



# VAKIF LEASING **ANNUAL REPORT 2013**



## CONFORMITY REPORT OF ANNUAL ACTIVITY REPORT

To the Board of Directors of Vakıf Finansal Kiralama Anonim Şirketi;

- 1 As part of our independent audit activities we have evaluated compatibility of the financial information and reviews and announcements of the Board of Directors of Vakıf Finansal Kiralama Anonim Şirketi ("the Company") as prepared per 31 December 2013.
- 2 The responsibility of preparing the annual activity report in accordance with the Determination of Minimum Content of Annual Activity Report Regulation is under the responsibility of the Company's management.
- 3 As the Independent Audit Committee our responsibility is to express an opinion on the compatibility of the financial information stated in the annual report and audited auditor's report dated on 27 February 2014.
- 4 Our evaluation is in accordance with principles and procedures of preparation and issuance of annual report as conducted in Turkish Commercial Code ("TTK") under law number 6102. These regulations require reasonable assurance in order to avoid a fatal error relating to compliance with the independent audited data used in the annual activity report. We believe that our evaluation, forms a reasonable and adequate basis for forming an eligibility.
- 5 As a result of our assessment we didn't find any inconsistency regarding the information stated in audited financial data of Vakıf Finansal Kiralama A.Ş. and the statements of the Board of Directors' in the attached documents.

Istanbul,  
27 February 2014

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Erdal Tıkmak  
Partner



# 2013 ANNUAL REPORT

# CONTENTS

## FROM THE MANAGEMENT

Message from the Chairman	05
General Manager's Message	07
Executive Board Members	08-09
The Management	11
Members of the Board, Members of the Supervisory Board, and Administrative Staff	13

## VAKIF LEASING IN ITS 25RD YEAR

Our Vision, Mission, Values, Codes of Conduct	16
History, Milestones	18

## CORPORATE IDENTITY

General Information Regarding the Company	21
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## CORPORATE GOVERNANCE APPLICATIONS

Corporate Governance Compliance Report	23
Vakıf Financial Leasing Inc. Partnership	23
Public Disclosure and Transparency	24
Stakeholders	29
The Board	29

## A GENERAL OVERVIEW TO ECONOMY AND FINANCIAL LEASING IN 2013

World Economy in 2013	36-37
Turkish Economy in 2013	38-41
BRSA- Financial Leasing Institutions	44-45
Vakıf Finansal A.Ş (Summary of Financial Statements -Consolidated)	46-47
Credit Note JCR-Eurasia Rating	48

## FINANCIAL REPORTS



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and turn your opportunities into earnings



# FROM THE MANAGEMENT









**Turkish economy has been one of the strongest economies achieved the highest growth target after China within G20 countries as in previous years by accelerating its financial activities in 2013.**



Although we have entered into an ambient in which effects of global economic crisis in the worldwide are removed gradually and fragilities are increased as a result of stoppage of capital flows from developed economies to developing economies with FED's and ECB's abandonment of expansionary monetary policies called as extraordinary measures gradually, Turkish economy has been one of the strongest economies achieved the highest growth target after China within G20 countries as in previous years by accelerating its financial activities in 2013.

Even if a moderate trend has been observed in the recovery of the global economy as from the first half of 2013, it has remained under growth expectations in USA, even a limited recovery has been observed after long-term recession in Euro Zone. When we have reviewed developing countries which are locomotive of global economic growth since the financial crisis in 2008, it has been a year when expectations about the fact that developed countries will terminate the excessively loose monetary policy, and the change seen in the internal and external dynamics of China which is the world's second largest economy slowed the growth and growth forecasts as a result of new vulnerabilities and challenges were revised downward.

Although moderate increase, which U.S. economy has caught at the end of 2012, has been maintained in 2013, uncertainties in the fiscal policy continue to have adverse effects on the growth performance. Although U.S. economy, which has grown averagely at the rate of 1.8 percent in the first half of the year, has slowed 2.5 percent according to same period average of the last year, the unemployment rate has tended to decline as from the beginning of 2013 and has come to lowest levels since 2009 by realizing at the level of 7,3 percent as of August. Manufacturing Industry data, which has increased over the threshold again as of June, has increased up to 55,7 in August and accompanied by more optimistic and stronger appearance of some indicators concerning growth in U.S. economy in the second half of the year.

