation in management.

Committee Meeting: Decisions taken at regular committee meetings are implemented by our Company.

Suggestion System: Through this system, employees submit their suggestions for improvement and development in all matters related to the Company and the suggestions found appropriate are put into practice.

In addition, "Weekly General Evaluation Meetings" are organised to inform employees about the general activities and progress of the Company and to receive their suggestions, and the financial structure and performance data of the Company are evaluated together with the employees.

4.3 Human Resources Policy

Our Company's human resources policy is carried out within the framework of the "Human Resources Directive". We also continue to work on career planning. Our Company plays an important role in the success and development of the sector. Vakıf Leasing pays special attention to equipping and developing its employees with the necessary equipment for productive work, especially training, and regards its employees as its most important capital. It employs employees with researcher, visionary, creative and problem-solving qualities.

All employees in our Company have the understanding of working with team spirit and have innovative goals.

Recruitments and promotions at Vakıf Leasing are carried out with the decision of the Board of Directors within the framework of the Human Resources Regulation. There is no discrimination among the employees of our Company in any matter. Our employees enjoy full equality in all matters.

4.4 Code of Ethics and Social Responsibility

- Full compliance with statutory regulations
- Honesty, transparency and reliability in relations with customers, sellers and creditors
- To operate by taking into account the reasons for economic development as well as profitability
- To respect information and confidentiality and to keep information confidential
- Not creating unfair competition by considering the common interest of the sector.

Vakıf Leasing is aware of its social responsibilities towards its customers, employees and society and endeavours to fulfil these responsibilities in the best way possible. It complies with all regulations related to business life, stands behind its commitments disclosed to the public in its services and gives confidence, encourages its employees to honest and ethical behaviour, takes all measures related to the safety of the workplace, does not engage in misleading and deceptive advertising and marketing activities, complies with and supports the rules prohibiting discrimination. It endeavours to resolve customer problems quickly, covers most of the health expenses of its employees, and continuously strives to improve service quality.

4.5 Sustainability Policy

In accordance with the provisions of the Communiqué on Amendments to the Capital Markets Board Communiqué on Corporate Governance (II-17.1) (II-17.1.a), an Environmental and Social Policy Text and an Environmental and Social Impacts Working Group have been established with the approval of the Board of Directors of our company in order to comply with the sustainability principles and to establish an environmental and social risk management policy, the implementation of which is voluntary, and the relevant text has been published under the corporate communication tab of our website. Sustainability Reports are available at www.kap.org.tr/Bildirim.

With the working group, which is directed by the relevant Assistant General Manager, our company makes maximum effort to comply with sustainability principles and takes into account the environmental and social impacts of its activities in accordance with its policy while determining its strategies.

VAKIF FİNANSAL KİRALAMA A.Ş.
CORPORATE GOVERNANCE PRACTICES

BOARD OF DIRECTORS

5.1 Structure and Composition of the Board of Directors

According to Article 8 of the Company's Articles of Association, the structure of the Board of Directors is defined as follows.

"The affairs and administration of the Company are carried out by a board of directors consisting of at least 5 members including the general manager. The board of directors elects a chairman from among its members and a deputy chairman to act in his absence. The duties of general manager and chairman of the board of directors cannot be combined in the same person. The members other than the general manager are elected by the shareholders at the general assembly in accordance with the provisions of the Turkish Commercial Code. The majority of the members of the board of directors shall consist of non-executive members. Among the non-executive members of the Board of Directors, there are independent members who are qualified to perform their duties without being influenced under any circumstances, and whose number and qualifications are determined in accordance with the regulations of the Capital Markets Board on Corporate Governance and the provisions of the relevant legislation. The general manager of the Company, or in his absence, his deputy, is a natural member of the Board of Directors. The general manager and his/her deputy must have a bachelor's degree and at least seven years of professional knowledge and experience in the field of finance or business administration. In the implementation of the provisions of this article, the provisions of the Financial Leasing, Factoring and Financing Companies Law No. 6361 and related legislation are reserved."

Name and Surname	Title	Commencement Date
Hazım AKYOL	Chairman of the Board of Directors	26/06/2019
Halil ÇELİK	Deputy Chairman of the Board of Directors - Independent Member	26/06/2019
	Audit Committee - Chairman	01/04/2022
	Corporate Governance Committee - Chairman	01/04/2022
Emine UYUMAZ	Board Member	03/04/2018
Eren SÜZEN	Board Member	25/06/2020
	Corporate Governance Committee - Member	01/04/2022
Savaş Atanur KAZAZ	Board Member – Independent Member	03/04/2018
	Early Risk Detection Committee - Chairman	01/04/2022
	Audit Committee - Member	01/04/2022
Selçuk GÖKBAYRAK	Board Member – Independent Member	01/04/2022
	Early Risk Detection Committee - Member	01/04/2022
Mustafa ERDİN	Board Member – General Manager	05/05/2021

The Chairman of the Board of Directors has no executive duties. General Manager Mustafa ERDİN is an executive member of the Board of Directors.

The resumes of the members of the Board of Directors are published in the Annual Report.

In accordance with the CMB's Serial: IV No: 56 of the CMB Communiqué on the Determination and Implementation of Corporate Governance Principles number is determined as three. It has been determined that Halil ÇELİK, Savaş Atanur KAZAZ, Selçuk GÖKBAYRAK fulfil the independence criteria specified in Principles 4.3.6 and 4.3.7 of the CMB Corporate Governance Principles and that and 4.3.3.6 and 4.3.7 of the CMB's Corporate Governance Principles, and that these persons fulfil the independence criteria set forth in the legislation, articles of association and the relevant communiqué. There are declarations of independence within the framework.

The declarations of the independent members of the Board of Directors regarding their independence and any circumstances that may impair their independence as of the related activity period there is no situation.

VAKIF FİNANSAL KİRALAMA A.Ş. CORPORATE GOVERNANCE PRACTICES

2022

Partnerships and duties of the members of the Board of Directors outside the Company:

NAME AND SURNAME	PARTNERSHIPS AND DUTIES OUTSIDE THE COMPANY	TITLE
Hazım AKYOL	T. Vakıflar Bankası T.A.O.	Assistant General Manager
Emine UYUMAZ	T. Vakıflar Bankası T.A.O.	Head of Commercial Loans Allocation Management
Eren SÜZEN	T. Vakıflar Bankası T.A.O.	Head of SME, Retail and Consumer Loans Allocation Management

5.2 Operating Principles of the Board of Directors

The Board of Directors shall convene at the location of the Company's headquarters or at the location requested by the majority of the members of the Board of Directors as required by the Company's business and operations. However, it is obligatory to convene at least once a month. Even if the meeting is not duly convened, the presence of all members at the meeting place on a certain day and time does not prejudice the validity of the meeting. Those who have the right to attend the meetings of the Board of Directors of the Company may attend these meetings electronically in accordance with Article 1527 of the Turkish Commercial Code. The Company may establish an electronic meeting system that will enable the right holders to participate and vote in these meetings electronically in accordance with the provisions of the Communiqué on General Assemblies to be held in Electronic Environment in commercial companies other than the general assemblies of joint stock companies, or may purchase services from systems established for this purpose. In the meetings to be held, it is ensured that the right holders can exercise their rights specified in the relevant legislation within the framework specified in the provisions of the communiqué through the system established in accordance with this provision of the Articles of Association of the Company or through the system from which support services will be purchased. The provisions of the Turkish Commercial Code shall apply to the meeting quorum and decision quorum of the Board of Directors.

The agendas of the Board of Directors meetings are determined according to the issues and authorisations specified in the Articles of Association. 41 Board of Directors meetings were held during the period 01.01.2022 - 31.12.2022. The Board of Directors convenes at the location of the Company's headquarters or at the location requested by the majority of the members of the Board of Directors as required by the Company's business and operations. However, it is obligatory to convene at least once a month. The provisions of the Turkish Commercial Code shall apply to the meeting quorum and decision quorum of the Board of Directors. The General Manager's Secretariat is responsible for informing and communicating with the members of the Board of Directors. Decisions that need to be disclosed to the public are disclosed to the public immediately after the end of the meeting.

- Determining the fields of activity of the Company and approving the business and financing plans,
- Issues related to the convening and organisation of the Ordinary / Extraordinary General Assembly,
- Finalisation of the annual report to be submitted to the General Assembly,
- Election of the Chairman and Vice Chairman of the Board of Directors and appointment of new members,
- Establishment or dissolution of administrative units, - Appointment or dismissal of the Chief Executive Officer/General Manager,
- Establishment of committees,
- Merger, demerger, reorganisation, sale of the whole company or 10% of the fixed assets or investment of more than 10%, expenditure of more than 10% of the total assets,
- Determination of the Company's dividend policy and the profit to be distributed,
- All members actually attend the meetings held on issues such as capital increase or decrease.

5.3 Number, Structure and Independence of the Committees Established in the Board of Directors

In order to fulfil the duties and responsibilities of the Board of Directors of our Company, an Audit Committee consisting of two members (Chairman - Halil ÇELİK, Member - Savaş Atanur KAZAZ), a Corporate Governance Committee consisting of three members (Chairman - Halil ÇELİK, Member - Eren SÜZEN, Member - Gonca YADİGAR) and an Early Detection of Risk Committee consisting of two members (Chairman - Savaş Atanur KAZAZ, Member - Selçuk GÖKBAYRAK) were formed in accordance with the Corporate Governance Communiqué required for publicly traded companies.

The number of members of the Board of Directors of the Company is 6. Since the number of members of the committees affiliated to the Board of Directors is higher than the number of members of the Board of Directors according to the principles specified in the CMB Corporate Governance Principles and BRSA, the members serve in more than one committee.

5.4 Risk Management and Internal Control Mechanism

- Internal Control:

The internal control unit, which reports to the Audit Committee within the Board of Directors, is responsible for identifying the risks that have occurred or may occur, ensuring that preventive and mitigating measures are taken against these risks, and reporting the findings to the Audit Committee periodically (at least twice a year).

VAKIF FİNANSAL KİRALAMA A.Ş.
CORPORATE GOVERNANCE PRACTICES

Company activities, systems and processes; whether it has been implemented in accordance with legal regulations, management strategies and policies, and leasing practices; There is a systematic and disciplined approach to directives, workflows and employee authority and compliance, and recommendations are made to identify and prevent risks and take measures to mitigate them.

In order to prevent losses that may affect the achievement of the Company's objectives, it is aimed to establish an internal control system to identify, evaluate, monitor and manage potential credit, market and operational risk factors that may affect the Company's assets according to impact and probability and therefore using the results in decision-making mechanisms.

Effective from 2020, within the scope of the "Communiqué on the Management and Audit of Information Systems of Financial Leasing, Factoring and Financing Companies" published by the BRSA in the Official Gazette dated 06.04.2019 and numbered 30737, the Internal Control Units were also assigned the task of preparing, reviewing and presenting the "Regulatory Compliance Report" to the Board of Directors. In the same communiqué, it is emphasised that although external services may be used for the preparation of the "Risk Assessment Report" and "Security Breaches Report", the presentation of the reports to the management shall be undertaken by the internal control unit or other units of the Company.

The Internal Control Manager also carries out the duties of ensuring compliance with the legislation of the Financial Crimes Investigation Board as a Compliance Officer, taking necessary measures throughout the Company, carrying out training and control activities and ensuring communication with the Board.

- Risk Management:

The Committee operates under the Early Detection of Risk Committee within the Board of Directors. It determines the principles, approaches and basic elements in order to reveal the risks that the Company will be exposed to in line with its general strategies and short- and long-term targets and the strategies to be followed for these risks and reports to the Early Detection of Risk Committee periodically (recommendation - suggestion; at least 6 times a year - report; once a year).

Risk management process; it is a cycle in which the risks that may or may not prevent the achievement of the strategic objectives of the company are identified, defined, classified, and their priorities are determined, evaluated and monitored as a result of the risk assessment.

5.5 The Company's Strategic Goals

The strategic goals that our managers create are approving the evaluation of the previous year and the targets of the next year at the end of each year. In addition, our Board of Directors evaluates the achievement of the identified targets.

5.6 Financial Rights

At the Ordinary General Assembly dated May 31, 2022, it was decided to pay TL 7.590 monthly to the members of the Board of Directors.

There are no other payments or rights granted to the members of the Board of Directors. The remunerations and benefits of the members of the Board of Directors are not determined according to their performance. Defects and damages that may be caused by the members of the board of directors during the course of their employment are not insured.

The Company has not provided any loans or credits to any Board Member, nor has the Company given any personal loan through a third party, nor has the Company given any guarantee or collateral, such as indemnity, for the benefit of any third party.

In accordance with the Corporate Governance Principles, the remunerations and all other benefits provided to the senior management as well as the members of the Board of Directors are disclosed to the public through the annual report. However, the disclosure is not made on the basis of the person but on the basis of the distinction between the Board of Directors and senior management.

In 2022, the Company paid TL 920 thousand to the Members of the Board of Directors and TL 5,765 Thousand to the General Manager and Assistants of General Manager.

✓ DECLARATIONS OF AUTONOMY
WITHIN THE SCOPE OF NOTIFICATION ON DETERMINATION AND
IMPLEMENTATION OF CORPORATE GOVERNANCE PRINCIPLES

VAKIF FİNANSAL KİRALAMA A.Ş.
İSTANBUL

HERE IS MY DECLARATION OF AUTONOMY WITHIN THE SCOPE OF THE CORPORATE GOVERNANCE COMMUNIQUÉ.

I hereby declare, acknowledge and undertake that

a) I have complied with the principle that the Company, the partnerships in which the Company has management control or significant influence, the shareholders who control the management of the Company or have significant influence in the Company, and the legal entities controlled by these shareholders, and myself, my spouse and my relatives by blood or marriage up to the second degree have not been employed in managerial positions that will assume important duties and responsibilities in the last five years, and that I do not jointly or individually own more than 5% of the capital or voting rights or privileged shares, or that no significant commercial relationship has been established,

b) I have complied with the principle of being a partner (5% or more) in companies from which the company purchases or sells services or products to a significant extent within the framework of agreements made within the last five years, primarily for the audit, (including tax audit, legal audit, internal audit) rating and consultancy of the company, or being a member of the Board of Directors or an employee in an executive position that will assume important duties and responsibilities during the periods when services or products are sold,

c) I have professional education, knowledge and experience in order to duly fulfil the duties assigned for being an independent board member,

ç) I will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,

d) I am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,

e) I am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,

f) I am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfil the allocated duties,

g) I have not conducted membership of board of directors more than a term of six years in the last ten years, from Board of Directors,

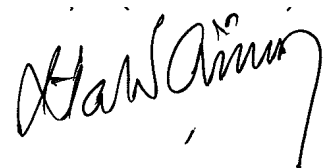
ğ) I am not an independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,

h) I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors,

In case of the emergence of a condition violating my autonomy, I will immediately inform the board of directors for the change to be declared to the public by me and I will resign from my duties as the member of board of directors and others as the principle requires since I will lose independence under such circumstance.

01.04.2022

Halil ÇELİK
Independent Member of the Board of Directors



2022

DECLARATIONS OF AUTONOMY
WITHIN THE SCOPE OF NOTIFICATION ON DETERMINATION AND
IMPLEMENTATION OF CORPORATE GOVERNANCE PRINCIPLES**VAKIF FİNANSAL KİRALAMA A.Ş.**
İSTANBUL**HERE IS MY DECLARATION OF AUTONOMY WITHIN THE SCOPE OF THE CORPORATE GOVERNANCE COMMUNIQUÉ.**

I hereby declare, acknowledge and undertake that

a) I have complied with the principle that the Company, the partnerships in which the Company has management control or significant influence, the shareholders who control the management of the Company or have significant influence in the Company, and the legal entities controlled by these shareholders, and myself, my spouse and my relatives by blood or marriage up to the second degree have not been employed in managerial positions that will assume important duties and responsibilities in the last five years, and that I do not jointly or individually own more than 5% of the capital or voting rights or privileged shares, or that no significant commercial relationship has been established,

b) I have complied with the principle of being a partner (5% or more) in companies from which the company purchases or sells services or products to a significant extent within the framework of agreements made within the last five years, primarily for the audit, (including tax audit, legal audit, internal audit) rating and consultancy of the company, or being a member of the Board of Directors or an employee in an executive position that will assume important duties and responsibilities during the periods when services or products are sold,

c) I have professional education, knowledge and experience in order to duly fulfil the duties assigned for being an independent board member,

ç) I will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,

d) I am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,

e) I am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,

f) I am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfil the allocated duties,

g) I have not conducted membership of board of directors more than a term of six years in the last ten years, from Board of Directors,

ğ) I am not an independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,

h) I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors,

In case of the emergence of a condition violating my autonomy, I will immediately inform the board of directors for the change to be declared to the public by me and I will resign from my duties as the member of board of directors and others as the principle requires since I will lose independence under such circumstance.

01.04.2022

Savaş Atanur KAZAZ
Independent Member of the Board of Directors

✓ DECLARATIONS OF AUTONOMY
WITHIN THE SCOPE OF NOTIFICATION ON DETERMINATION AND
IMPLEMENTATION OF CORPORATE GOVERNANCE PRINCIPLES

VAKIF FİNANSAL KİRALAMA A.Ş.
İSTANBUL

HERE IS MY DECLARATION OF AUTONOMY WITHIN THE SCOPE OF THE CORPORATE GOVERNANCE COMMUNIQUÉ.

I hereby declare, acknowledge and undertake that

a) I have complied with the principle that the Company, the partnerships in which the Company has management control or significant influence, the shareholders who control the management of the Company or have significant influence in the Company, and the legal entities controlled by these shareholders, and myself, my spouse and my relatives by blood or marriage up to the second degree have not been employed in managerial positions that will assume important duties and responsibilities in the last five years, and that I do not jointly or individually own more than 5% of the capital or voting rights or privileged shares, or that no significant commercial relationship has been established,

b) I have complied with the principle of being a partner (5% or more) in companies from which the company purchases or sells services or products to a significant extent within the framework of agreements made within the last five years, primarily for the audit, (including tax audit, legal audit, internal audit) rating and consultancy of the company, or being a member of the Board of Directors or an employee in an executive position that will assume important duties and responsibilities during the periods when services or products are sold,

c) I have professional education, knowledge and experience in order to duly fulfil the duties assigned for being an independent board member,

ç) I will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,

d) I am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,

e) I am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,

f) I am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfil the allocated duties,

g) I have not conducted membership of board of directors more than a term of six years in the last ten years, from Board of Directors,

ğ) I am not an independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,

h) I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors,

In case of the emergence of a condition violating my autonomy, I will immediately inform the board of directors for the change to be declared to the public by me and I will resign from my duties as the member of board of directors and others as the principle requires since I will lose independence under such circumstance.