Long-lasting recession in Euro Zone has had positive growth for the first time according to the previous period in the second quarter

of 2013. Although this moderate recovery has been observed in the last quarter of the year in Euro Zone which has had contraction averagely at the rate of 0,9 in the first half of the year, a positive forecast could not be established in the growth completely because of failure of the economies such as Italy and Spain to rescue from recessionary spiral and high unemployment rates.

Weak progress of the global demand and decline in the commodity prices have contributed to low progress of the global inflation rates in the first half of 2013. Inflation has still maintained the low level in the developed countries such as USA and Euro Zone however it has accelerated slightly because of the recent developments in developing countries. Volatility in the capital flows in the second half of the year and disvaluation of currencies of developing countries have led to an upward movement in the inflation. Output from the expansionary monetary policy will be one of the main risks in front of the global economy in the next few years. Management, timing and composition of the monetary output are of great importance at this point. Unnecessary quickness of the output may cause re-deflationary tendencies and recession in the developed countries which have not completed recovery process yet.

The economy, which has a moderate recovery in the first half of 2013 in Turkey, has an important place among G20 and OECD countries with growth rate of 4 percent with contribution of domestic demand. Our country has had one of the most successful periods of the history of the Republic with total of export amounting to 151,7 Million USD in 2013 when export and foreign trade performances of all countries have remained low generally.

New regulations such as activity leasing of financial leasing companies, sell, lease back and also, independent leasing of each goods having essential qualities have been brought to the sector after new draft law on Financial Leasing, Factoring and Financing Companies No. 6361 including Financial Leasing, Factoring and Financing Companies targeting to increase representation ability of non-banking financial sectors in 2013 entered into force in 13.12.2012. The scope of related legislation has been expanded a little more in the following dates and VAT and Corporate tax exemption has been imposed for sell and lease back procedures by the law no. 6495. The trading volume of the financial leasing sector has realized as 6.9 Milliard USD and 30% increase has been observed in the trading volume compared to the previous year in the light of these developments.

Vakıf Leasing will continue to be one of the major actors of the sector by continuing to contribute for strengthening Turkish economy by maintaining the country's economic development in 2014, creation of new employment opportunities and its support for especially SMEs that are locomotive of the industrial sector.

I hereby thank our business partners, customers, all our employees on behalf of our Board of Directors and our shareholders.

Sincerely

**Ramazan GÜNDÜZ**

**Chairman of Board of Directors**









**Our company has been a major financial player in the increase of production and employment which the support which it has provided to investors of our country in 2013 with the synergy taken from Vakıfbank.**



Our company is progressing with certain steps by leaving a quarter of century behind in the sector in 2013 when we have left behind effects of financial crisis undergoing the global structure from a difficult turn in terms of financial and economic effects starting in 2008. Our company has been a major financial player in the increase of production and employment which the support which it has provided to investors of our country in 2013 with the synergy taken from Vakıfbank.

2013 has been a year when important legal developments have been made in terms of financial leasing sector. As it is known, finance of investment incentive transactions through financial leasing has become advantageous with new VAT degree enacted at the end of 2011 and then, production machineries and equipments for many sectors such as business-construction-food-textile have been taken under the scope of 1 % VAT with the decree published in 27 December 2011 dated and 28155 numbered Official Gazette. In addition, list of machinery and equipment to which 1% VAT is applied has been expanded as scope with new VAT decree which entered into force in December 1, 2013. In addition to financial leasing, sub-leasing, software leasing, operational leasing, sale % lease back and similar alternative leasing instruments have been included into the system with the new Financial Leasing, Factoring and Financing Companies Law No. 6361 which entered into force by publishing in 13.12.2012 dated and 28496 numbered Official Gazette, and also, the provisions, which shall facilitate finance of air and marine vehicles by financial leasing companies, have been stated again. With these developments, weight of financial leasing sector within the financial structure has played a great role in closure of 2013 with 6.9 milliard USD trading volume with upward momentum. These developments have contributed to realize a growth of 30 % based on transaction amount of the sector.

VAT and Corporate Tax exemption and title deed fee exemption has been imposed in order to be valid only in the real estates for

Sale and Lease Back transactions with the regulations made under the scope of Law No. 6495 published in August 02, 2013 dated Official Gazette. An increase of 42 % has been observed in the last quarter of 2013 in the sale and lease back procedures in the light of these developments. 65% of real estate transactions realized as of 2013 has been realized as sale-lease back.

One of the most important developments in 2013 is "Financial Institutions Union" established by the law no. 6361 adopted in Grand National Assembly of Turkey in order to gather leasing, factoring and financing companies, which constitute non-banking financial sector in which we, as Vakıf Leasing, are involved with its management, under one roof and to increase its ability to represent. Union represents a financing power amounting to total 61 milliard TL within Turkish financial system and it has been composed of total 122 financial institutions including 33 leasing, 76 factoring and 13 financing companies. Financing sources will have been diversified in our country with this new development and thus, uniformity will have been provided to non-banking financial sector by presenting alternative funding sources to the investor.

Our company has grown 32 % by increasing its asset size from 806 Million TL to 1066 Million TL in 2013. It has created a solid structure by increasing paid-up capital of our company from 60 Million TL to 65 Million TL with 8 % growth indicator and its equity up to 109 Million TL and by obtaining 10,2 % at the rate of its equity to its total liabilities in the same period again.

As a result of credit-rating study conducted by International Credit Rating Agency JCR Eurasia Rating, it has evaluated our company in the category of investable companies by confirming Long Term National Grade of Vakıf Finansal Kiralama A.Ş. as 'A (Trk)', its Short Term National Grade as 'A-1 (Trk)' in 2013 as well as in 2012.

Vakıf Leasing will continue to contribute the country's economy by maintaining support provided by small and medium-sized investors with its strong capital structure, contemporary-trained expert staff and organic growth model in 2014 as well as in 2013 thanks to its own quarter-century of experience.

While we are submitting our annual report and financial statements for the year of 2013 in the attachment, we thank our customers who trust us, our domestic and foreign business partners, and I express my gratitude to our board of directors and my colleagues because of their valuable contributions.

Sincerely  
**Osman Zeki ÖZGER**  
General Manager

# Ramazan GÜNDÜZ

Chairman of the Board

**Mehmet Emin ÖZCAN**  
Deputy Chairman

**Osman DEMREN**  
Board Member

**Telat KARAPINAR**  
Board Member

**Prof Dr. Şükrü KARATEPE**  
Independent Board Member

**İbrahim Halil ÇİFTÇİ**  
Independent Board Member

**Osman Zeki ÖZGER**  
Board Member - General Manager



**Ramazan GÜNDÜZ**  
Member of Board of  
Directors - Chairman

(01.01.2011 - ...)

Ramazan Gündüz, who started to work as probationary employee at T. Vakıflar Bankası T.A.O. in 1977, has served as Assistant Inspector, Inspector, Istanbul Regional Vice Director, Istanbul Financial Analysis and Intelligence Director, Sisli Branch Director, Medium Sized Credits Director, Credits Department Head, Istanbul Regional Director, Assistant General Manager and Member of Board of Directors in the subsequent years. After he has retired, he has served as General Manager of Vakıf Menkul Kıymetler Yatırım Ortaklığı and Vakıf Finansal Kiralama A.Ş. that are affiliates of Vakıfbank. He has been elected as member of Board of Directors at the General Assembly of T. Vakıflar Bankası T.A.O. held in 03.04.2009. He has served as Chairman of Board of Directors at T.Vakıflar Bankası T.A.O. as of 29.03.2013 and also, he has been elected as Member of Board of Directors in Vakıf Finansal Kiralama A.Ş. as of 01.01.2011. Ramazan GÜNDÜZ is also Chairman of Board of Directors at Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş.