01.04.2022

Selçuk GÖKBAYRAK
Independent Member of the Board of Directors



AFFILIATION REPORT 2022

The Affiliation Report Prepared As Per Article 199 of Turkish Commercial Code

Pursuant to Article 199 of the Turkish Commercial Code No. 6102, which entered into force on July 1, 2012, Vakıf Finansal Kiralama A.Ş., the controlling shareholder of its parent, T.Vakıflar Bankası T.A.O. and the report on the relationship of the controlling shareholder with the affiliated partners. Within the framework of the information presented to the Board of Directors, Vakıf Finansal Kiralama A.Ş. In all transactions carried out in 2018 with the controlling partner and the controlling partner of the controlling shareholder, the transaction is performed or any action is taken or avoided in accordance with the known circumstances in which the transaction is performed. And that there were no measures requiring equalization in this framework.

✓ BRIEFING ON OTHER ISSUES

2022

EXPLANATIONS ON THE CORPORATE GOVERNANCE COMMITTEE

- ✓ TL 31,105 thousand of the paid-in capital of TL 250,000 thousand, which was increased in cash in 2021, was completed in 2022. The increased capital was registered in 2022. In 2022, the Company increased its paid-in capital from TL 500,000 thousand to TL 600,000 thousand. The increased amount was covered from the profit of 2021. There has been a change in the organization chart.
- ✓ There is no research and development activity in 2022.
- ✓ During the 2022 accounting period, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. conducted a limited independent audit on 30.06.2022 and an independent audit on 31.12.2022. In addition, the Company's financial statements are subject to quarterly tax audits by Vezin YMM A.Ş. within the scope of full corporate tax certification. has been passed.
- ✓ There are no ongoing lawsuits or legal proceedings against the Company that may have a negative impact on the Company's financial position or results.
- ✓ There are no administrative and judicial sanctions imposed on the members of the company and the governing body due to the practices contrary to the provisions of the legislation.
- ✓ In 2022, no extraordinary general assembly meeting was held.
- ✓ The Company has not acquired any of its own shares.
- ✓ Vakıf Leasing's turnover increased by 51% in 2022 compared to the previous year, rising from USD 265,618 thousand to USD 402,095 thousand. The number of transactions, which was 758 in 2021, increased by 22% to 928 in 2022.
- ✓ Vakıf Leasing's capitalized contract amount increased by 50% in 2022 compared to the previous year and amounted to USD 319,019 thousand. In 2021, the capitalized contract amount was realized as 212,222 thousand USD. In 2022, the number of activated contracts increased by 48% from 652 in 2021 to 964 in 2022.
- ✓ Aiming for disciplined growth, the Company has been selective in its growth in order to manage the pressure on profit margins, which has increased as a result of competition, in an effective and balanced manner, while not compromising on its strategy of building a broad-based and high-quality portfolio in terms of the volume of transactions realized.
- ✓ As of the end of 2022, the paid-in capital of the Company is TL 600,000 thousand and there is no evidence and opinion that the capital is uncovered and the Company is insolvent.



**2022
IN THE WORLD
AND TURKEY**

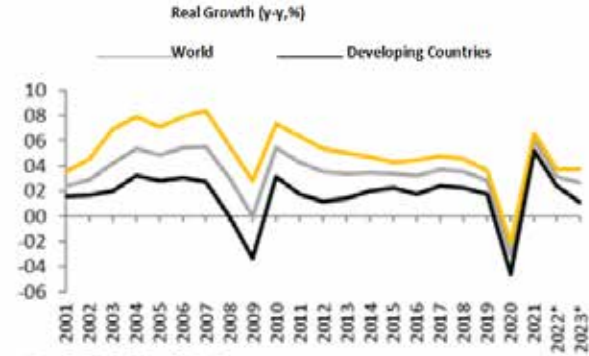
✓ 2022 IN THE WORLD
AND TURKEY

2022

DÜNYADA VE TÜRKİYE'DE 2022 / KÜRESEL EKONOMİ

2022 IN THE WORLD AND TURKEY / GLOBAL ECONOMY

2022 was a year dominated by supply chain disruptions, the sharp rise in energy prices caused by the Russia-Ukraine war, and concerns over Covid-19.



Data Source: *IMF forecast.

After the rapid recovery in global markets following the pandemic, inflation has risen to the highest levels of the last 40 years all over the world as a result of disruptions in the supply chain, the sharp rise in energy prices caused by the Russia-Ukraine war, and the ultra-loose monetary and fiscal policies that started to be implemented worldwide with the pandemic. In response, central banks, particularly in the USA, began raising interest rates at a faster pace than in the past in order to combat inflation. Towards the end of 2022, with signs of a peak in inflation, an idea started to emerge about where the central banks' interest rate hike process would end. However, given that inflation has been the highest in the last 40 years, it will not be easy to bring inflation down to the levels targeted in previous years, despite the sharp interest rate hikes. The world economy, which completed 2021 with 6% growth, is expected to grow by around 3% in 2022 due to monetary tightening.

After a sharp contraction in 2020, the USA economy displayed a positive growth performance in 2021, growing by 5.7%, above expectations. Thus, the country's economy recorded the highest annual growth since 1984. In 2022, the USA economy is expected to grow by around 0.5%. In 2022, employment data improved along with the recovery. The unemployment rate, which was 4% at the beginning of 2022, fell to pre-pandemic levels of 3.5% in July 2022 and hovered around 3.7% in the last quarter of 2022.

As a result of the pressure on prices caused by the deterioration in the supply chain and the sharp rise in energy costs due to the Russian-Ukrainian war, the rise in inflation in the USA, which started in 2021, continued in 2022 and inflation rose above the target level of 2%. From 7.1% at the beginning of 2022, inflation reached 9.1% in June, the highest level since 1981. Inflation came in below expectations at 7.1% in November and declined on an annual basis, indicating that the worst may be behind us. Inflation, which was 7.1% in November, was below expectations and declined on an annual basis, indicating that the worst of inflation may be over. The annual increase in inflation is expected to continue slowing down next year. Inflation in the USA is expected to fall to 6.5% by the end of 2022 and 3.1% by the end of 2023.

The Eurozone economy started 2022 with the risks posed by the Russia-Ukraine war. Regional proximity and the energy dependence of countries in the Eurozone such as Germany, Italy and Hungary on Russia have raised expectations that the Eurozone will enter a recession. However, a mild winter and a drop of up to 80% in natural gas prices have eased recession concerns for the region's economy. The Eurozone economy is expected to grow by 3.4% in 2022.

In 2022, as countries recovered from the pandemic, the Russia-Ukraine war changed the balance in the markets.

The economic effects of the ongoing war between Russia and Ukraine, which started on February 24, had an impact on global markets throughout 2022. The main effects of the war on the markets were the increase in risk perception and the pressure on commodity prices such as grain and oil caused by the fact that two countries that are major grain importers were at war. As a result of Russia's aggression against Ukraine, the United States, European countries and Japan announced various sanctions against Russia. The USA has stopped buying oil from Russia. Due to the risk perception created by the war and the sanctions imposed afterwards, gold and the dollar, which are seen as safe havens, experienced rapid rises. The increased risks of the sanctions, particularly in the energy market, have had a negative impact on the European economy, which is particularly dependent on energy imports from Russia, causing an energy crisis in the region.

While the effects of Russia's operation in Ukraine were priced in global markets, commodity prices, especially gold, rose as safe-haven purchases increased. Then, as a result of Russia's aggression against Ukraine, the United States, European countries and Japan announced various sanctions against Russia. The USA has stopped buying oil from Russia. The dollar, which was seen as a safe haven due to the risk perception created by the war and the sanctions imposed afterwards, continued to rise rapidly. On the other hand, concerns over global growth, especially in the last quarter of the year, led to a decline in commodity prices, particularly oil.

2022

2022 IN THE WORLD
AND TURKEY**In 2022, aggressive interest rate hikes were implemented globally.**

In November 2021, the Fed announced its decision to reduce assets, and although Fed thought that the rise in inflation in the first months of the year was temporary, Fed realized its first rate hike in March 2022. Thus, the Fed raised interest rates at its March meeting for the first time since November 2018. At its March meeting, the Fed adopted a more hawkish stance than in the past and raised interest rates by 25 basis points, signalling 6 rate hikes for the rest of the year. After raising rates by a total of 425 basis points from March to December, the Fed slowed the pace of rate hikes in December. The Fed is expected to end its rate hikes in the first quarter of 2023.

In its statement, the Fed said that continued increases in the target range for the federal funds rate would be appropriate for monetary policy to remain restrictive enough to bring inflation back to 2% over time. In the Bank's statements, it was noted that the cumulative tightening in monetary policy, delays in the impact of monetary policy on economic activity and inflation, economic and financial developments will be taken into account when determining the pace of interest rate hikes.

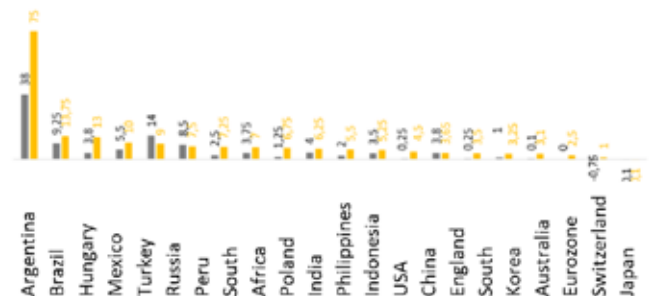
The European Central Bank (ECB) was among the countries that switched to a tightening monetary policy by starting to raise interest rates in 2022 amid rising inflation concerns. The ECB first raised interest rates by 50 basis points in July, thus ending the eight-year negative interest rate policy. The ECB, which raised interest rates by 75 basis points in September and October and 50 basis points in December, increased interest rates by 250 basis points during the year. At the end of the year, the main refinancing rate rose to 2.50%, the marginal lending facility to 2.75% and the deposit rate to 2.00%. The ECB plans to continue raising interest rates for some time and to start monetary tightening in March 2023.

Contrary to the tightening monetary policies of central banks in developed countries, the Bank of Japan (BoJ) maintained its policy of keeping the 10-year yield target at zero and the benchmark interest rate negative throughout 2022. As a result, the Japanese yen suffered one of the fastest depreciations in its history. Although Japan's inflation rate was lower than in other countries, it reached 4%, the highest level in recent years. The BoJ noted that the rise in inflation was due to external, not internal reasons. At the end of the year, the BoJ raised the yield target band for the 10-year Japanese government bond from 25 basis points to 50 basis points to give monetary policy more flexibility. In the statement, it was pointed out that inflation expectations have risen, while the economy continues to grow. BoJ widened the target band for the yield curve but kept the yield target for 10-year bonds at around 0%. The yield target for short-term bonds was maintained at -0.10%. On the other hand, BoJ's surprise change in the yield target band for 10-year Japanese government bonds was perceived as the first sign that BoJ's monetary policy may change in the coming period.

Despite the practice of most countries to end COVID-19 measures, China, the epicentre of the pandemic, has resisted the zero-covid policy. Trade tensions with the USA, the zero-covid policy, the supply chain problems caused by the over-dependence of many companies on China, the relocation of their production facilities and factories, and the problems in the housing market have led the Chinese economy to enter a lower growth period compared to previous years. On the other hand, the quarantine in Shanghai, China's financial centre, as a result of a record number of cases and the subsequent zero-covid policy led to sharp declines in commodity prices, especially oil, considering that China is the world's largest oil importer. But in December, amid growing protests and growth concerns, China ended its zero covid policy. Although this step will increase covid cases in China in the short term, it signalled a shift to a growth-oriented policy in the medium and long term.

In 2021, the fear of high inflation caused by rising costs globally caused many central banks such as Brazil, Mexico, Hungary and Russia to raise interest rates. In 2022, tight monetary policy was followed by central banks. Central banks in developed and emerging economies, particularly the Fed and the ECB, have raised interest rates sharply to combat inflation. The Swiss National Bank (SNB) cut its policy rate from -0.25% to 0.50% at its September meeting. Thus, the 8-year period of negative interest rates in the country came to an end. While the negative interest rate era has come to an end in Switzerland, Japan remains the only developed country to maintain its negative interest rate policy. However, it remains to be seen whether Japan will maintain its negative interest rate in 2023 after the recent change.

Central Banks Policy Interest Rates (Source: Reuters)



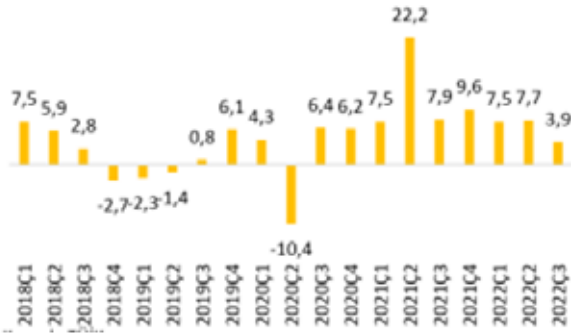
✓ 2022 IN THE WORLD
AND TURKEY

2022

ECONOMY OF TURKEY

The Turkish economy recorded strong growth in the first two quarters of the year.

Real Growth Rate in Turkey (y-y, %)

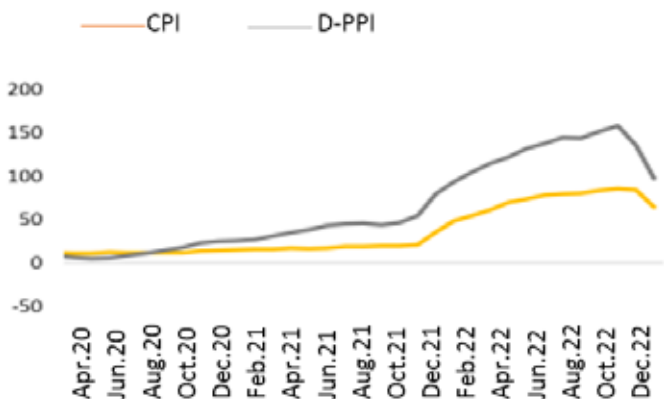


Resource: TÜİK

The Turkish economy grew by 7.5% in the first quarter of 2022 compared to the same quarter of the previous year, having completed 2021 with a growth rate of 11% thanks to the revival in domestic demand and the contribution of a competitive exchange rate. While the services sector was the growth driver in the second quarter, the expenditure component that boosted growth was household consumption. Thus, the Turkish economy maintained its strong outlook in the second quarter and grew by 7.7% on an annual basis, close to expectations. The Turkish economy grew by 3.9% on an annual basis in the third quarter of the year, below the market expectations. Based on the realizations of the first three quarters, the Turkish economy is expected to end the year with a growth rate of around 5%, although growth will slow slightly in the last quarter, according to preliminary and industrial production data.

Inflation, which reached historically high levels during the year, ended the year in decline.

Inflation Indicators (y-y, %)



Resource: CBRT

Both consumer inflation and producer inflation started 2022 at double-digit levels and, after reaching historically high levels during the year, ended the year with a decline thanks to the base effect. The Consumer Price Index (CPI) rose as high as 85.5% in October, while the Domestic Producer Price Index (D-PPI) rose as high as 157.7% in October, due to factors such as increased global inflationary pressure, rising commodity prices, exchange rate developments, and price pressure caused by global supply constraints. Thus, inflation rates, which had reached historically high levels, retreated at the end of the year thanks to the stable course of the exchange rate and the base effect as well as the decline in commodity prices, especially oil prices. Thus, consumer inflation was realized as 64.3% and producer inflation as 97.7% at the end of the year.

The current account balance rose sharply in 2022 due to the rise in commodity prices.

Current account balance / GDP (%)



Resource: CBRT

Throughout 2021, the current account deficit, which was supported by the positive export performance, widened at the start of 2022. This expansion was driven by higher energy prices as well as the rise in energy imports in both quantity and price terms due to the harsh winter conditions compared to the previous period. Thus, in the first quarter of 2022, current account deficit realized as 18.1 billion dollars compared to the same period of the previous year. This was mainly due to the fact that despite the significant increase in service revenues compared to the previous year, especially with the end of the pandemic, the foreign trade deficit increased by 201% in the same period due to the sharp increase in commodity prices, especially oil prices, following the tension between Russia and Ukraine. The current account deficit, which was 4 billion dollars in the first eleven months of 2021, was realized as 42 billion dollars in the first eleven months of 2022. In the 12-month cumulative total, the current account deficit, which was 7.3 billion dollars in 2021, was realized as 45 billion dollars in 2022. The current account deficit is expected to be 47 billion dollars in 2022.

2022

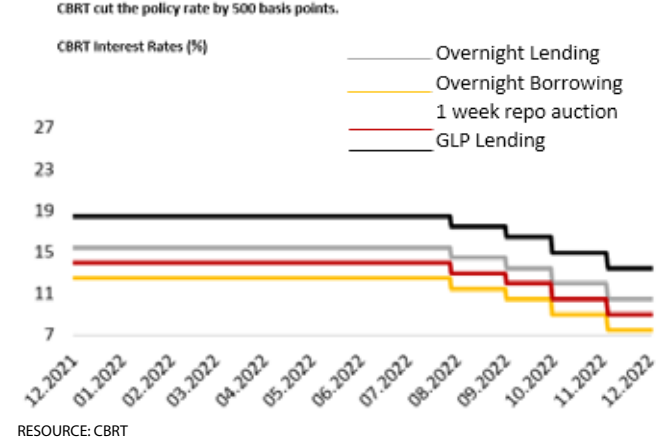
2022 IN THE WORLD
AND TURKEY

The budget balance recovered in the last months of 2022.



Although the budget balance deteriorated in early 2022 due to the transfer to BOTAŞ and the pressure on the budget from FX-protected deposits (FXPD), it recovered as the impact of these effects diminished near the end of the year. The budget balance, which posted a deficit in January due to the increase in tax revenues caused by inflation and the profit transferred from the CBRT to the Treasury in February, continued to run a deficit in March and April due to the transfer to BOTAŞ. In May, the budget balance posted a record surplus and recovered in the second quarter of the year thanks to the rapid increase in corporate tax as well as the rise in value added tax on imports due to the rise in inflation and exchange rates. In June, the budget balance posted a deficit due to the pressure on expenditures from the Treasury's portion of FX-protected deposit payments. In the third quarter of the year, the increase in current transfers had a negative impact on the budget balance. The budget, which posted the highest deficit of the year in October, recovered in November as there was no transfer to BOTAŞ and the effect of FX-protected deposits diminished with the stable course of the exchange rate. Budget balance posted a deficit in the last month of the year after posting a surplus in November. Having posted a deficit of 201.5 billion TRY in 2021, the balance posted a deficit of 139.1 billion TRY in the same period of 2022, indicating that the budget displayed a stronger outlook compared to last year and the MTP target. Taken together with the projection that the Turkish economy will end 2022 with a growth rate of around 5%, this suggests that the budget deficit/GDP will end 2022 below the 3.4% level announced in the MTP in September.

CBRT cut the policy rate by 500 basis points.



In 2022, the Central Bank of the Republic of Turkey (CBRT) conducted a comprehensive policy framework review process that prioritized the Turkish lira in all policy instruments, which it called the Liraization Strategy.

Having kept the policy rate unchanged at 14% in the first seven months of the year, CBRT surprisingly cut interest rates by 100 basis points in August. The CBRT then cut interest rates in September, October and November, and lowered the policy rate to 9% in 2022 by a total of 500 basis points. Thus, the CBRT diverged from the central banks of developed and emerging economies that raised interest rates due to rising inflation concerns.



*Vakıf Leasing
in 34th Year*

VAKIF LEASING IN 2022

VAKIF LEASING IN 2022

Vakif Leasing's turnover increased by 51% in 2022 compared to the previous year, rising from USD 265,618 thousand to USD 402,095 thousand. The number of transactions, which was 758 in 2021, increased by 22% to 928 in 2022.

Vakif Leasing's activated contract amount increased by 50% in 2022 compared to the previous year and amounted to USD 319,019 thousand. In 2021, the number of contracts activated was realized as 212,222 thousand USD. In 2022, the number of activated contracts, which was 652 in 2021, increased by 48% to 964 contracts.

Thousand USD-VAKIF LEASING			
Period	2022	2021	Increase %
First Quarterly Period	47,366	57,177	-17,2
Second Quarterly Period	61,265	30,126	103,4
Third Quarterly Period	89,685	66,541	34,8
Fourth Quarterly Period	120,703	58,378	106,8
TOTAL	319,019	212,222	50,3
Number of Contracts	964	652	47,9

✓ GENERAL EVALUATION

2022

GENERAL EVALUATION

Vakif Leasing is one of the oldest players in the Turkish financial leasing sector and has continued to play a pioneering role in the introduction and development of financial leasing since 1988.

Having intermediated USD 402 million worth of fixed asset investments in 2022, Vakif Leasing has made significant contributions to the development of our country's economy, primarily by supporting SMEs.

Aiming to provide financial intermediation to SMEs and investors in the commercial segment, which constitute a significant portion of its customer portfolio, Vakif Leasing continues on its way by increasing its market share in the sector.

With 34 years of experience, sector knowledge and solution-oriented employees, Vakif Leasing, which offers alternative financing options, increased its assets to TL 13,220 million with a transaction volume of USD 402 million in 2022 with an increase of 110% compared to the previous year, its financial leasing receivables to TL 10,801 million with an increase of 89%, and its shareholders' equity to TL 1,325 million with an increase of 89%, and continued its growth trend.

In line with its sustainable targets in the coming period, Vakif Leasing aims to concentrate especially on production machinery and aims to increase its market share in 2023 by supporting investments regardless of scale and sector.

Our targets for 2023 are to increase the number of new customers and to grow our transaction volume in a healthy manner, taking into account Turkey's domestic market growth and commercial loan demand.

Vakif Leasing, which is represented by branches in Ankara, Izmir, Adana, Bursa and Antalya in order to provide on-site service and rapid response to investors, continues to work towards achieving its targets with its wide customer portfolio and service network throughout the country, backed by the corporate strength of Vakifbank's nearly one thousand branches.



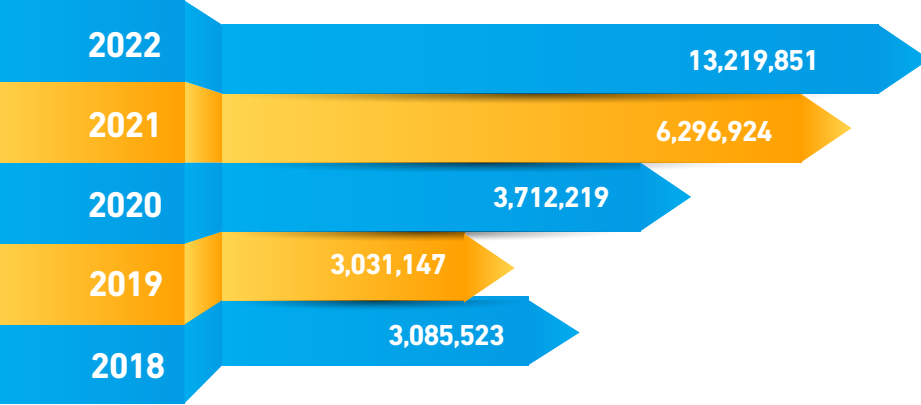
**MAJOR FINANCIAL
INDICATORS
AND RATIOS**

✓ MAJOR FINANCIAL INDICATORS
AND RATIOS

2022

MAJOR FINANCIAL INDICATORS

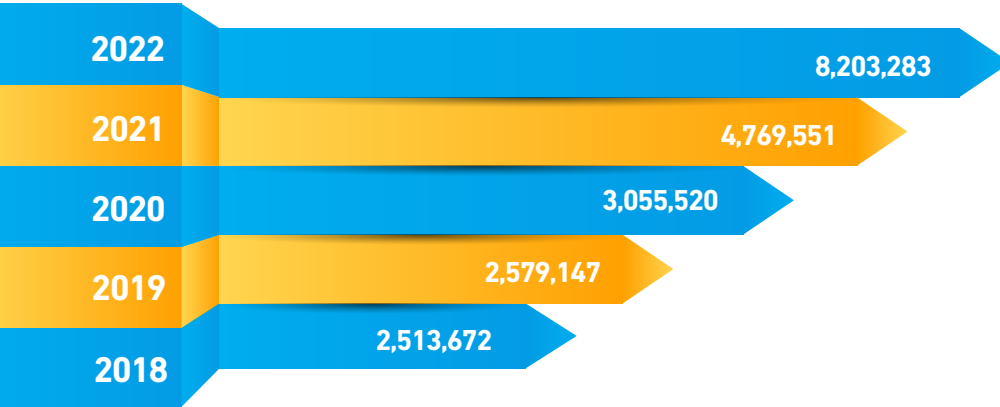
TOTAL ASSETS (Thousand TL)



+%109.9

Vakif Leasing's total assets increased by 109.9% compared to the previous year and amounted to TL 13,219,851 thousand.

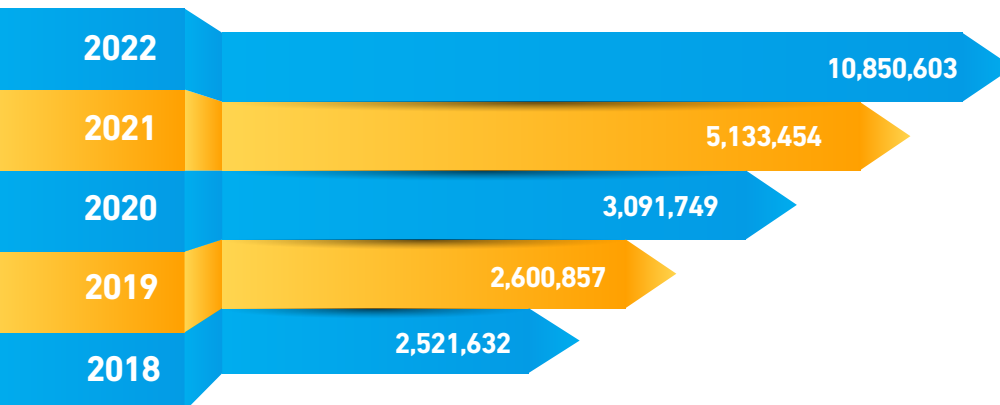
LEASE TRANSACTIONS (net) (Thousand TL)



+%72.0

Vakif Leasing's total leasing transactions compared to the previous year 72.0% increase to TL 8,203,283 thousand increased.

LOANS RECEIVED



+%111.4

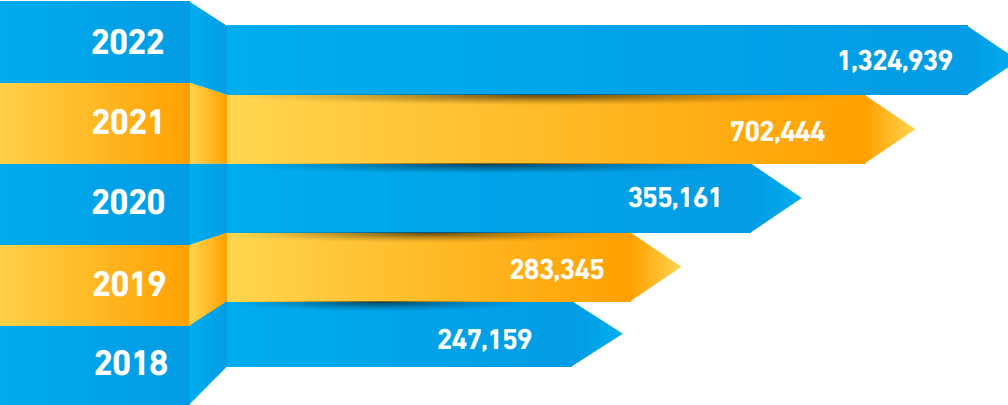
Vakif Leasing's total leasing assets loans compared to the previous year 111.4% increase to TL 10,850,603 thousand increased.

MAJOR FINANCIAL INDICATORS
AND RATIOS

2022

MAJOR FINANCIAL INDICATORS

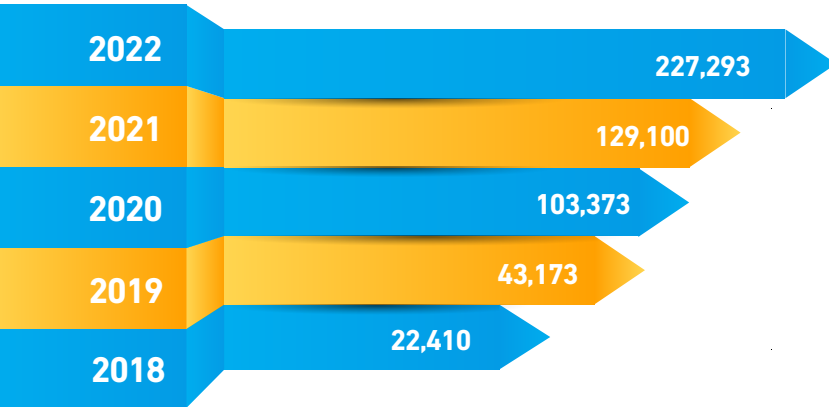
EQUITY (Thousand TL)



+%88.6

Total shareholders' equity of Vakıf Leasing with an increase of 88.6% compared to the previous year 1,324,939 thousand TL

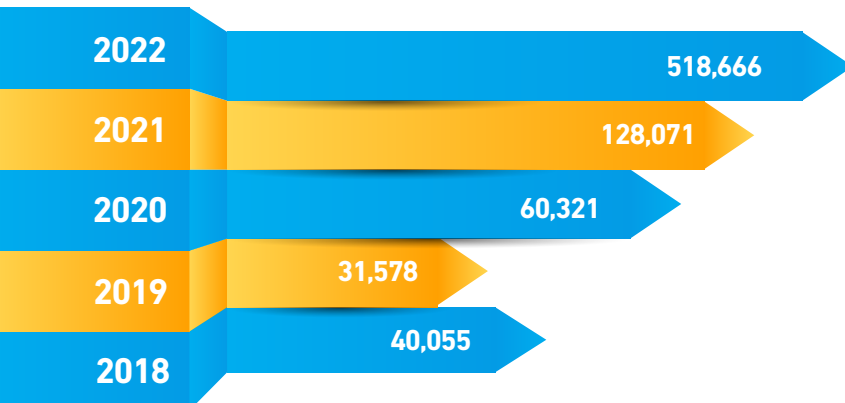
GROSS OPERATING PROFIT/LOSS (Thousand TL)



+%76.1

Gross operating profit of Vakıf Leasing with an increase of 76.1% compared to the previous year 227,293 thousand TL.

NET PROFIT (Thousand TL)



+%304.9

Vakıf Leasing's total leasing assets loans compared to the previous year 111.4% increase to TL 10,850,603 thousand increased.

✓ MAJOR FINANCIAL INDICATORS AND RATIOS

2022

MAJOR RATIOS

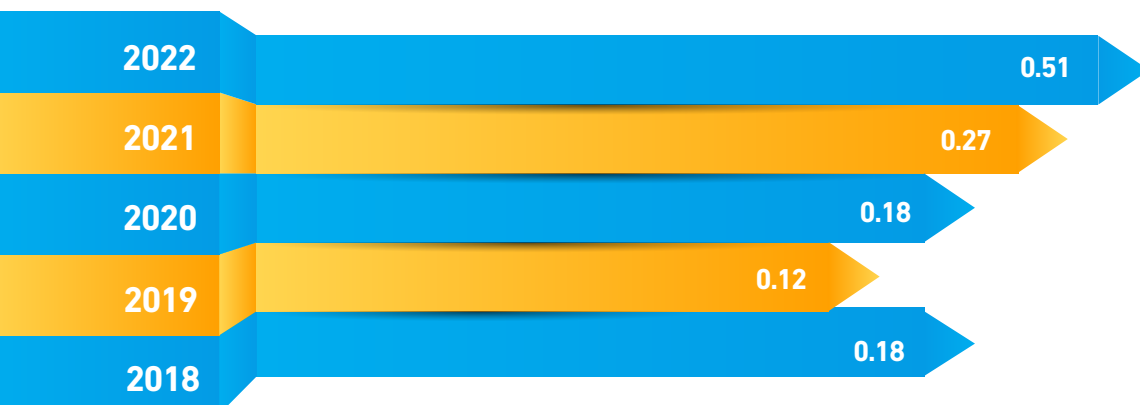
Return on assets ratio (ROA) - (Profit (loss) for the period / average assets)



NPL Ratio - (Non-Performing Loans (gross) / (Non-Performing Loans (gross) + Leasing Receivables))



Return on Equity Ratio (ROE) - (Net Profit / (Loss) / (Average Equity))



PRESS RELEASE



Rating Notification Form

Rating Agency : JCR AVRASYA RATING A.Ş.
 Rated Agency : Vakıf Financial Leasing A.Ş.
 Address : Maslak Mahallesi Taşyoncası Sokak No:1/F F2 Blok Kat:2 34485 Sarıyer, İstanbul, Türkiye
 Telephone and Fax No : 0212 352 56 73 – 0212 352 56 75
 Date / Time : 26/04/2022
 Subject : SPK Seri VIII Article 26 of the Communiqué on Principles No 51

CMB - Accounting Standards Department
 Merkezi Kayıt Kuruluşu A.Ş. - Public Disclosure Platform
 "Vakıf Finansal Kiralama A.Ş." Evaluated by JCR Eurasia.

- Improvement in profitability indicators to support internal equity creation,
- In 2021, the significant improvement in the NPL ratio and the fact that this ratio remained below the industry average,
- Balanced leasing receivables and financial liabilities that mitigate the effects of currency volatility,
- Advantages of being a bank subsidiary,
- Strong and reputable shareholding structure providing various advantages,
- High compliance with corporate governance practices and continuity of well-established risk management practices,
- Experienced, qualified management staff in the leasing industry,
- Transactions of Participation Banks increase competition in the sector,
- A volatile interest rate and exchange rate environment that increases uncertainty,
- Highly competitive and volatile market conditions,

In essence, within the scope of the above issues, "Vakıf Finansal Kiralama A.Ş." Long Term National Institutional Credit Rating has been revised from A (tr) to AA- (tr) and all ratings have been as follows.

Long Term National Agency Credit Rating	AA- (tr) / (Stable View)
Short Term National Corporate Credit Rating	J1+ (tr) / (Stable View)
Long Term International Foreign Currency Corporate Credit Rating	BB (tr) / (Stable View)
Short Term International Foreign Currency Corporate Credit Rating	J3 (tr) / (Stable View)
Long Term International Local Currency Corporate Credit Rating	BB (tr) / (Stable View)
Short Term International Local Currency Corporate Credit Rating	J3 (tr) / (Stable View)
Long Term National Issue Rating	AA-(tr) / (Stable View)
Short Term National Issue Rating	J1+ (tr) / (Stable View)

With Our Respects,
JCR AVRASYA DERECELENDİRME A.Ş.

Zeki Metin Çoktan
Group President

Şevket Güleç
Group President

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This rating report has been prepared in accordance with the methodologies registered and approved by CMB (Capital Markets Board), BRSA (Banking Regulation and Supervision Agency) and internationally recognised rating principles and guidelines and is not covered by NRSRO (Nationally Recognised Statistical Rating Organization) regulations.



*Vakıf Leasing
in 34th Year*



ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE
ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT



Güney Bağımsız Denetim ve SMMM A.Ş.
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Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

(Convenience translation of a report on financial statements originally prepared and issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vakıf Finansal Kiralama Anonim Şirketi,

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the accompanying financial statements of Vakıf Finansal Kiralama A.Ş. ("the Company") which comprise the statement of financial position as at 31 December 2022 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vakıf Finansal Kiralama A.Ş. as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Communiqué on Financial Leasing, Factoring and Uniform chart of Accounts which shall be applied by Finance and Saving Finance Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communiqué and Circular on Accounting Policies of Financial Leasing, Factoring, Finance and Saving Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority ("BRSA") together referred as "BRSA Accounting and Financial Reporting Legislation" which includes provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by the aforementioned regulations.