**Mehmet Emin ÖZCAN**  
Member of Board of  
Directors - Vice Chairman

(05.04.2013 - ...)

He was born in Beytusebap in 1960. He graduated from Ankara University, Faculty of Political Sciences, Department of Economy and Finance. Mr. Ozcan has started to work as Assistant Inspector in Türkiye İş Bankası A.Ş. in 01.01.1983 and then, he has assumed various responsibilities as manager in Albaraka Türk Katılım Bankası A.Ş. He has served as Managing Member of Board of Directors of T. Halk Bankası A.Ş. between the dates of March, 2003 - April, 2005. Also, he has served as Bank representative at Institute of International Finance (IIF) and member of Board of Directors in Demir-Halk Bank/ Netherlands, Halk Yatırım Menkul Değerler A.Ş. and Halk Finansal Kiralama A.Ş. He has served as Member of Board of Directors of T.C. Ziraat Bankası A.Ş. between the dates of April 2005 - May 2010. Furthermore, he has worked as Chairman of Board of Directors in miscellaneous affiliates of T.C. Ziraat Bankası A.Ş. and Vice-Chairman of Board of Directors in Halk Bankası A.Ş. He has been serving as Member of Board of Directors in T.Vakıflar Bankası T.A.O. for which he was elected in 29.03.2013 as well as Vice-Chairman of Board of Directors in Vakıf Finansal Kiralama A.Ş. as from 05.04.2013, as Chairman of Supervisory Committee in Vakıfbank International AG as from 12.04.2013 and Vice-Chairman of Board of Directors in Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. as from 09.04.2013.



**Osman Demren**  
Member of Board of  
Directors

(31.03.2011 - ...)

Osman DEMREN, who graduated from Izmir Dokuz Eylül University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1990, has served as Accounting Auditor in Republic of Turkey, Ministry of Finance, General Directorate of Accounting between the years of 1991-1996. He has served as assistant inspector between the years of 1996-1999 at T.Vakıflar Bankası T.A.O. where he entered as assistant inspector in 1996, as inspector between the years of 1999-2000, and respectively as Cukurova Regional Vice Director, Cukurova Regional Intelligence and Financial Analysis Director, Gaziantep Branch Director, Vakıfbank Valide Sultan Branch Director and Regional Director of Istanbul 1st Regional Directorate between the years of 2000-2011. He has served as Member of Board of Directors in Taksim Otelcilik between the dates of 03.11.2010-30.06.2011. He is continuing to serve as General Manager Assistant in T.Vakıflar Bankası as from 06.04.2011. He is continuing to serve as Member of Board of Directors in Vakıf Finansal Kiralama A.Ş. as from 31.03.2011, as Member of Board of Directors in Vakıf Gayrimenkul Yatırım Ortaklığı as from 31.07.2012, as Member of Supervisory Board in Vakıfbank International AG. as from 27.01.2014, and as Vice-Chairman of Board of Directors in Vakıfbank Sports Club as from 23.05.2011.



**Telat KARAPINAR**  
Member of Board of  
Directors

(30.04.2012 - ...)

Telat KARAPINAR, who graduated from Istanbul University, Faculty of Law in 1992, has worked as Self-Employed lawyer between the years of 1994 and 2002. Telat KARAPINAR, who has served as Ankara Member of Parliament for 22nd Period, is serving as Member of Board of Directors in Vakıf Finansal Kiralama A.Ş. as from 30.04.2012.



**Prof. Dr. Şükrü KARATEPE**  
Member of Board of  
Directors - Independent  
Member

(29.03.2012 - ...)