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

2022



Key Audit Matter	How the key audit matter addressed in the audit
<i>Impairment of finance lease receivables</i>	
The determination of impairment of financial leasing receivables and accounting of losses related to receivables is an important jurisdiction for management due to the importance and timing of balances and the complexity and subjectivity in determining the credit worthiness for receivables that do not comply with the timing specified in the BRSA Accounting and Financial Reporting Legislation. The mentioned risk is the inability to determine the financial leasing receivables which are impaired and not to allocate reasonable impairment provision for the related receivables. Provisions for financial lease receivables are disclosed in Note 6.	In addition to our current audit procedures, our audit procedures include the assessment and testing of the operational effectiveness of key controls in place to determine the allocation, accounting, monitoring, derecognition of financial leasing receivables and impaired finance lease receivables and their provisions. In addition, in accordance with our risk assessment, whether the financial leasing receivables selected through sampling is subject to impairment according to the BRSA Accounting and Financial Reporting Legislation, and the adequacy of the provision for related receivables in case of impairment is evaluated.

4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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



5) Auditors' Responsibilities for the Audit of the Financial Statements

In an independent audit, as auditors our responsibilities are:

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

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

INDEPENDENT AUDITOR'S REPORT

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

B) Report on Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January 2022 - 31 December 2022 are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.
- 3) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of TCC is submitted to the Board of Directors of the Company on February 10, 2023.

The partner in charge of the audit resulting in this independent auditor's report is Emre Çelik.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



Emre Çelik, SMMM
Partner

10 February 2023
Istanbul, Turkey

✓ ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

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AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

DECEMBER 31, 2022 AS AT
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

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

ASSETS	Note	Current Period 31 December 2022			Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
I. CASH, CASH EQUIVALENTS AND BALANCES AT CENTRAL BANK	4	1,585,535	1,156,604	2,742,139	238,447	540,752	779,199
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	5	46,781	-	46,781	26,434	-	26,434
V. FINANCIAL ASSETS AT AMORTISED COST (Net)	6	4,113,233	4,182,610	8,295,843	1,138,999	3,673,959	4,812,958
5.1 Factoring Receivables		-	-	-	-	-	-
5.1.1 Discounted Factoring Receivables (Net)		-	-	-	-	-	-
5.1.2 Other Factoring Receivables		-	-	-	-	-	-
5.2 Savings Financing Receivables		-	-	-	-	-	-
5.2.1 Pooled Funds		-	-	-	-	-	-
5.2.2 Equity		-	-	-	-	-	-
5.3 Financing Loans		-	-	-	-	-	-
5.3.1 Consumer Loans		-	-	-	-	-	-
5.3.2 Credit Cards		-	-	-	-	-	-
5.3.3 Installment Commercial Loans		-	-	-	-	-	-
5.4 Lease Receivables (Net)	6	4,096,795	4,106,488	8,203,283	1,128,712	3,640,839	4,769,551
5.4.1 Finance Lease Receivables		6,106,482	4,694,976	10,801,458	1,508,558	4,202,749	5,711,307
5.4.2 Operational Lease Receivables		-	-	-	-	-	-
5.4.3 Unearned Income (-)		(2,009,687)	(588,488)	(2,598,175)	(379,846)	(561,910)	(941,756)
5.5 Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6 Non-Performing Loans	6	46,157	174,537	220,694	49,697	162,083	211,780
5.7 Expected Credit Loss (-) / Specific Provisions (-)	6	(29,719)	(98,415)	(128,134)	(39,410)	(128,963)	(168,373)
VI. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
6.1 Investments in Associates (Net)		-	-	-	-	-	-
6.2 Investments in Subsidiaries (Net)		-	-	-	-	-	-
6.3 Jointly Controlled Partnerships (Joint Ventures) (Net)		-	-	-	-	-	-
VII. TANGIBLE ASSETS (Net)	7	91,749	-	91,749	28,990	-	-
VIII. INTANGIBLE ASSETS AND GOODWILL (Net)	8	1,063	-	1,063	684	-	684
IX. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X. CURRENT TAX ASSETS	10	56,228	-	56,228	8,862	-	8,862
XI. DEFERRED TAX ASSET	10	-	-	-	-	-	-
XII. OTHER ASSETS	11	802,752	1,054,816	1,857,568	134,401	505,396	639,797
SUBTOTAL		6,697,341	6,394,030	13,091,371	1,567,817	4,720,107	6,296,924
XIII. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	9	128,480	-	128,480	-	-	-
13.1 Held for Sale		128,480	-	128,480	-	-	-
13.2 Non-Current Assets From Discontinued Operations		-	-	-	-	-	-
TOTAL ASSETS		6,825,821	6,394,030	13,219,851	1,576,817	4,720,107	6,296,924

The accompanying notes set out on pages 10 to 58 from an integral part of these financial statements.

✓ ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

**DECEMBER 31, 2022 AS AT
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**

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

LIABILITIES	Note	Current Period 31 December 2022			Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
I. LOANS RECEIVED	12	6,612,885	4,237,718	10,850,603	957,605	4,175,849	5,133,454
II. FACTORING PAYABLES		-	-	-	-	-	-
III. LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV. LEASE PAYABLES	13	180	-	180	171	-	171
V. MARKETABLE SECURITIES (Net)	14	-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	15	-	-	-	21,516	-	21,516
VIII. PROVISIONS	16	25,185	107	25,292	12,832	35,170	48,002
8.1 Provision for Restructuring		-	-	-	-	-	-
8.2 Reserves For Employee Benefits		15,927	-	15,927	7,720	-	7,720
8.3 General Loan Loss Provisions	6,16	9,258	107	9,365	5,112	35,170	40,282
8.4 Other provisions		-	-	-	-	-	-
IX. CURRENT TAX LIABILITIES	10	30,331	-	30,331	33,367	-	33,367
X. DEFERRED TAX LIABILITY	10	95,933	-	95,933	11,742	-	11,742
XI. SUBORDINATED DEBT		-	-	-	-	-	-
XII. OTHER LIABILITIES	17	328,413	564,160	892,573	75,174	271,054	346,228
SUBTOTAL		7,092,927	4,801,985	11,894,912	1,112,407	4,482,073	5,594,480
XIII. LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held For Sale		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIII. EQUITY	18	1,324,939	-	1,324,939	702,444	-	702,444
14.1 Issued capital		600,000	-	600,000	468,895	-	468,895
14.2 Capital Reserves		1,662	-	1,662	513	-	513
14.2.1 Equity Share Premiums		1,366	-	1,366	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		296	-	296	513	-	513
14.3 Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit or Loss		112,029	-	112,029	40,354	-	40,354
14.4 Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		-	-	-	-	-	-
14.5 Profit Reserves		92,682	-	92,682	64,611	-	64,611
14.5.1 Legal Reserves		20,737	-	20,737	14,333	-	14,333
14.5.2 Statutory Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		71,945	-	71,945	50,278	-	50,278
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		518,566	-	518,566	128,071	-	128,071
14.6.1 Prior Years' Profit or Loss		-	-	-	-	-	-
14.6.2 Current Period Net Profit or Loss		518,566	-	518,566	128,071	-	128,071
TOTAL LIABILITIES		8,420,146	4,801,985	13,219,851	1,814,851	4,482,073	6,296,924

The accompanying notes set out on pages 10 to 58 from an integral part of these financial statements.

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ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

DECEMBER 31, 2022 AS AT
OFF-BALANCE SHEET ITEMS

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

OFF-BALANCE SHEET ITEMS		Current Period 31 December 2022			Prior Period 31 December 2021			
		Note	TL	FC	Total	TL	FC	Total
I.	IRREVOCABLE FACTORING TRANSACTIONS		-	-	-	-	-	-
II.	REVOCABLE FACTORING TRANSACTIONS		-	-	-	-	-	-
III.	COLLATERALS RECEIVED	23	42,472,094	88,963,889	131,435,983	11,757,031	67,207,941	78,964,972
IV.	COLLATERALS GIVEN		-	-	-	-	-	-
V.	COMMITMENTS	23	1,969,956	1,856,110	3,826,066	546,159	1,540,868	2,087,027
5.1	Irrevocable Commitments		731,183	595,389	1,326,572	211,496	452,487	663,983
5.2	Revocable Commitments		1,238,773	1,260,721	2,499,494	334,663	1,088,381	1,423,044
5.2.1	Lease Commitments		1,238,773	1,260,721	2,499,494	334,663	1,088,381	1,423,044
5.2.1.1	Finance Lease Commitments		1,238,773	1,260,721	2,499,494	334,663	1,088,381	1,423,044
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	55,195	73,412	128,607
6.1	Derivative Financial Instruments Held For Hedging		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Hedges of Net Investment in Foreign Operations		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading		-	-	-	55,195	73,412	128,607
6.2.1	Forward Buy or Sell Transactions		-	-	-	-	-	-
6.2.2	Swap Purchases/Sales		-	-	-	55,195	73,412	128,607
6.2.3	Option Purchases or Sales		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY		15,720,236	26,245,263	41,965,499	4,703,562	17,305,946	22,009,508
TOTAL OFF-BALANCE SHEET ITEMS			60,162,286	117,065,262	177,227,548	17,061,947	86,128,167	103,190,114

The accompanying notes set out on pages 10 to 58 from an integral part of these financial statements.

ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

2022

VAKIF FİNANSAL KİRALAMA A.Ş.

DECEMBER 31, 2022 FOR THE YEAR OF
STATEMENT OF PROFIT OR LOSS

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

STATEMENT OF PROFIT OR LOSS		Note	Current Period 1 January - 31 December 2022	Prior Period 1 January - 31 December 2021
I.	OPERATING INCOME		1,107,484	368,946
	FACTORING INCOME			
1.1	Factoring Interest Income		-	-
1.1.1	Discounted		-	-
1.1.2	Other		-	-
1.2	Factoring Fee and Commission Income		-	-
1.2.1	Discounted		-	-
1.2.2	Other		-	-
	INCOME FROM FINANCING LOANS			
1.3	Interest Income From Financing Loans		-	-
1.4	Fee and Commission Income From Financing Loans		-	-
	LEASE INCOME		1,107,484	368,946
1.5	Finance Lease Income		1,082,375	360,924
1.6	Operational Lease Income		-	-
1.7	Fee and Commission Income From Lease Operations		25,109	8,022
	SAVING FINANCE INCOME			
1.8	Dividends Received from Savings Financing Receivables		-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-
II.	FINANCE COST (-)		(800,022)	(201,984)
2.1	Dividends Given from the Savings Fund Pool		-	-
2.2	Interest Expenses on Funds Borrowed		(751,775)	(183,147)
2.3	Interest Expenses on Factoring Payables		-	-
2.4	Lease Interest Expenses		(46)	(23)
2.5	Interest Expenses on Securities Issued		-	(5,952)
2.6	Other Interest Expense		-	-
2.7	Fees and Commissions Paid		(48,201)	(12,862)
III.	GROSS PROFIT (LOSS) (I+II)		307,462	166,962
IV.	OPERATING EXPENSES (-)	19	(80,169)	(37,862)
4.1	Personnel Expenses		(47,792)	(21,583)
4.2	Provision Expense for Employment Termination Benefits		(1,406)	(782)
4.3	Research and development expense		-	-
4.4	General Operating Expenses		(30,971)	(15,097)
4.5	Other		-	-
V.	GROSS OPERATING PROFIT (LOSS) (III+IV)		227,293	129,100
VI.	OTHER OPERATING INCOME	20	578,587	101,615
6.1	Interest Income on Banks		130,416	10,428
6.2	Interest Income on Marketable Securities Portfolio		-	-
6.3	Dividend Income		250	250
6.4	Gains Arising from Capital Markets Transactions		-	-
6.5	Derivative Financial Transactions' Gains		1,360	1,437
6.6	Foreign Exchange Gains		347,466	56,503
6.7	Other		99,095	32,997
VII.	PROVISION EXPENSES	6	(40,450)	(43,356)
7.1	Specific Provisions		(26,197)	(26,462)
7.2	Allowances For Expected Credit Losses		-	-
7.3	General Loan Loss Provisions		(4,253)	(16,894)
7.4	Other		-	-
VIII.	OTHER OPERATING EXPENSES (-)	20	(83,620)	(22,270)
8.1	Impairment in Value of Securities		(12,497)	-
8.2	Impairment in Value of Non-Current Assets		-	-
8.3	Capital Market Transactions Losses		-	-
8.4	Loss Arising from Derivative Financial Transaction		(70,973)	(21,772)
8.5	Foreign Exchange Losses		(150)	(498)
8.6	Other		-	-
IX.	NET OPERATING PROFIT (LOSS) (V+...+VIII)		691,810	165,089
X.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XI.	PROFIT (LOSS) FROM COMPANIES ACCOUNTED FOR USING EQUITY METHOD		-	-
XII.	NET MONETARY POSITION GAIN (LOSS)		-	-
XIII.	PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX (IX+X+XI+XII)		691,810	165,089
XIV.	TAX PROVISION FOR CONTINUING OPERATIONS (+/-)	10	(173,244)	(37,018)
14.1	Current Tax Provision		(97,436)	(33,433)
14.2	Expense Effect of Deferred Tax		(75,808)	(3,585)
14.3	Income Effect of Deferred Tax		-	-
XV.	NET PERIOD PROFIT (LOSS) FROM CONTINUING OPERATIONS (XIII+XIV)		518,566	128,071
XVI.	INCOME ON DISCONTINUED OPERATIONS		-	-
16.1	Income on Assets Held for Sale		-	-
16.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
16.3	Other Income on Discontinued Operations		-	-
XVII.	EXPENSES ON DISCONTINUED OPERATIONS (-)		-	-
17.1	Expense on Assets Held for Sale		-	-
17.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
17.3	Other Expenses on Discontinued Operations		-	-
XVIII.	PROFIT (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX (XVI+XVII)		-	-
XIX.	TAX PROVISION FOR DISCONTINUED OPERATIONS (+/-)		-	-
19.1	Current Tax Provision		-	-
19.2	Expense Effect of Deferred Tax		-	-
19.3	Income Effect of Deferred Tax		-	-
XX.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII+XIX)		-	-
XXI.	NET PROFIT OR LOSS FOR THE PERIOD (XV+XX)		518,566	128,071
	Earnings (Loss) Per Share		0.864	0.509

The accompanying notes set out on pages 10 to 58 from an integral part of these financial statements.

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ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

DECEMBER 31, 2022 FOR THE YEAR OF
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT		Current Period 1 January - 31 December 2022	Prior Period 1 January - 31 December 2021
	Note		
I. CURRENT PERIOD PROFIT/LOSS		518,566	128,071
II. OTHER COMPREHENSIVE INCOME		71,675	48
2.1 Items that may not be Reclassified subsequently to Profit or Loss		71,675	48
2.1.1 Tangible Assets Revaluation Increases/Decreases		66,003	-
2.1.2 Intangible Assets Revaluation Increases/Decreases		-	-
2.1.3 Employee Benefits Re-Measuring Loss/Income	16	(4,014)	(910)
2.1.4 Other Comprehensive Income that will not be Reclassified to Profit or Loss		18,067	816
2.1.5 Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss		(8,381)	142
2.2 Items that may be Reclassified subsequently to Profit or Loss		-	-
2.2.1 Foreign Exchange Differences for Foreign Currency Transactions		-	-
2.2.2 Financial Assets for Which the Fair Value Difference is Recognised Through Other Comprehensive Income Valuation and/or Classification		-	-
2.2.3 Cash Flow Hedge Income/Losses		-	-
2.2.4 Investment Risk Hedge Income/Expenses Related to the Overseas Company		-	-
2.2.5 Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		-	-
2.2.6 Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss		-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)		590,241	128,119

The accompanying notes set out on pages 10 to 58 from an integral part of these financial statements.

VAKIF FINANSAL KİRALAMA A.Ş.

DECEMBER 31, 2022 FOR THE YEAR OF
STATEMENT OF CHANGES IN EQUITY

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

STATEMENT OF CHANGES IN EQUITY	Paid-in Capital	Share Premium	Share Cancellation	Share Profits	Other Reserves	Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement						Prior Period's Profit/(Loss)	Net Period Profit/(Loss)	Total Equity
						1	2	3	4	5	6			
Current Period														
I. Prior Year Period End Balance	468,895	-	-	-	513	18,779	(1,505)	23,080	-	-	-	128,071	-	702,444
II. Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	468,895	-	-	-	513	18,779	(1,505)	23,080	-	-	-	128,071	-	702,444
IV. Total Comprehensive Income	-	-	-	-	-	57,752	(3,015)	16,938	-	-	-	518,566	-	590,241
V. Increase in Paid-in Capital	31,105	-	-	-	-	-	-	-	-	-	-	-	-	31,105
VI. Capital Increase From Internal Resources	100,000	-	-	-	-	-	-	-	-	-	-	(100,000)	-	-
VII. Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Bonds Convertible to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Other Changes	-	-	-	-	1,149	-	-	-	-	-	-	-	-	1,149
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	(28,071)	-	-
11.1 Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	(28,071)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+V+...+XI+XII)	600,000	-	-	-	1,662	76,531	(4,520)	40,018	-	-	-	92,682	518,566	1,354,939

1. The accumulated revaluation increases/losses on property and equipment.
2. The accumulated remeasurement gains/losses on defined benefit plans.
3. Other (Shares of investments valued by equity method that will not be classified in profit / loss and the accumulated amounts of other comprehensive income items that will not be reclassified as other profit or loss).
4. Foreign currency translation differences.
5. The accumulated revaluation increases/losses on financial assets at fair value through other comprehensive income.
6. Other (Cash flow hedge gains / losses, the shares of other comprehensive income of investments valued by the equity method to be classified in profit / loss and the accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).
7. With the decision of the Board of Directors of the Company on March 31, 2022, a portion of 100 000 TL of the net profit, which corresponds to 82% of the net profit for the 2021 period, was distributed as bonus shares.