Şükrü KARATEPE, who graduated from Ankara Faculty of Law in 1973, became respectively Administrative Law Doctor in 1983, Associate Professor of Constitutional Law in 1989 and Professor in 2012. He has served as Faculty Board Member in Ege University, Faculty of Economics and Administrative Sciences, and as Public Administration Department Head, Kayseri Metropolitan Mayor, Chairman of Board of Directors in Kayseri ve Civarı Electrical Company, Member of Supervisory Board in the companies subject to Erdemir Group and Member of Board of Directors in Vakıf Yatırım Menkul Değerler A.Ş. Mr. Şükrü KARATEPE, who continues to serve as Member of Board of Directors in Vakıf Finansal Kiralama A.Ş. as from 29.03.2012, is Public Administration Department Head in Yıldırım Bayazıt University, Faculty of Political Sciences.



**İbrahim Halil ÇİFTÇİ**  
Member of Board of  
Directors - Independent  
Member

(29.03.2012 - ...)

İbrahim Halil ÇİFTÇİ, who graduated from Middle East Technical University, Department of Business Administration, has served respectively as inspector in the Inspection Board, 2nd Credits Vice Director, 2nd Credits Regional Director, Istanbul Regional Director, Taksim Branch Director, Galata Branch Director between the years of 1974-2001 in İş Bankası A.Ş. where he started to work in 1974. He has served as Member of Board of Directors in Trakya İplik San.A.Ş., Man Motor San.A.Ş., Topkapı Şişe Cam San.A.Ş., Anadolu Cam San.A.Ş., Anadolu Sigorta A.Ş., Şişe Cam Fabrikaları A.Ş., İş Girişim A.Ş., İş Factoring A.Ş. between the years of 1987-2008. İbrahim Halil ÇİFTÇİ has served as General Manager in İş Finansal Kiralama A.Ş. between the years of 2001-2009, and as Vice-Chairman of Board of Directors in Financial Leasing Association between the years of 2004-2009. He is serving as Member of Board of Directors in Vakıf Finansal Kiralama A.Ş. as from 29.03.2012. İbrahim Halil ÇİFTÇİ is Vice-Chairman of Economic Researches Foundation and Member of Board of Directors in Istanbul University Teknokent A.Ş.