The accompanying notes set out on pages 10 to 58 from an integral part of these financial statements.

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ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

DECEMBER 31, 2022 FOR THE YEAR OF
STATEMENT OF CHANGES IN EQUITY

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

STATEMENT OF CHANGES IN EQUITY	Paid-in Capital	Share Premium	Share Cancellation	Other Reserves	Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement						Prior Period's Profit/(Loss)	Net Period Profit/(Loss)	Total Equity
					1	2	3	4	5	6			
I. Prior Period													
Prior Year Period End Balance	200,000	-	-	244	18,779	(777)	22,304	-	-	-	60,321	-	355,161
II. Changes in Accounting Policies according to TAS 8													
2.1 Effects of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	200,000	-	-	244	18,779	(777)	22,304	-	-	-	60,321	-	355,161
IV. Total Comprehensive Income													
Increase in Paid-in Capital	218,895	-	-	-	-	(728)	776	-	-	-	-	128,071	128,119
V. Capital Increase From Internal Resources													
VII. Adjustments to Paid-in Capital	50,000	-	-	-	-	-	-	-	-	-	(50,000)	-	-
VIII. Bonds Convertible to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Other Changes	-	-	-	269	-	-	-	-	-	-	-	-	269
XI. Profit Distribution													
11.1 Dividend Paid	-	-	-	-	-	-	-	-	-	-	(10,321)	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	(10,321)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+V+VII+IX+XI+XII)	468,895	-	-	513	18,779	(1,505)	23,080	-	-	-	64,611	128,071	702,444

1. The accumulated revaluation increases/losses on property and equipment.
2. The accumulated revaluation gains/losses on defined benefit plans.
3. Other (Shares of investments valued by equity method that will not be classified in profit / loss and the accumulated amounts of other comprehensive income items that will not be reclassified as other profit or loss).
4. Foreign currency translation differences.
5. The accumulated revaluation increases/losses on financial assets at fair value through other comprehensive income.
6. Other (Cash flow hedge gains / losses, the shares of other comprehensive income of investments valued by the equity method to be classified in profit / loss and the accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).

The accompanying notes set out on pages 10 to 58 from an integral part of these financial statements.

✓ ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

2022

VAKIF FİNANSAL KİRALAMA A.Ş.

**DECEMBER 31, 2022 FOR THE YEAR OF
STATEMENT OF CASH FLOW**

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

	Note	Current Period 1 January - 31 December 2022	Prior Period 1 January - 31 December 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit before Changes in Operating Assets and Liabilities		220,281	(19,120)
1.1.1 Interests Received/ Leasing Income		965,884	336,340
1.1.2 Interest Paid/Leasing Expense		(657,156)	(180,010)
1.1.3 Dividend Received	19	250	250
1.1.4 Fees and Commissions Received		25,126	8,482
1.1.5 Other Revenue Gained		100,455	90,937
1.1.6 Collections from Priorly Written-off Doubtful Receivables	6	9,575	7,419
1.1.7 Payments to Personnel and Service Suppliers		(52,140)	(23,118)
1.1.8 Taxes Paid		(102,137)	(9,878)
1.1.9 Other		(69,756)	(249,542)
1.2 Changes in Operating Assets and Liabilities		1,491,318	305,299
1.2.1 Net (Increase)/Decrease in Factoring Receivables		-	-
1.2.1 Net (Increase)/Decrease in Finance Loans		-	-
1.2.1 Net (Increase)/Decrease in Lease Receivables		(3,231,258)	(1,699,621)
1.2.2 Net (Increase)/Decrease in Other Assets		(1,395,393)	(228,508)
1.2.3 Net Increase/(Decrease) in Factoring Payables		-	-
1.2.3 Net Increase/(Decrease) in Lease Payables		363	424
1.2.4 Net Increase/(Decrease) in Funds Borrowed		5,574,283	2,019,731
1.2.5 Net Increase/(Decrease) in Liabilities Due		-	-
1.2.6 Net Increase/(Decrease) in Other Liabilities		543,233	213,273
I. Net Cash Provided from Operating Activities		1,711,599	286,179
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment	7,8	(67,226)	(8,314)
2.4 Disposals of Property and Equipment		1,358	2,279
2.5 Purchase of financial assets at fair value through other comprehensive income		(20,347)	-
2.6 Sale of financial assets at fair value through other comprehensive income		-	-
2.7 Purchase of financial assets at amortized cost		-	-
2.8 Sale of financial assets at amortized cost		-	-
2.9 Other		-	-
II. Net Cash (Used in)/Provided from Investing Activities		(86,215)	(6,035)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	(51,615)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(356)	(318)
3.6 Other	18	31,105	218,815
III. Net Cash Provided from Financing Activities		30,751	166,882
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		305,029	213,369
V. Net Increase/(Decrease) in Cash and Cash Equivalents		1,691,164	660,395
VI. Cash and Cash Equivalents at Beginning of the Period	2,3	779,082	118,687
VII. Cash and Cash Equivalents at End of the Period	2,3	2,740,246	779,082

The accompanying notes set out on pages 10 to 58 from an integral part of these financial statements.

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ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

DECEMBER 31, 2022 FOR THE YEAR OF
STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD

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

	Audited Current period 31 December 2022(*)	Audited Prior period 31 December 2021
I. DISTRIBUTION OF CURRENT PERIOD PROFIT (*)		
1.1 CURRENT PERIOD PROFIT	691,810	165,089
1.2 TAXES AND DUES PAYABLE (-)	(173,244)	(37,018)
1.2.1 Corporate Tax (Income Tax)	(97,436)	(33,433)
1.2.2 Withholding Tax	-	-
1.2.3 Other taxes and dues	(75,808)	(3,585)
A. NET PERIOD PROFIT (1.1 - 1.2)	518,566	128,071
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVE (-)	-	(6,403)
1.5 OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-)	-	-
B. DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3+1.4+1.5)] (**)	518,566	121,668
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 (Pre-emptive 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 (Pre-emptive Rights)	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Owners of the profit /loss Sharing Certificates	-	-
1.10 STATUS RESERVES (-)	-	-
1.11 EXTRAORDINARY RESERVES	-	(21,668)
1.12 OTHER RESERVES	-	-
1.13 SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SHARE TO SHAREHOLDERS (-)	-	-
2.2.1 To Owners of Ordinary Shares	-	-
2.2.2 To Owners of Preferred Stocks	-	-
2.2.3 To Owners of Preferred Stocks (Pre-emptive Rights)	-	-
2.2.4 To Profit Sharing Bonds	-	-
2.2.5 To Owners of the profit /loss Sharing Certificates	-	-
2.3 SHARE TO PERSONNEL (-)	-	-
2.4 SHARE TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF STOCKS	-	-
3.2 TO OWNERS OF STOCKS (%)	-	-
3.3 TO OWNERS OF PREFERRED STOCKS	-	-
3.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF STOCKS	-	-
4.2 TO OWNERS OF STOCKS (%)	-	-
4.3 TO OWNERS OF PREFERRED STOCKS	-	-
4.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-

(*) The Company's General Assembly has not been held yet and in the profit distribution table only distributable profits has been specified.

(**) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore the part of the period profit arising from these assets should not be subject to profit distribution and capital increase. As of 31 December 2021, the Company has no deferred tax income arising from deferred tax assets (31 December 2020: no deferred tax income arising from deferred tax assets).

The accompanying notes set out on pages 10 to 58 from an integral part of these financial statements.

ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

**DECEMBER 31, 2022 FOR THE YEAR OF
NOTES TO THE FINANCIAL STATEMENTS**

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

1- ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

Brief history

Vakıf Finansal Kiralama Anonim Şirketi ("the Company") was established on 15 September 1988 and operates in accordance with "Finance Lease, Factoring and Financing Companies Law" published on the Official Gazette no. 28496 dated 13 December 2012 and "Regulation on Principles for Establishment and Operations of Finance Lease, Factoring and Financing Companies" of Banking Regulation and Supervision Agency ("BRSA").

The Company is a subsidiary of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("Vakıfbank") and the 37.95% of the outstanding shares of the Company are publicly traded at Istanbul Stock Exchange ("ISE"). The Company has no preferred stock.

As at 31 December 2022, the Company has 76 employees. (31 December 2021: 76).

The registered address of the Company is as follows:

Büyükdere Caddesi Matbuat Sokak
Gazeteciler Sitesi No:13
34394 Esentepe - Şişli
İstanbul/Turkey

Ownership Structure

The ultimate shareholder having direct or indirect control over the shares of the Company is Vakıfbank. As of 31 December 2022, and 2021, the share capital and ownership structure of the Company are as follows:

Shareholder	31 December 2021		31 December 2020	
	Share Amount (TL)	Share Percentage (%)	Share Amount (TL)	Share Percentage (%)
Vakıfbank	372,274	62.05	293,562	62.61
Türkiye Sigorta Anonim Şirketi (**)	-	-	78,244	16.69
Public Shares (*)	227,726	32.95	97,089	20.70
Paid-in capital (***)	600,000	100	468,895	100

(*) The ratio is calculated from the shares of the Company registered at İstanbul Takas ve Saklama Bankası A.Ş. ("Takasbank").

(**) On 4 August 2022, Türkiye Sigorta A.Ş. sold 20,000,000 lots to Türkiye Vakıflar Bankası T.A.O. at a price of TL 2.45 regarding the shares of Vakıf Finansal Kiralama A.Ş. (VAKFN) with the special order; and sold 5,500,000 lots to various investors at a price of TL 2.47 with a market order. A total of 25.5 million VAKFN shares were sold at an average price of TL 2.45. As a result of the sale transactions, Türkiye Sigorta A.Ş.'s shares in the capital of Vakıf Finansal Kiralama A.Ş. decreased to 8.25%, while the shares of T.Vakıflar Bankası TAO increased to 62.05%. Türkiye Sigorta A.Ş. sold its remaining shares on October 21, 2022, 5,000,000 shares at an average price of TL 3.9552 per share and on December 15, 2022, 1,730,936 shares at a price of TL 5.14 per share. As a result of the sale transactions, Türkiye Sigorta A.Ş. doesn't have any share in the capital of Vakıf Finansal Kiralama A.Ş..

(***) On 7 October 2021, the Board of Directors decided to increase its paid-in capital by 100%, and as of 31 December 2021, 218,895 TL of the increased amount has been collected, and the remaining portion will be collected in 2022. The registration process regarding the capital increase was completed as of 31 January 2022.

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ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

DECEMBER 31, 2022 FOR THE YEAR OF
NOTES TO THE FINANCIAL STATEMENTS

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis Of Presentation

2.1.1 Accounting standards

The Company prepared accompanying financial statements in accordance with to the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" and the "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies and on Financial Statements to be announced to Public" published in the Official Gazette dated 29 June 2021 and numbered 31526 and Turkish Financial Reporting Standards published by Public Oversight Accounting and Auditing Standards Institute (POAAS), ("TFRS") and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Agency ("BRSA") (all together "BRSA Accounting and Financial Reporting Standards") in respect of accounting and financial reporting.

The financial statements as at and for the year ended 31 December 2021 are approved by the Board of Directors of the Company and authorized for issue as at 9 February 2022. The General Assembly and or legal authorities have the discretion of making changes in the accompanying financial statements after their issuance.

The accompanying financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until 31 December 2004, except for the financial assets at fair value through other comprehensive income and assets held for sale which are measured at their fair values unless reliable measures are available.

The COVID-19 epidemic, which has emerged in China, has spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the epidemic. As a result of the spread of COVID-19 around the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and it is still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide. While preparing the financial statements as of December 31, 2021, the Company reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements.

Based on the BRSA's decisions numbered 8948 dated March 17, 2020 and numbered 8970 dated March 27, 2020, the upper limit of the number of delay days in the transfer to non-performing receivables due to Covid-19 has been increased from 150 days to 240 days. However, with the BRSA's decision dated September 16, 2021 and numbered 9795, this application has ended.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2022.

✓ ENDING DECEMBER 31, 2022
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

**DECEMBER 31, 2022 FOR THE YEAR OF
NOTES TO THE FINANCIAL STATEMENTS**

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis Of Presentation (Continued)

2.1.2 Netting/Offset

Financial assets and liabilities are shown net in cases where there is the necessary legal right, there is an intention to evaluate the said assets and liabilities clearly, or when the acquisition of assets and the fulfilment of liabilities are consecutive.

2.1.3 Going concern

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

2.1.4 Currency used

Financial statements of the Company have been presented using the currency (functional currency) of the economic environment in which the Company operates. The financial position and the results of operations of the Company have been presented in the Turkish Lira ("TL").

2.1.5 Critical Accounting evaluations, estimates and assumptions

Preparation of these financial statements requires estimates and judgments regarding the reported amount of assets and liabilities or contingent assets and liabilities and reported amount of income and expenses of the related period. Such estimates and judgements are based on the Company's best estimates regarding current events and transactions; however, the actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following note:

Allowances for impairment of lease receivables

The provision for total financial leasing receivables, which is determined by valuing the financial leasing receivables, is determined in a way that includes the doubtful receivables in the Company's financial leasing receivables portfolio. The Company has set this provision accordance with BRSA Communiqué on Procedures Regarding Provisions to be provided for Loans of Leasing, Factoring and Consumer Finance Companies ("Provisions Communiqué") published in Official Gazette No. 28861, dated 24 December 2013.

The total provision for leasing receivables determined as a result of the evaluation of financial leasing receivables is determined to include doubtful receivables in the Company's leasing receivables portfolio. The Company reserves the relevant provision in accordance with Article 6 of the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 by the BRSA. According to the relevant communiqué, at least 20% of the financial leasing receivables whose collection is delayed between 151-240 days from the due date, after taking into account the guarantees, and at least 50% after taking into account the collaterals of the financial leasing receivables whose collection is delayed between 240 and 365 days from the due date. and 100% specific provision is set after taking into account the guarantees of financial leasing receivables whose collection is overdue for more than 365 days.

VAKIF FİNANSAL KİRALAMA A.Ş.**DECEMBER 31, 2022 FOR THE YEAR OF
NOTES TO THE FINANCIAL STATEMENTS**

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.1 Basis of Presentation (Continued)**

In the provisions communiqué, it is stated that companies can set aside provisions in general and without being directly related to any transaction, in order to compensate for losses expected to arise from receivables that do not delay the collection of principal, interest or both or have not exceeded the aforementioned periods, but whose amount is not certain, but it is not considered as a requirement. The company allocates a general provision for its financial lease receivables that do not become doubtful. After the collection of receivables for which provision has been set aside, the provision amounts are reversed, and all of the related receivables are deducted from assets. During the collection of a receivable related to a Prior year's provisions, the related collection amount is credited to "Other Operating Income" account as income.

Recognition of deferred tax asset

Deferred tax assets can be recorded as much as the said tax benefit is probable. Amount of taxable profits and possible tax benefits in the future is based on medium term business plan and expectations prepared by the company. The business plan is based on rational expectations of the company under current circumstances.

Fair value measurements of the share certificates

Fair value measurements of the share certificates are valued for determination of fair value by independent valuation institutions once a year.

2.2 Changes in Accounting Policies**2.2.1 Comparatives and restatement of prior year financial statements**

The Company has presented its balance sheet prepared as of December 31, 2022 in comparison with its balance sheet prepared as of December 31, 2021. The Company has presented its profit or loss statement, profit or loss and other comprehensive statement of income, statement of change in equity and statement of cash flows for the accounting period from January 1 to December 31, 2022 in comparison with the accounting period from January 1 to December 31, 2021.

2.2.2 Changes in accounting policies

Changes in accounting policies are applied retrospectively and the prior period's financial statements are restated accordingly. There is no major change in the accounting policies of the Company in the current year.

2.2.3 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. There has not been any significant change in the accounting estimates of the Company in the current year. Material prior year errors are corrected retrospectively by restating the comparative amounts for the prior periods.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.2 Changes in Accounting Policies (Continued)****The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the financial statements as at December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2022 are as follows:**Amendments to TFRS 3 – Reference to the Conceptual Framework**

In July 2020, POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 16 – Proceeds before intended use

In July 2020, POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

The amendments did not have a significant impact on the financial position or performance of the Company.

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2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in Accounting Policies (Continued)

Annual Improvements – 2018–2020 Cycle

In July 2020, POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

The amendments did not have a significant impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will wait until the final amendment to assess the impacts of the changes.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in Accounting Policies (Continued)

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

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

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.2 Changes in Accounting Policies (Continued)****Amendments to TAS 8 - Definition of Accounting Estimates**

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

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

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Changes in Accounting Policies (Continued)

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

In September 2022, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8.

The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

2.3 Summary of significant accounting policies

Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions and monetary assets and liabilities denominated in foreign currencies translated by using year-end exchange rates of Central Bank of the Republic of Turkey's bid rates. 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.

Foreign currency exchange rates used on 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
US Dolar	18.6983	12.9775
Euro	19.9349	14.6823
GBP	22.4892	17.4530
CHF	20.2019	14.1207

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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 and insignificant risk of change in the value of the investments with maturity periods of less than three months.

Financial leasing transactions

"IFRS 16 Leases" Standard determines the principles regarding the recognition, measurement, presentation and disclosure of leases. The purpose of the standard is to ensure that the tenants and lessors present these transactions in fair value and provide the information appropriate to the need. This information constitutes the basis for the evaluation of the effect of leases on the financial position, financial performance and cash flows of the financial statement users.

(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. Lease income is recognised over the term of the lease using the net investment method, which reflects a periodic constant rate of return. The leasing payments received are deducted from the gross leasing investments by reducing the principal and unearned finance income.

(ii) As lessee

In accordance with the 'IFRS 16 - Leases' standard, the Company calculates the "right of use" amount based on the present value of the lease payments of the fixed asset subject to lease at the beginning of the lease and includes it in "tangible fixed assets". In the calculation of right of use assets, the unpaid lease payment amounts have been discounted with an alternative borrowing interest rate, taking into account the remaining term in the lease contract with the property owner, and the net present value has been determined.

The Company has accounted the total of lease obligations to be paid until the end of the lease contract as "Liabilities from Leasing Transactions" in the balance sheet liabilities, instead of directly expense the leases subject to IFRS 16 Leases standard or taking them into prepaid expenses. Changes that will affect the lease obligation are measured again and reflected in the balance sheet accounts.