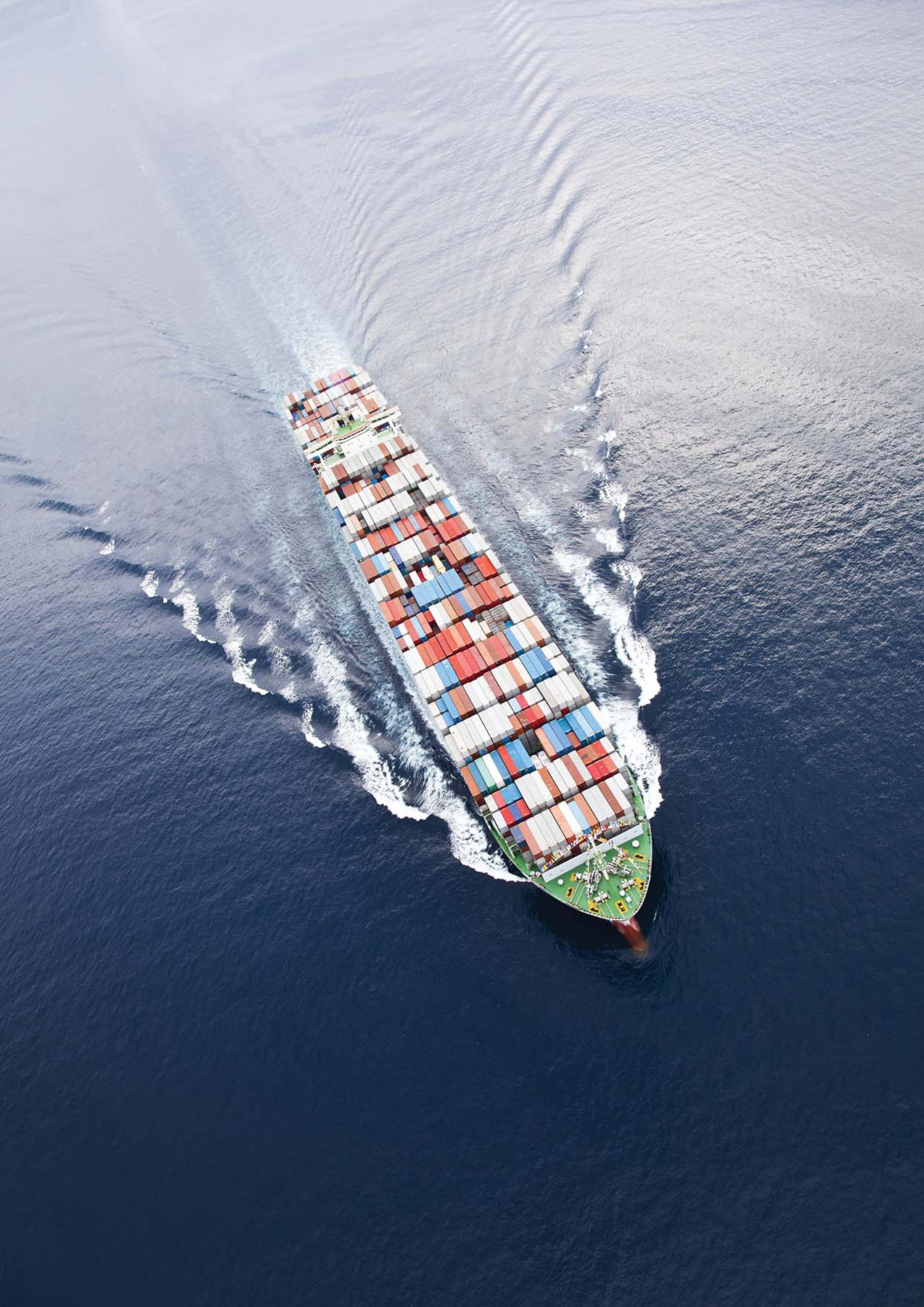


**Osman Zeki ÖZGER**  
Member of Board of  
Directors - General  
Manager

(07.04.2008 - ...)

Osman Zeki ÖZGER, who has started to serve as Chairman of Anatolian Corporate Center in T.Vakıflar Bankası T.A.O. at the end of 2006 after he has served as manager in various banks, is working as Member of Board of Directors and General Manager of Vakıf Finansal Kiralama A.Ş. as from 07.04.2008. Osman Zeki ÖZGER who is serving as Chairman of Board of Directors in the Financial Institutions Union as from report date is graduate of Faculty of Science in Atatürk University.







**Osman Zeki ÖZGER**  
General Manager

**Özgür SELÇUK**  
Deputy General Manager

**Mahmut GÜNGÖR**  
Deputy General Manager



**Mehmet İlkey COŞKUN**  
Coordinator



**Yılmaz Arslan AYDIN**  
Coordinator



**Hasan Basri BAHADIR**  
Coordinator



**Aysun TANDOĞAN**  
Legal Advisor



**Ahmet Erdoğan NEHROZOĞLU**  
Ankara Branch Director



**Tolga AKOÇAK**  
Marketing Director



**Gonca YADİGAR**  
Marketing Director



**Ferruh ATALAY**  
Adana Branch Director



**Levent Demirci**  
Bursa Branch Director



**Raziye Sema SESİGÜR**  
Finance Director



**Selahattin AVŞAR**  
Internal Audit Director



**Cengiz KURT**  
Director of Business  
Development and Risk  
Management



**Melda AKGÜN**  
Operations Director



**Emre AYDEDE**  
Credits Director



**Hülya YILDIRIM**  
Risk Director



**Vedat YILMAZ**  
Director of  
Administrative Services



**Mustafa SARITAŞ**  
Director Information Technology



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With the flexible payment plan, organize your cash flow and realize your investments smoothly

 **Vakif Leasing**  
Future Towards You



# THE MANAGEMENT

## MEMBERS OF THE BOARD

Ramazan GÜNDÜZ	: Board Member - Chairman
Mehmet Emin ÖZCAN	: Board Member - Board Deputy Chairman
Prof Dr. Şükrü KARATEPE	: Board Member
İbrahim Halil ÇİFTÇİ	: Board Member
Osman DEMREN	: Board Member
Telat KARAPINAR	: Board Member
Osman Zeki ÖZGER	: Board Member - General Manager