Based on the lease contract term, interest and depreciation are calculated monthly over the net present value and accounted in the income statement.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.3 Summary of significant accounting policies (Continued)****Allowances for impairment of lease receivables**

The lease receivables provision for the impairment of investments in direct finance leases is established based on a credit review of the receivables portfolio. The Company has set this provision in accordance with BRSA Communiqué on Procedures Regarding Provisions to be provided for Loans of Leasing, Factoring and Consumer Finance Companies ("Provisions Communiqué") published in Official Gazette No. 28861, dated 24 December 2013.

As the details are explained in footnote 2.1.5 on Important Accounting Evaluation Estimates and Assumptions, even if the delay in collection of receivables has not exceeded the specified periods or there is no delay in the collection of receivables, companies will use all available data regarding the creditworthiness of the debtor for their receivables and Turkish Financial Reporting Standards. Considering the reliability and prudence principles set forth in the Articles of Association, it allows them to set aside special provisions at the rates determined, without including the collateral amount in the calculation. Except for the rates regulated in the relevant regulation, the Company does not have any provisions set aside at the rates determined, without including the collateral amount in the calculation.

With the collection of the receivable, the previously reserved provision is reversed, and the entire receivable is deducted from the asset. In case of collection of a receivable for which provision was made in previous periods, the relevant amounts are recorded as income in the "Other Operating Income" account.

Explanations on the write-off policy:

As a consequence of the tracking process, loans with low/no collection possibility and non-performing loans are removed from assets as per a decision from the Board of Directors.

Financial instruments

The Company classifies and recognizes financial assets under "Financial Assets for Which the Fair Value Difference is Recognized Through Other Comprehensive Income". The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to the classification and measurement of financial instruments of the "TFRS 9 Financial Instruments" standard published in the Official Gazette No. 29953 dated 19 December 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value.

The Company recognizes a financial asset in the financial statement when, and only when, the Company becomes a party to the contractual provisions of the instrument. When the Company first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

(i) Financial Assets for Which the Fair Value Difference is Recognized Through Other Comprehensive Income

Financial assets for which the fair value difference is recognised through other comprehensive income investment securities are carried at fair value based on quoted bid prices, or amounts derived from cash flow models on the financial statements as of the balance sheet date.

The Company has security investments for which they do not have controlling power or significant activity and which represent a share of capital. Securities representing the share of capital are recognised at fair value if they are traded in organised markets and/or their fair value is determined in a reliable manner. If they are not traded in organised markets and their fair value is not determined in a reliable manner, they are reflected on financial statements at cost after the depreciation provision is deducted.

When recognising them in financial statements for the first time, the Company may choose to present future changes in the fair value of investments in an equity instrument which is not held for commercial purposes under other comprehensive income. In this case, dividends earned from the said investment are transferred to financial statements as profit or loss.

Property and equipment

In the accompanying financial statements, tangible assets acquired before 1 January 2005 are measured at cost restated for the effects of inflation at 31 December 2004 less accumulated depreciation. Tangible assets acquired after 1 January 2005 are measured at cost, less accumulated depreciation.

The Company decided to pursue the properties for use according to their fair values by separating the land and buildings within the context of TAS 16 "Turkish Accounting Standard on Property, Plant and Equipment". As a result of the valuation performed by an independent appraisal company, revaluation difference of TL 76,531 (31 December 2021: TL 18,779) after deferred tax effect is accounted under the accumulated other comprehensive income that will not be reclassified to profit or loss.

As of 31 December, 2022, the conformity between net book value that was calculated based on the cost of properties for use and revaluated values are as follows:

	31 December 2022	31 December 2021
Fair Value	24,055	24,055
Net book value calculated on cost value	62,813	3,190
Before tax revaluation differences	86,868	20,865
Calculated deferred tax liability (-)	(10,337)	(2,086)
Revaluation differences, net	76,531	18,779

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected to the statement of income of the related period.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Property and equipment (Continued)

Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.

There are no pledges, mortgages and other encumbrances on tangible assets. Tangible assets are depreciated over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis over the cost. Useful lives and residual values are reviewed at each reporting date.

The estimated useful lives of tangible assets are as follows:

Tangible assets	Expected Useful Life (Year)	Depreciation Rate (%)
Buildings	50	2
Furnitures and fixed assets	5	20
Motor vehicles	5	20
Other non-current assets - special costs	5	20

Intangible assets

The Company's intangible assets consist of software.

The cost of the intangible assets purchased before 1 January 2005 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs.

The Company allocates the depreciation of the intangible assets based on their inflation adjusted prices based on the useful lives of the assets, using the straight-line method.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Assets held for resale

The assets providing the necessary conditions of being classified as the assets held for resale are recognized with the lower of their book value and fair value less cost of sales. These assets are presented separately on the balance sheet and are not subjected to depreciation following the classification. To classify an asset as asset held for resale, the sale potential of the asset (or the asset Company to be disposed) should be high and the asset should be available to immediately sell under ordinary circumstances in sale of this kind of assets. To have high sale potential, there should be a proper scheme for sale of the asset (or asset company to be disposed) which is prepared by a proper administrative level and an active sales program should be launched to complement the scheme and determine the buyers. Furthermore, the asset should be marketed actively with a price coherent to its fair value. Various incidents and conditions may extend the completion of the sale term to more than a year. The asset is remained to be classified as the asset held for resale, if the reason of the delay is the incidents and conditions out of the control of the Company, and there is no sufficient evidence that the Company is continuing its sales program of the asset.

The impairment losses and profit and loss from subsequent valuation of the assets classified as the assets held for resale are recognized on income statement.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are firmed together into the smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or company of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of income.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.3 Summary of significant accounting policies (Continued)****Employee benefits**

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of 31 December 2022 is full TL 15,371.40 (31 December 2021: full TL 10,596.74). The Company provided reserve for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the TAS 19.

As of 31 December 2022, and 2021, the actuarial assumptions are as follows:

	31 December 2022	31 December 2021
Discount rate	%3.00	3.00%
Expected rate of salary/ceiling increase	%18.45	18.45%

Expected rate of salary/ceiling increase is determined based on inflation estimates of the government. The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

The Company has provided reserve for short-term employee benefits in the financial period as per services rendered in compliance with TAS 19 - *Employee Benefits* in the accompanying financial statements.

Authority with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Company, the recognition method of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the income statement has been eliminated which is effective for the annual periods beginning on or after 1 January 2013. Beginning of 1 January 2013, the Company has recognised the actuarial gains and losses that occur in related reporting periods in the "Statement of Comprehensive Income" and presented in the "Extraordinary reserves" item in the Equity section of the financial statements.

Provisions, contingent assets and liabilities

In the financial statements, a provision is made for an existing liability resulted from past events if it is probable that the liability will be settled, and a reliable estimate can be made for the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Company to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.3 Summary of significant accounting policies (Continued)****Provisions, contingent assets and liabilities (Continued)**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in financial statements. Contingent assets are assessed continuously to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Company discloses the contingent asset in the accompanying financial statements.

Income and expense recognition**Finance lease income**

The values of the assets leased within the context of Financial Lease Law are shown as finance lease receivables on balance sheet at their value determined at the beginning of the leasing transaction. The interest income generated by the difference between total finance lease receivable and the investment value of the asset subject to leasing is recorded to the income statement of the period by means of distribution of the receivables with fixed interest rate to the related periods. The interest income not accrued in relevant period is followed under unearned interest income.

Interest income and expenses

Interest income and expense are recognized according to the effective interest method based on accrual basis. Effective interest rate is the rate that discounts the expected cash flows of financial assets or liabilities during their lifetimes to their carrying values. Effective interest rate is calculated when a financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises discounts and premiums, fees and commissions paid or received and transaction costs, which are indispensable parts of effective interest. Transaction costs are additional costs that are directly related to the acquisition or disposal of financial assets or liabilities.

Fees and commissions

The fees and commissions received from and paid due to finance lease operations are recognized in the statement of income when the related service is rendered or received.

Dividend

Dividend income is recognized when the Company's right to receive payment is ascertained.

Other income and expenses

Other income and expenses are recognized on an accrual basis.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Taxation

Corporate taxes

Taxable income is subject to corporate tax at 25%. This rate is applied to net income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax-deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Withholding tax rate on dividend payments, which are made to the companies except those are domiciled in Turkey or generate income in Turkey via a business or a regular agent, is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings. Under the Turkish taxation system, tax losses can be carried forward up to five years. As of 31 December 2022, the Company has no deductible tax losses (31 December 2021: None).

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the end of the 25th day of the 4th month following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Deferred taxes

Deferred tax assets and liabilities are recognized, in accordance with TAS 12- *Income Taxes*, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

According to the tax legislation, as long as it is deemed possible to obtain a financial profit that can be deducted in the following periods, it calculates deferred tax assets on deductible temporary differences excluding general provisions and deferred tax liability on all taxable temporary differences.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Taxation (Continued)

Deferred taxes (Continued)

In the financial statements dated 31 December 2022, deferred tax assets and liabilities are calculated with 25% rates for the parts of temporary differences that will have tax effects in 2022 and the following periods. (December 31, 2021: 23% for transactions with a maturity of 2022, 20% for transactions after 2022).

The deferred tax assets and liabilities are reported as net in the financial statements only if the Company has legal right to present the net value of current year tax assets and current year tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of the same taxable entity.

Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

According to the Communiqué, if a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Investment incentive

As per the provisional 69th article which is added to the 193 numbered Income Tax Law by 5479 numbered Law that is published on 8 April 2006 dated and 26133 numbered Official Gazette and became effective since 1 January 2006, taxpayers could deduct investment incentives calculated according to the legislation provisions (including tax rate related provisions) in force as of 31 December 2005, only from the taxable income of the years 2006, 2007, and 2008. In this context, income and corporate taxpayers could deduct the following items only from the taxable income of 2006, 2007, and 2008.

- The carried forward investment incentive exemptions, which could not be deducted from 2005 revenue and available as at 31 December 2005,
- For the investments, which made in the scope of investment incentive certificates drawn upon taxpayer's application before 24 April 2003 and started within the frame of 193 numbered Income Tax Law's additional 1, 2,3,4,5 and 6th articles - later repealed by 4842 numbered law- the amounts that realized in the scope of certificate after the date 1 January 2006.
- Within the frame of Article 19 of 193 numbered Law which repealed 5479 numbered Law, investment expenditures incurred after 1 January 2006 will be deductible only from the profits of years 2006, 2007 and 2008 provided that they are economically, and technically integral parts of the investment started before 1 January 2006.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Taxation (Continued)

Investment incentive (Continued)

In this frame the rights of taxpayers who could not deduct investment incentives fully or partially due to insufficient taxable income during those years, are abrogated as at 31 December 2008. According to this regulation limiting the right to deduct the investment expenditure from taxable profit, investment incentive exemption will be applied to the taxable profit of 2008 at the latest. Investment incentive exemption amount which could not be deducted due to lack of taxable profit till the end of 2009 is not possible to be deducted from the taxable profit of 2009 and subsequent years. Meanwhile, this exemption amount cannot be recorded as expense in the tax books.

In accordance with the decision taken by the Turkish Constitutional Court on 15 October 2009, "2006, 2007 and 2008" clause of the provisional Article no. 69 of Income Tax Law mentioned above, is repealed and time limitation for the use of investment incentive is removed. The repeal related to investment incentive is enacted and issued in the 8 January 2010 dated and 27456 numbered Official Gazette.

Accordingly, investment incentive amounts carried forward to 2006 due to lack of taxable profit and the other investment incentive amounts which arising from investments prior to 2006 and on goes after this date in the context of economic and technical integrity can be applied for not only 2006, 2007 and 2008 but also in subsequent years. Accordingly, the Company will be able to deduct its remaining investment incentives from taxable profit in the future without any time limitation.

Pursuant to the 6009 numbered Law published on 1 August 2010 dated and 27659 numbered Official Gazette and became effective accordingly, the amount of investment incentive exemption which is deducted from income to estimate the tax base cannot be more than 25% of the income, and the remaining income will be subject to income tax at the prevailing tax rate. In accordance with this law and Constitutional Court decision there is no time limitation in using investment incentive amount carried forward from year 2005 but the amount could not be more than 25% of income.

The clause "The amount which to be deducted as investment incentive to estimate tax base cannot exceed 25% of related income" which has been added to first clause of the temporary 69th article of Law No: 193 with the 5th article of Law No: 6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the decisions no: E.2010/93 and K.2012/20 on 9 February 2012.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Related party

In accordance with TAS 24 - Related Party Disclosures shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying financial statements, shareholders of the Company the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties.

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. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings to shareholders' equity. 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.

Subsequent events

Subsequent events mean the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with TAS 10 - Events After the Balance Sheet Date; post-balance sheet events that provide additional information about the Company's position at the balance sheet dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

Statement of cash flows

The Company prepares statement of cash flows to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to affect the amount and timing of its cash flows with respect to changing external conditions.

In the statement of cash flows, cash flows of the period are reported with a classification based on operating, investing and financing activities. cash flows from operating activities represent cash flows from activities within the scope of business. cash flows relating to investment activities represent cash flows used and generated from investment activities (fixed investments and financial investments). cash flows relating to financing activities represent the sources of financing the Company used and the repayments of these sources.

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**2.3 Summary of significant accounting policies (Continued)****Statement of cash flows (Continued)**

As at 31 December 2022 and 2021, for the purposes of the statement of cash flows, cash and cash equivalents are presented below:

	31 December 2022	31 December 2021
Cash and cash equivalents in the statement of cash flows	2,742,139	779,199
Interest income accruals on cash and cash equivalents	(1,893)	(117)
Total in the cash flow statement cash and cash equivalents	2,740,246	779,082

3 - SEGMENT REPORTING**Segment reporting of financial information**

A business segment is a part of an area where the Company operates and for which outcomes are regularly reviewed, performance is measured and financial information can be distinguished by the Board of Directors (as the decision-making authority), and a business segment earns revenues and has expenses, including revenues and expenses arising from transactions with other business segments.

Since all activities of the Company consist of financial leasing and are performed in a single region, Turkey, there is no segment reporting.

4 - CASH AND CASH EQUIVALENTS AND THE CENTRAL BANK**Cash and cash equivalents and the Central Bank**

As at 31 December 2022 and 31 December 2021, details of bank balances are as follow

	31 December 2022	31 December 2021
Banks	2,742,139	779,199
Demand deposit	2,727,690	761,506
Time deposit	14,449	17,693
Total	2,742,139	779,199

As at 31 December 2022, time deposits consist of bank placements with maturity less than three months and with interest rates average 1.35% for foreign currency and 15.69% for TL time deposits. (31 December 2021: 17.06% for TL and 0.70% for foreign).

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5 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Details of financial assets for which the fair value difference is recognised through other comprehensive income are as follows:

	31 December 2022		31 December 2021	
	Carrying value (*)	Share (%)	Carrying value	Share (%)
<i>Not Traded at Stock Market:</i>				
Vakıf Faktoring A.Ş.	38,781	3.79	22,288	3.79
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	5,902	3.27	2,646	3.27
Vakıf Yatırım Menkul Değerler A.Ş.	2,098	0.25	1,500	0.25
Financial assets for which fair value difference is recognised through other comprehensive income	46,781		26,434	

(*) Financial assets at fair value through other comprehensive income that are monitored at Level 3 include fair values of marketable securities representing fair market value held by independent appraisers.

6 - LEASING TRANSACTIONS AND IMPAIRED RECEIVABLES

As at 31 December 2022 and 31 December 2021, financial assets at fair value through other comprehensive income are as follow:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Lease receivables	6,077,456	4,576,591	1,458,309	3,967,664
Invoiced lease receivables	29,026	118,385	50,249	235,085
Subtotal	6,106,482	4,694,976	1,508,558	4,202,749
Unearned interest income	(2,009,687)	(588,488)	(379,846)	(561,910)
Finance lease receivables, net of unearned income	4,096,795	4,106,488	1,128,712	3,640,839
Impaired lease receivables	46,157	174,537	49,697	162,083
Specific provision	(29,719)	(98,415)	(39,410)	(128,963)
Impaired lease receivables, net	16,438	76,122	10,287	33,120
Finance lease receivables, net	4,113,233	4,182,610	1,138,999	3,673,959

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6 – LEASING TRANSACTIONS AND IMPAIRED RECEIVABLES (Continued)

Prospective aging analysis of the neither past due nor impaired and past due but not impaired lease receivables is as follows:

31 December 2022	Up to 1 year	1-2 year	2-3 year	3-4 year	4 year and over	Total
Lease receivables	4,920,932	2,704,291	1,858,707	851,832	465,696	10,801,458
Unearned interest income	(1,296,832)	(742,536)	(368,075)	(137,149)	(53,583)	(2,598,175)
Net finansal kiralama alacakları	3,624,100	1,961,755	1,490,632	714,683	412,113	8,203,283

31 December 2021	Up to 1 year	1-2 year	2-3 year	3-4 year	4 year and over	Total
Lease receivables	2,323,286	1,487,039	833,106	586,500	481,376	5,711,307
Unearned interest income	(383,738)	(238,236)	(148,299)	(92,504)	(78,979)	(941,756)
Finance lease receivables, Net	1,939,548	1,248,803	684,807	493,996	402,397	4,769,551

As of 31 December 2022, the average compounded interest rates for finance lease receivables are 27.09% for TL, 8.45% for USD and 7.00% for EUR (31 December 2021: 18.04% for TL, 8.80% for USD and 6.61% for EUR).