## MEMBERS OF THE AUDIT COMMITTEE

Prof Dr. Şükrü KARATEPE	: Chairman
İbrahim Halil ÇİFTÇİ	: Member

## CORPORATE GOVERNANCE COMMITTEE MEMBERS

İbrahim Halil ÇİFTÇİ	: Chairman
Osman DEMREN	: Member

## THE MANAGEMENT TEAM

Osman Zeki ÖZGER	: General Manager
Özgür SELÇUK	: Deputy of General Manager
Mahmut GÜNGÖR	: Deputy of General Manager
Mehmet İlkey COŞKUN	: Coordinator
Yılmaz Arslan AYDIN	: Coordinator
Hasan Basri BAHADIR	: Coordinator
Aysun TANDOĞAN	: Legal Advisor
Ahmet Erdoğan NEHROZOĞLU	: Ankara Branch Director
Tolga AKOÇAK	: Marketing Director
Gonca YADİGAR	: Marketing Director
Ferruh ATALAY	: Adana Branch Director
Levent Demirci	: Bursa Branch Director
Raziye Sema SESİGÜR	: Finance Director
Cengiz KURT	: Director of Business Development and Risk Management
Melda AKGÜN	: Operations Director
Emre AYDEDE	: Credits Director
Hülya YILDIRIM	: Risk Director
Vedat YILMAZ	: Director of Administrative Services
Selahattin AVŞAR	: Internal Control Director
Mustafa SARITAŞ	: Director Information Technology

VAKIF  
LEASING  
IN ITS  
25 ■ YEAR

# LET'S ACHIEVE TOGETHER

 **Vakif Leasing**  
Future Towards You





## OUR VISION

To be a Leader Company preferred by the investors in the Leasing sector at the first place by providing the optimal financial opportunities for the investments of its customers along with the utmost customers satisfaction and service quality.

## OUR MISSION

Is to build continuous value creation; for our customers, employees and shareholders by developing a modern and customer oriented success approach.

## OUR VALUES

High-quality service mentality based on information and creativity.  
Rapid and effective decision-making.  
A strong sense of responsibility based on a continuous development approach.  
An open communication based on mutual trust. Employees devoted to success and team spirit. Commitment to ethical and Professional codes of conduct

## OUR CODES OF CONDUCT

Full compliance with all relevant regulations and legislation  
Honesty, transparency and reliability in relations with customers-sellers-creditors.Taking into consideration the requirements of economic development as well as profitability in all operations.  
Discretion and respect for information and confidentiality  
Avoid unfair competition by protecting the common interests