As at 31 December 2022 and 2021, the aging of the lease receivables and related specific provisions are as follows:

	31 December 2022	31 December 2021
Neither past due nor impaired	8,055,872	4,484,217
Past due but not impaired	147,411	285,334
Impaired	220,694	211,780
Allowances for impairment	(128,134)	(168,373)
Finance lease receivables, net	8,295,843	4,812,958

	31 December 2022	31 December 2021
151-240 days	33,793	9,940
241-1 year	40,430	3,632
1 year and over	146,471	198,208
Impaired lease receivables, net	220,694	211,780

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6 – LEASING TRANSACTIONS AND IMPAIRED RECEIVABLES (Continued)

As of 31 December 2022, and 2021, details of the impaired lease receivables and related specific provisions are as follows:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Impaired lease receivables	46,157	174,537	49,697	162,083
Specific provisions	(29,719)	(98,415)	(39,410)	(128,963)
Impaired lease receivables, net	16,438	76.122	10,287	33,120

The movement of the specific provision during the year is as follows:

	31 December 2022	31 December 2021
Specific provisions at the beginning of the year	208,655	172,719
Provision for the year	26,197	26,462
General loan loss provisions for the year (Note 16)	4,253	16,894
Amount deleted from the asset during the period	(92,081)	-
Collections during the year	(9,575)	(7,419)
Specific provisions at the end of the year	137,449	208,655

The details of collaterals taken for finance lease receivables that have specific provisions are as follows:

	31 December 2022	31 December 2021
Mortgage	36,359	31,570
Other	561	5,865
Total collateral	36,920	37,435

The company reviews any change in credit quality related to receivables from the date it is created to the balance sheet date in order to decide whether the receivable can be collected or not. Sectoral distribution of the finance lease receivables is presented in Note 24.

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7 - TANGIBLE ASSETS

Movement in tangible assets in the period from 1 January to 31 December 2022:

	1 January	Additions	Disposals	31 December
Cost:				
Buildings	24,940	66,003	-	90,943
Motor vehicles	8,523	-	(1,292)	7,231
"Furniture and fixture	2,089	265	(13)	2,341
Other tangible assets	696	59	-	755
Right of use tangible assets (*)	199	74	(53)	220
	36,447	66,401	(1,358)	101,490
Accumulated depreciation:				
Buildings	(4,617)	(632)	-	(5,249)
Motor vehicles	(1,141)	(1,446)	258	(2,329)
Furniture and fixture	(1,003)	(325)	6	(1,322)
Other tangible assets	(659)	(123)	-	(782)
Right of use tangible assets (*)	(37)	(75)	53	(59)
	(7,457)	(2,601)	317	(9,741)
Net defter değeri	28,990	63,800	(1,041)	91,749

(*) The balance consists of includes the lease contracts made within the scope of TFRS16.

Movement in tangible assets in the period from 1 January to 31 December 2021:

	1 January 2021	Additions	Disposals	31 December 2021
Cost:				
Buildings	24,940	-	-	24,940
Motor vehicles	3,188	7,361	(2,026)	8,523
"Furniture and fixture	1,773	438	(122)	2,089
Other tangible assets	692	4	-	696
Right of use tangible assets (*)	85	245	(131)	199
	30,678	8,048	(2,279)	36,447
Accumulated depreciation:				
Buildings	(3,985)	(632)	-	(4,617)
Motor vehicles	(723)	(1,121)	703	(1,141)
Furniture and fixture	(773)	(330)	100	(1,003)
Other tangible assets	(546)	(113)	-	(659)
Right of use tangible assets (*)	(48)	(56)	67	(37)
	(6,075)	(2,252)	870	(7,457)
Net book value	24,603	5,796	(1,409)	28,990

(*) The balance consists of includes the lease contracts made within the scope of TFRS16.

As 31 December 2022 and 31 December 2021, there is no mortgage on the tangible assets of the Company.

As of 31 December 2022, total insurance coverage for tangible assets of the Company is TL 68,851 (31 December 2021: TL 34,301).

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8 - INTANGIBLE ASSETS

Movement in intangible assets in the period from 1 January to 31 December 2022 is as follows:

	1 January 2022	Additions	Disposals	31 December 2022
Cost:				
Software	4,210	825	-	5,035
	4,210	825	-	5,035
Accumulated amortization:				
Software	(3,526)	(446)	-	(3,972)
	(3,526)	(446)	-	(3,972)
Net book value	684			1,063

Movement in intangible assets in the period from 1 January to 31 December 2021 is as follows:

	1 January 2021	Additions	Disposals	31 December 2021
Cost:				
Software	3,944	266	-	4,210
	3,944	266	-	4,210
Accumulated amortization:				
Software	(2,977)	(549)	-	(3,526)
	(2,977)	(549)	-	(3,526)
Net book value	967			684

9 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As of December 31, 2022, the Company's fixed assets held for sale consist of real estate that the Company has included in its assets as a result of legal proceedings related to non-performing receivables, the details of which are as follows:

	31 Aralık 2022	31 Aralık 2021
Real estate held for sale	128,480	-
Total	128,480	-

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10 - TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Social Security Premiums	1,622	403
Income tax	564	289
VAT payable	295	129
Stamp tax	15	10
	2,496	831

	31 December 2022	31 December 2021
Tax provision	97,436	33,433
Less: Prepaid taxes	(69,601)	(897)
Current income tax liabilities, net	27,835	32,536

10 - TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Tax expense		
Corporate tax expense for the period	(97,436)	(33,433)
Deferred tax income/(expense) effect	(75,808)	(3,585)
	(173,244)	(37,018)

Reconciliation of current period tax expense to theoretical tax expense of the Company calculated by using the statutory tax rate:

	31 December 2022	31 December 2021
Profit before taxes	691,810	165,089
Theoretical tax expense with 25% tax rate	(172,953)	(41,272)
General loan loss provision not subjected to deferred tax	(1,063)	(4,224)
Other (*)	772	8,478
Current year tax expense	(173,244)	(37,018)

(*) Investment tax credits used by the Company consist of non-deductible expenses and other expenses.

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10 - TAX ASSETS AND LIABILITIES (Continued)**Deferred taxes**

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"). In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

The company takes into account the periods when deferred tax assets are realized or deferred tax liabilities are fulfilled in the calculation of deferred tax (31 December 2021: 23% for transactions with a maturity of 2022, 20% for transactions after 2022).

December 31, 2022, based on the above-mentioned Constitutional Court Decision, there is no deferred tax asset on the unused investment allowance calculated based on the best estimates (December 31, 2021: TL 36,609).

Details of cumulative temporary differences and the deferred income tax assets and liabilities calculated by using the effective tax rates are summarised below:

	Total Temporary differences		Deferred tax assets/ (liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Lease Asset Receivable Impairment	43,784	67,617	10,946	15,552
Unused investment incentives- with stoppage	-	36,609	-	1,171
Derivative financial assets	-	21,516	-	4,949
Provision for employee termination benefit	9,834	4,792	2,458	958
Other short term employee benefits	5,391	2,371	1,348	545
Provision for unused vacations	702	557	176	128
Total lease liabilities	180	171	45	39
Deferred tax assets	59,891	133,633	14,973	23,342
Finance lease income accruals	(381,343)	(134,436)	(95,336)	(30,920)
Tangible and intangible assets revaluation difference	(86,868)	(20,865)	(10,859)	(2,086)
Subsidiary revaluation fund	(42,362)	(24,294)	(2,648)	(1,214)
Others	(8,253)	(3,758)	(2,061)	(864)
Deferred tax liabilities	(518,826)	(183,353)	(110,904)	(35,084)
Deferred tax assets, (net)	(458,935)	(49,720)	(95,931)	(11,742)

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10 - TAX ASSETS AND LIABILITIES (Continued)

The movement for deferred tax assets is as follows:

	31 December 2022	31 December 2021
1 January	(11,742)	(8,299)
Current year deferred tax income/(expense)	(75,808)	(3,585)
Deferred tax in Equity income/(expense)	(8,381)	142
31 December	(95,931)	(11,742)

11 - OTHER ASSETS

As at 31 December 2022 and 31 December 2021, details of other assets are as follows:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Advances given for leasing transactions	57,370	918,004	12,925	359,852
Investments under lease	736,201	113,949	112,884	118,759
Prepaid expenses	2,795	9,756	2,921	13,259
Other receivables regarding leasing transactions	4,899	12,210	4,544	3,680
Checks received	-	-	-	7,601
Other	1,487	897	1,127	2,245
Total other assets	802,752	1,054,816	134,401	505,396

12 - BORROWINGS

As at 31 December 2022, details of the borrowings are as follows:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Domestic banks	6,612,885	2,763,261	957,605	3,196,911
Foreign banks	-	1,474,457	-	978,938
Total Borrowings	6,612,885	4,237,718	957,605	4,175,849

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12 - BORROWINGS(Continued)

31 December 2022	Carrying value		Up to 3 months	3 months to 1 year	Over 1 year	Total
	Amount in original currencies	Average interest rates (%)				
Borrowings from domestic banks:						
Fixed rate borrowings						
TL	972,915	12.30	754,329	215,145	3,441	972,915
EUR (thousand)	47,941	3.53	626,767	29,902	299,024	955,693
USD (thousand)	887	3.52	6,663	6,529	3,386	16,578
Floating rate borrowings:						
TL	5,639,970	16.69	1,175,139	182,125	4,282,706	5,639,970
EUR (thousand)	89,842	3.24	81,083	548,825	1,161,082	1,790,990
Total borrowing from domestic banks			2,643,981	982,526	5,749,639	9,376,146
Borrowings from foreign banks:						
Fixed rate borrowings:						
EUR (thousand)	25,982	3.77	-	-	517,958	517,958
Floating rate borrowings:						
EUR (thousand)	33,863	1.91	44,041	156,644	474,379	675,064
USD (thousand)	15,051	3.08	-	-	281,435	281,435
Total borrowings from foreign banks			44,041	156,644	1,273,772	1,474,457
Total borrowings			2,688,022	1,139,170	7,023,411	10,850,603

	Carrying value					
	Amount in original currencies	Average interest rates (%)	Up to 3 months	3 months to 1 year	Over 1 year	Total
31 December 2021						
Borrowings from domestic banks:						
Fixed rate borrowings						
TL	957,605	13.06	474,671	258,601	224,333	957,605
EUR (thousand)	115,217	2.42	873,391	204,049	614,213	1,691,653
USD (thousand)	40,818	3.13	379,361	139,033	11,328	529,722
Floating rate borrowings:						
EUR (thousand)	66,443	2.92	95,390	297,560	582,586	975,536
Total borrowing from domestic banks			1,822,813	899,243	1,432,460	4,154,516
Borrowings from foreign banks:						
Fixed rate borrowings:						
EUR (thousand)	18,969	1.76	36,899	35,694	205,916	278,509
USD (thousand)	15,020	3.08	-	-	194,918	194,918
Floating rate borrowings						
EUR (thousand)	34,430	3.69	74,154	79,731	351,626	505,511
Total borrowings from foreign banks			111,053	115,425	752,460	978,938
Total borrowings			1,933,866	1,014,668	2,184,920	5,133,454

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13 - LEASE LIABILITIES

As at 31 December 2022 details of lease liabilities are as follows:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Right of use tangibles	180	-	171	-
Total lease liabilities	180	-	171	-

14 - SECURITIES ISSUED

None , (31 December 2021:None)

15 – DERIVATIVE FINANCIAL ASSETS

None , (31 December 2021: 21,516).

16 - PROVISIONS

As at 31 December 2022 details of provisions for liabilities and charges are as follows:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
General loan loss provisions for financial lease receivables ^(*) (Note 6)	9,258	107	5,112	35,170
Reserve for employee benefits	15,927	-	7,720	-
Reserve for employee termination benefit	9,833	-	4,792	-
Provision for unused vacations	702	-	557	-
Reserve for bonuses	1,759	-	851	-
Provisions for other employee rights	3,633	-	1,520	-
Total provisions	25,185	107	12,832	35,170

(*) The Company reserves general provisions within the scope of the fifth paragraph of Article 6 of the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies.

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16 – PROVISIONS (Continued)

	31 December 2022	31 December 2021
At the beginning of the year	4,792	3,405
Interest rate cost	905	436
Service cost	501	345
Payments during the year	(379)	(304)
Actuarial difference ^(*)	4,014	910
At the end of the year	9,833	4,792

^(*) Actuarial (loss)/profit is accounted under other comprehensive income since 1 January 2013.

17 – OTHER LIABILITIES

As of 31 December 2022, details of miscellaneous payables are as follows:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Advances received (*)	305,740	232,691	65,843	176,062
Other trade payables	11,175	320,194	7,613	90,641
Deferred income	11,500	11,275	1,718	4,351
Total Other Liabilities	328,415	564,160	75,174	271,054

(*) Advances received consist of the lease advances received from the lessees for the parts of the financial leasing agreements regarding the machinery and equipment not yet available to the customers.

18 - EQUITY

Share capital

As at 31 December 2022, the share in capital of the Company amounts to TL 2,000,000 and composed of 60.000.000.000 shares with a face value of TL 0.01 each (31 December 2021: capital shares TL 1,000,000, nominal value: 50.000.000.000 shares).

As at 31 December 2022 and 31 December 2021, the share capital and ownership structure of the Company is as follows:

	31 December 2022		31 December 2021	
	Amount of Share (TL)	Share Percentage (%)	Amount of Share (TL)	Share Percentage (%)
Vakıfbank	372,274	62.05	293,562	62.61
Türkiye Sigorta A.Ş.	-	-	78,244	16.69
Publicly traded ^(*)	227,726	37.95	97,089	20.70
Paid-in capital (**)	600,000	%100	468,895	100%

^(*) The ratio is calculated from the shares of the Company registered at Takasbank.

^(**) The Board of Directors of the Company decided to increase its paid-in capital by 100% on 7 October 2021. As of 31 December 2021, 218,895 TL of the increased amount was collected, the remaining part was collected in 2022 and the registration process for the capital increase was completed as of 31 January 2022.

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18 – EQUITY (Continued)**Capital reserves**

As of 31 December 2022, capital reserves amounted to TL 1,662 consists of inflation adjustment differences of paid-in capital of the Company (31 December 2021: TL 513).

As of 31 December 2022, revaluation difference on tangible assets amounting to TL 76,531 (31 December 2021: TL 18,779) is accounted directly in equity. As at 31 December 2022 the marketable securities valuation differences amounts to TL 40,018 (31 December 2021: TL 23,080).

Profit reserves

As of 31 December 2022, profit reserves of the Company consist of first legal reserves amounting to TL 20,737 (31 December 2021: TL 14,333) and extraordinary reserves amounting to TL 71,945 (31 December 2021: TL 50,278).

Profit distribution

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below:

According to the Turkish Commercial Code, legal reserves consist of first and second legal reserves. Primary reserves are 5% of statutory net profit until it reaches 20% of the Company's share capital. Secondary reserves are 10% of profit distributed in excess of 5% of share capital. According to the Turkish Commercial Code, as long as legal reserves do not exceed 50% of share capital, they can be used to offset losses but cannot be used in any other way.

According to the Ordinary General Assembly decision of 2021 dated March 31, 2022; Vakıf Finansal Kiralama A.Ş. TL 6,404 corresponding to 5% of the net profit for the period, TL 128,071, will be set aside as the first legal reserve, TL 100,000 will be added to the capital by issuing bonus shares over the remaining net distributable profit for the period, and TL 21,667 will be added to the extraordinary reserve. decided to separate.

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19 - OPERATING EXPENSES

For the years ended 31 December 2022, general administrative expenses included in the operating expenses are as follow:

	31 December 2022	31 December 2021
Advertising expenses	13,899	3,551
General administration expenses	5,545	3,176
Depreciation and amortization expenses	2,749	2,801
Consultancy expenses	2,021	1,116
Transportation expenses	1,418	542
Notary expenses	1,415	683
Add-back	750	524
Court expenses	414	1,022
Taxes, duties and charges expenses	323	223
Printing, stationery and office expenses	278	143
Marketing expenses	242	154
Registration expenses	157	42
Other operating expenses	1,760	1,120
Total general administrative expenses	30,971	15,097

For the years ended 31 December 2022, personnel expenses included in the operating expenses are as follows:

	31 December 2022	31 December 2021
Salaries	38,361	17,214
Social security premiums and other contributions	5,000	2,463
Personnel insurance expenses	1,457	1,206
Other personnel expenses	2,974	1,100
Total personnel expenses	47,792	21,983

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20 - OTHER OPERATING INCOME/EXPENSE

For the years ended 31 December 2022, personnel expenses included in the operating expenses are as follows:

	31 December 2022	31 December 2021
Foreign exchange gains	347,466	56,503
Default interest income	18,109	10,802
Interest income from bank deposits	130,416	10,428
Provisions reversed during the year	45,124	7,723
Interest income from non-performing loans	13,190	6,031
Income from sales of fixed assets and assets held for sale	2,344	3,423
Gains on derivative financial transactions	1,360	1,437
Dividend income	250	250
Rent income	700	21
Other income	19,628	4,997
Total other operating income	578,587	101,615

Other operating expenses:

	31 December 2022	31 December 2021
Loss on derivative financial transactions	70,973	21,772
Securities depreciation expense	12,497	-
Other expense	150	498
Total other operating expenses	83,620	22,270

21 - EARNINGS PER SHARE

	31 December 2022	31 December 2021
At the beginning of the year		
Total number of outstanding shares	56,894,556,000	35,000,000,000
At the beginning of the year		
Total number of outstanding shares	60,000,000,000	56,894,556,000(*)
	31 December 2022	31 December 2021
Net income for the period	518,566	128,071
Number of outstanding shares with a nominal value of TL 0.01	60,000,000,000	35,184,102,600
Earnings per share (TL)	0.864	0.364

(*) The company has increased its capital amounting to TL 100,000 from internal resources, and the number of shares in previous years has been adjusted in line with the current period.

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22- TRANSACTIONS AND BALANCES WITH RELATED PARTIES

As of 31 December 2022, details of related party balances are as follows:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Türkiye Vakıflar Bankası T.A.O.	1,585,535	1,153,566	207,431	538,956
Bank Deposits	1,585,535	1,153,566	207,431	538,956
Vakıf Faktoring A.Ş.	38,781	-	22,288	-
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	5,902	-	2,646	-
Vakıf Yatırım Menkul Değerler A.Ş.	2,098	-	1,500	-
Financial assets for which fair value difference is recognised through other comprehensive income	46,781	-	26,434	-
Türkiye Vakıflar Bankası T.A.O.	5,855,935	1,476,476	720,048	481,386
Vakıfbank International AG	-	-	-	4,953
Borrowings	5,855,935	1,476,476	720,048	486,339
Türkiye Sigorta A.Ş.	-	-	10,181	-
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	64	-	32	-
Payables to related parties	64	-	10,213	-

	31 December 2022	31 December 2021
Türkiye Vakıflar Bankası T.A.O.	123,855	8,710
Interest income from related parties	123,855	8,710
Türkiye Vakıflar Bankası T.A.O. - interest expense	562,143	66,620
Vakıfbank International AG- interest expense	87	514
Finance expenses of related parties	562,230	67,134
Vakıf Yatırım Menkul Değerler A.Ş.	250	250
Türkiye Sigorta A.Ş.	-	3,783
Vakıf Faktoring A.Ş.	41	30
Other incomes of related parties	291	4,063
Türkiye Vakıflar Bankası T.A.O.	32,434	7,415
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	652	385
Vakıf Yatırım Menkul Değerler A.Ş.	306	80
Vakıf Faktoring A.Ş.	44	10
Türkiye Sigorta A.Ş.	-	886
Türkiye Hayat ve Emeklilik A.Ş.	-	16
Other expenses of related parties	33,436	8,792

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22- TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Executive management compensations

As at 31 December 2022, Company's executive management compensations are as follows:

	31 December 2022	31 December 2021
Compensation to the executive management	6,685	2,672
Total	6,685	2,672

The executive management of the Company consists of general manager, assistant general managers, members of the board of directors and the members of the audit committee.

23 - CONTINGENT ASSETS AND LIABILITIES

Collaterals received

As of 31 December 2022, the collaterals obtained by the Company against finance lease receivables are as follows:

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Received guarantees	37,043,320	80,046,755	8,719,610	60,928,050
Mortgages	2,345,391	4,749,676	976,212	3,799,781
Assignment of claims	1,472,826	2,112,698	837,778	1,829,615
Company share pledge	1,089,488	79,468	1,074,588	55,154
Cash blockage	4,390	9,429	860	5,915
Letters of guarantee	-	-	4,001	10
Others	516,679	1,965,863	143,982	589,416
Total	42,472,094	88,963,889	11,757,031	67,207,941

Commitments

As of 31 December 2022, the Company has irrevocable commitments amounted to TL 1,326,572 (31 December 2021 TL 663,983) arising from letter of credits used for the tangible asset purchases subject to finance leases. The distribution of the commitments according to currency types is as follows:

	31 December 2022	31 December 2021
EUR	431,500	400,899
TL	731,183	211,496
USD	163,889	51,588
GBP	-	-
Total	1,326,572	663,983

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23 - CONTINGENT ASSETS AND LIABILITIES

Collaterals received (Continued)

Revocable Commitments

As of 31 December 2022, Company's financial lease commitments amounts to TL 2,499,494 (31 December 2021: TL 1,423,044).

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Financial lease commitment	1,238,773	1,260,721	334,663	1,088,381
Total	1,238,773	1,260,721	334,663	1,088,381

Derivative financial instruments

	31 December 2022		31 December 2021	
	TL	FC	TL	FC
Swap purchases	-	-	55,195	-
Swap sales	-	-	-	73,412
Total	-	-	55,195	73,412

24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Overview

This note presents information about the Company's exposure to each of the below risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors monitors the effectiveness of the risk management system through various mechanism established within the Company.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**Credit Risk**

Credit risk is basically defined as the possibility that counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The Company aims to reduce exposed credit risks by entering into contracts with the counterparties having high credibility and by obtaining sufficient collateral against the loans provided. Besides, the Company analyse the financial position and the credibility of the customers and aims to support this analysis with intelligence reports obtained from the third parties. In addition, the sector and the geographical position of customers, where they operate and other factors that may affect their operations are considered in the evaluation process of loans. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis to minimize the credit risk. Credit risk is aimed to be controlled by the limits set by the Board of Directors.

Finance lease receivables cover many kinds of customers in different sectors. For the current balances of the customers, credit evaluations are done periodically.

Balance sheet items of the Company, which are subject to credit risk, are as follows:

- Finance lease receivables
- Financial assets at fair value through profit or loss
- Banks
- Other receivables

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24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk (Continued)

As at 31 December 2022, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables					Total
	Finance Lease Receivables	Other Receivables	Banks Deposits	Financial Investments	Other	
31 December 2022	8,295,843	19,492	2,742,139	-	-	11,057,474
- The portion of maximum risk covered by guarantors	3,708,944	-	-	-	-	3,708,944
A. Net carrying value of financial assets which are neither impaired nor overdue	8,055,872	19,492	2,742,139	-	-	10,817,503
- The portion covered by guarantors	3,672,024	-	-	-	-	3,672,024
B. Net carrying value of financial assets that are restructured, otherwise which will be classified as overdue or impaired	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	147,411	-	-	-	-	147,411
- The portion covered by guarantors	-	-	-	-	-	-
D. Net carrying value of impaired assets	92,560	-	-	-	-	92,560
- Overdue (gross)	220,694	-	-	-	-	220,694
- Impairment (-)	(128,134)	-	-	-	-	(128,134)
- Net book value covered by guarantors	36,920	-	-	-	-	36,920
- Not past due (gross)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Net book value covered by guarantors	-	-	-	-	-	-
E. Off balance sheet exposures with credit risks	-	-	-	-	-	-

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24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk (Continued)

As at 31 December 2022 and 31 December 2021, exposure to credit risk based on categories of financial instruments is as follows:

31 December 2021	Receivables					Total
	Finance Lease Receivables	Other Receivables	Banks Deposits	Financial Investments	Other	
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	4,812,958	19,198	779,199	-	-	5,611,355
- The portion of maximum risk covered by guarantees	1,964,123	-	-	-	-	1,964,123
A. Net carrying value of financial assets which are neither impaired nor overdue	4,484,217	19,198	779,199	-	-	5,282,614
- The portion covered by guarantees	1,926,688	-	-	-	-	1,926,688
B. Net carrying value of financial assets that are restructured, otherwise which will be classified as overdue or impaired	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	285,334	-	-	-	-	285,334
- The portion covered by guarantees	-	-	-	-	-	-
D. Net carrying value of impaired assets	43,407	-	-	-	-	43,407
- Overdue (gross)	211,780	-	-	-	-	211,780
- Impairment (-)	(168,373)	-	-	-	-	(168,373)
- Net book value covered by guarantees	37,435	-	-	-	-	37,435
- Not past due (gross)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Net book value covered by guarantees	-	-	-	-	-	-
E. Off balance sheet exposures with credit risks	-	-	-	-	-	-

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24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2022, sectoral distribution of finance lease receivables which are not under impaired is as follows:

	31 December 2022		31 December 2021	
	Amount	(%)	Amount	(%)
Manufacturing	3,825,500	46.63	2,357,136	49.42
Construction	1,630,757	19.88	1,038,426	21.77
Wholesale, retail and trading	898,606	10.95	685,307	14.37
Real estate	482,298	5.88	188,787	3.96
Education	119,782	1.46	101,327	2.12
Mining	329,470	4.02	97,238	2.04
Health and social services	624,545	7.61	93,709	1.96
Transportation, warehousing and communication	67,333	0.82	69,288	1.45
Hotels and restaurants	87,250	1.06	63,598	1.33
Agriculture	81,877	1.00	54,980	1.15
Other social and individual services	40,271	0.49	9,780	0.21
Financial intermediary services	12,557	0.15	6,297	0.13
Others	3,037	0.05	3,678	0.09
Total	8,203,283	100	4,769,551	100

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

Main responsibility for the liquidity risk management belongs to Board of Directors. Board of Directors has created a suitable liquidity risk management for the short-, medium- and long-term funding and liquidity needs. The Company manages the liquidity risk by following forecasted and actual cash flows, matching the terms of financial assets and liabilities and securing necessary funds.

The following table provides undiscounted cash flows with respect to the contractual (or expected) maturities of the Company's financial liabilities

31 December 2022	Carrying Amount	Total Contractual/ expected maturity cash in/out flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	10,850,603	12,821,904	3,405,484	1,303,018	4,534,774	3,578,628	-
Other liabilities	892,575	892,575	892,575	-	-	-	-
Total	11,743,178	13,714,479	4,298,059	1,303,018	4,534,774	3,578,628	-

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24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2021	Carrying Amount	Total Contractual/ expected maturity cash in/out flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	5,133,454	5,375,976	2,376,110	718,931	1,289,521	991,414	-
Other liabilities	346,228	346,228	346,228	-	-	-	-
Total	5,479,682	5,722,204	2,722,338	718,931	1,289,521	991,414	-

Market risk

Market risk is the risk that the Company's income or the value of its financial instruments will be affected through the changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

The Company is exposed to currency risk through transactions in foreign currencies, such as lease operations and borrowings. Foreign exchange gains and losses resulting from foreign currency transactions were recorded in the period transactions occurred. Monetary assets and liabilities denominated in foreign currencies are converted into TL at the exchange rates prevailing at balance sheet date with the resulting exchange differences recognized in the statement of income as foreign exchange gain or loss.

As of 31 December 2022, the Company's foreign currency assets and liabilities with their TL equivalents are as follows:

31 December 2022	US Dollar	Euro	GBP	CHF	Total
Cash and Cash Equivalents	6,670	1,149,912	22	-	1,156,604
Financial Assets at Fair Value through Profit or Loss (1)	694,023	3,412,465	-	-	4,106,488
Other Assets	300,976	751,787	42	2,011	1,054,816
Total assets	1,001,669	5,314,164	64	2,011	6,317,908
Borrowing	298,014	3,939,704	-	-	4,237,718
Provisions	7	100	-	-	107
Other liabilities	157,211	406,909	-	40	564,160
Total liabilities	455,232	4,346,713	-	40	4,801,985
Net financial statement position	546,437	967,451	64	1,971	1,515,923
Net off-balance sheet items position	-	-	-	-	-
Net foreign currency position	546,437	967,451	64	1,971	1,515,923

(1) Foreign currency non-performing receivables in financial statements are not included.

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24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Currency risk (Continued)

31 December 2021	US Dollar	Euro	GBP	CHF	Total
Banks	91,472	449,279	1	-	540,752
Finance lease receivables, net ⁽¹⁾	693,390	2,947,449	-	-	3,640,839
Other Assets	83,941	421,320	122	13	505,396
Total assets	868,803	3,818,048	123	13	4,686,987
Borrowing	724,641	3,451,208	-	-	4,175,849
Provisions	-	35,170	-	-	35,170
Other liabilities	33,392	237,604	53	5	271,054
Total liabilities	758,033	3,723,982	53	5	4,482,073
Net financial statement position	110,770	94,066	70	8	204,914
Net off-balance sheet items position	-	(73,412)	-	-	(73,412)
Net foreign currency position	110,770	20,654	70	8	131,502

⁽¹⁾ Foreign currency non-performing receivables in financial statements are not included.

Foreign currency sensitivity analysis

The effects of 10 percent change of the TL against the following currencies on the statement of income and equity for the years ended 31 December 2022 and 31 December 2021 are shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2022	Profit / (Loss)		Equity ^(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change of the US Dollar against TL				
1-Net USD asset/liability	54,644	(54,644)	54,644	(54,644)
2-Hedged portion of TL against USD (-)	-	-	-	-
3-Net effect of US Dollar (1+2)	54,644	(54,644)	54,644	(54,644)
10% change of the Euro against TL				
4-Net Euro asset/liability	96,745	(96,745)	96,745	(96,745)
5-Hedged portion of TL against Euro (-)	-	-	-	-
6-Net effect of Euro (4+5)	96,745	(96,745)	96,745	(96,745)
10% change of the CHF against TL				
7-Net CHF asset/liability	197	(197)	197	(197)
8-Hedged portion of TL against CHF (-)	-	-	-	-
9-Net effect of CHF (7+8)	197	(197)	197	(197)
10% change of the GBP against TL				
10-Net GBP asset/liability	6	(6)	6	(6)
11-Hedged portion of TL against GBP (-)	-	-	-	-
Net effect of GBP (10+11)	6	(6)	6	(6)
TOTAL (3+6+9+12)	151,592	(151,592)	151,592	(151,592)

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24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Profit / (Loss)		Equity ^(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2021				
10% change of the US Dollar against TL				
1-Net USD asset/liability	11,077	(11,077)	11,077	(11,077)
2-Hedged portion of TL against USD (-)	-	-	-	-
3-Net effect of US Dollar (1+2)	11,077	(11,077)	11,077	(11,077)
10% change of the Euro against TL				
4-Net Euro asset/liability	2,065	(2,065)	2,065	(2,065)
5-Hedged portion of TL against Euro (-)	-	-	-	-
6-Net effect of Euro (4+5)	2,065	(2,065)	2,065	(2,065)
10% change of the CHF against TL				
7-Net CHF asset/liability	1	(1)	1	(1)
8-Hedged portion of TL against CHF (-)	-	-	-	-
9-Net effect of CHF (7+8)	1	(1)	1	(1)
10% change of the GBP against TL				
10-Net GBP asset/liability	7	(7)	7	(7)
11-Hedged portion of TL against GBP (-)	-	-	-	-
12-Net effect of GBP (10+11)	7	(7)	7	(7)
TOTAL (3+6+9+12)	13,150	(13,150)	13,150	(13,150)

^(*) Equity effect includes profit/(loss) effect.

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed to the risk of loss from fluctuations in the future cash flows because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

The Company is exposed to interest rate risk through its fixed and variable rate borrowings. The risk is managed by appropriate distribution between fixed and variable rate borrowings.

As of 31 December 2022, and 2021, the interest sensitive financial instruments of the Company are as follows:

	31 December 2022	31 December 2021
<i>Financial assets and liabilities with fixed interest rate</i>		
Time deposits	2,742,139	761,506
Finance lease receivables, net	8,203,283	4,769,551
Borrowing	2,463,146	3,178,980
Securities issued	-	-
<i>Financial assets and liabilities with floating rate</i>		
Borrowing	8,387,457	1,954,474

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24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Interest rate sensitivity

Interest rate sensitivity of profit or loss is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss held as at 31 December 2022 and effect on net interest income of floating rate non-trading financial assets and financial liabilities held.

31 December 2022	Profit or Loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Floating rate financial liabilities	(839)	839	(839)	839
Total, net	(839)	839	(839)	839
31 December 2021	Profit or Loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Floating rate financial liabilities	(195)	195	(195)	195
Total, net	(195)	195	(195)	195

(*) Equity effect includes profit/(loss) effect.

Capital management

The Company's policy is to maintain a strong capital base and to maintain a balance between the debt and equity in an effective way so as to increase its profit.

Along with no change in the strategy of the Company in 2022, the ratio of the equities to the debts is 11% (31 December 2021: 13%). As of 31 December 2022 and 31 December 2021, the debt to equity ratio is as follows:

	31 December 2022	31 December 2021
Borrowing	10,850,603	5,133,454
Securities issued	-	-
Other liabilities	892,575	346,228
Total Liabilities	11,743,178	5,479,682
Total Equity	1,324,939	702,444
Equity/Debt ratio	%11	13%

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25 - FINANCIAL INSTRUMENTS**Fair values of financial instruments**

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, certain judgments made to estimate the fair value can cause an adjustment to the fair value at current market conditions.

Fair values of the financial lease receivables and funds borrowed have been determined by discounting the relevant cash flows by market interest rates prevailing as at balance sheet date. The carrying amounts of the bank balances and miscellaneous payables and other liabilities are assumed that they approximate their fair value due to their short-term nature

	31 December 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
<i>Financial assets</i>				
Finance lease receivables, net	8,203,283	7,577,447	4,769,551	4,361,756
Banks	2,742,139	2,742,139	779,199	779,199
<i>Financial liabilities</i>				
Borrowings	10,850,603	9,549,186	5,133,454	5,169,549
Securities issued	-	-	-	-
Other liabilities	892,573	892,575	346,228	346,228

Classification of Fair Value Measurement

TFRS 7 - Financial Instruments: Disclosure requires the disclosure of the classification of fair value measurements according to a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

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25 - FINANCIAL INSTRUMENTS (Continued)

Classification of Fair Value Measurement (Continued)

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows at 31 December 2022 and 31 December 2021:

31 December 2022	1. Level	2. Level	3. Level	Total
Financial assets at fair value through Other comprehensive income:	-	-	-	-
Investments in equity participations (*)	-	-	46,781	46,781
Financial assets at fair value through profit or loss:	-	-	-	-
Financial derivative liabilities	-	-	-	-

Total Financial Assets/Liabilities

(*) Financial assets at fair value through other comprehensive income presented at 3. level includes fair values of equity shares whose fair value has been determined by independent valuation institutions.

31 December 2021	1. Level	2. Level	3. Level	Total
Financial assets at fair value through Other comprehensive income:	-	-	-	-
Investments in equity participations (*)	-	-	26,434	26,434
Financial assets at fair value through profit or loss:	-	-	-	-
Financial derivative liabilities	-	-	-	-
Total Financial Assets/Liabilities			26,434	26,434

(*) Financial assets at fair value through other comprehensive income presented at 3. level includes fair values of equity shares whose fair value has been determined by independent valuation institutions.

	31 December 2022	31 December 2021
Balance at the beginning of the period	26,434	25,618
Cash capital increase during the period	2,280	-
Total gains for the period recognized under equity	18,067	816
Balance at the end of the period	46,781	26,434

26 – OTHER EXPLANATIONS

Information about fees regarding the services received by the Company from the Independent Auditor:

	31 December 2022	31 December 2021
Independent audit fee for the reporting period	203	148
Total	203	148

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27 - SUBSEQUENT EVENTS

By 14 January 2023 32073 published in the Official Gazette date and the tax procedural Law general communiqué No. 547 sequence (sequence No. 537), in depreciable assets and immovable with the communiqué on the amendment re-evaluation of the procedures and principles of Conduct which the law allows to be revised. Accordingly, the Bank will be able to make a revaluation on the real estate and depreciable economic assets on its balance sheet, provided that it meets the conditions set out in the Provisional Article 32 of the Tax Procedure Law and the provisions of the Repeated article 298 / Ç. Thus, corporate income tax will be able to be paid by calculating it according to the values of immovable and depreciable economic assets found after revaluation.

An earthquake has occurred in the south-eastern part of Turkey, affecting many of our cities. Due to the fact that the final severity of this earthquake, which caused the loss of thousands of lives and injuries, is currently unclear, the impact study on the Company's operations and financial situation is continuing.