# FULL SUPPORT TO YOUR PRODUCTION

from Vakıf Leasing

 **Vakıf Leasing**  
Future Towards You



## HISTORY

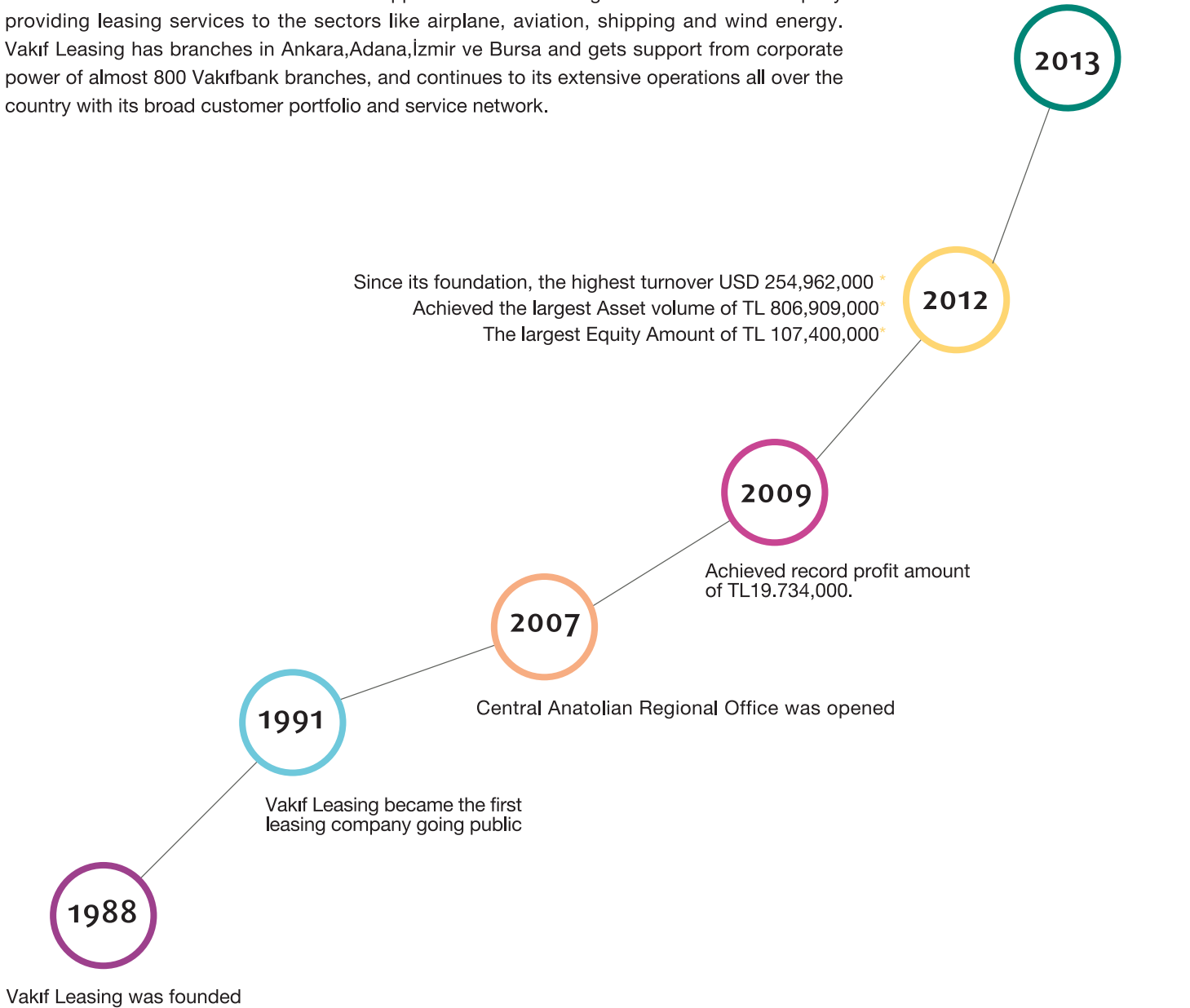
VAKIF LEASING was established on 15.09.1988 under the title of VAKIF FİNANSAL KİRALAMA A.Ş., as a subsidiary of Vakıfbank. It was quoted on Istanbul Stock Market in 1991 and became the first publicly-traded leasing company.

Having successfully operated for 24 years, Vakıf Leasing continues to be one of the assets of Turkey by contributing to the country's development and employment. Vakıf Leasing takes sound steps towards the future in line with its deep-rooted principles, deterministic, assured and progressive approach by providing important leasing advantages for its investors thanks to its meticulous working approach and huge experience in making the right decisions at the right time.

Vakıf Leasing particularly aimed at investments on real estate, energy, technology, transportation and tourism thanks to its wide field of expertise.

The most remarkable indicator of innovative approach of Vakıf Leasing is that it is the first company providing leasing services to the sectors like airplane, aviation, shipping and wind energy. Vakıf Leasing has branches in Ankara, Adana, İzmir ve Bursa and gets support from corporate power of almost 800 Vakıfbank branches, and continues to its extensive operations all over the country with its broad customer portfolio and service network.

In 2013, total assets amounted to 1,066,607 thousand



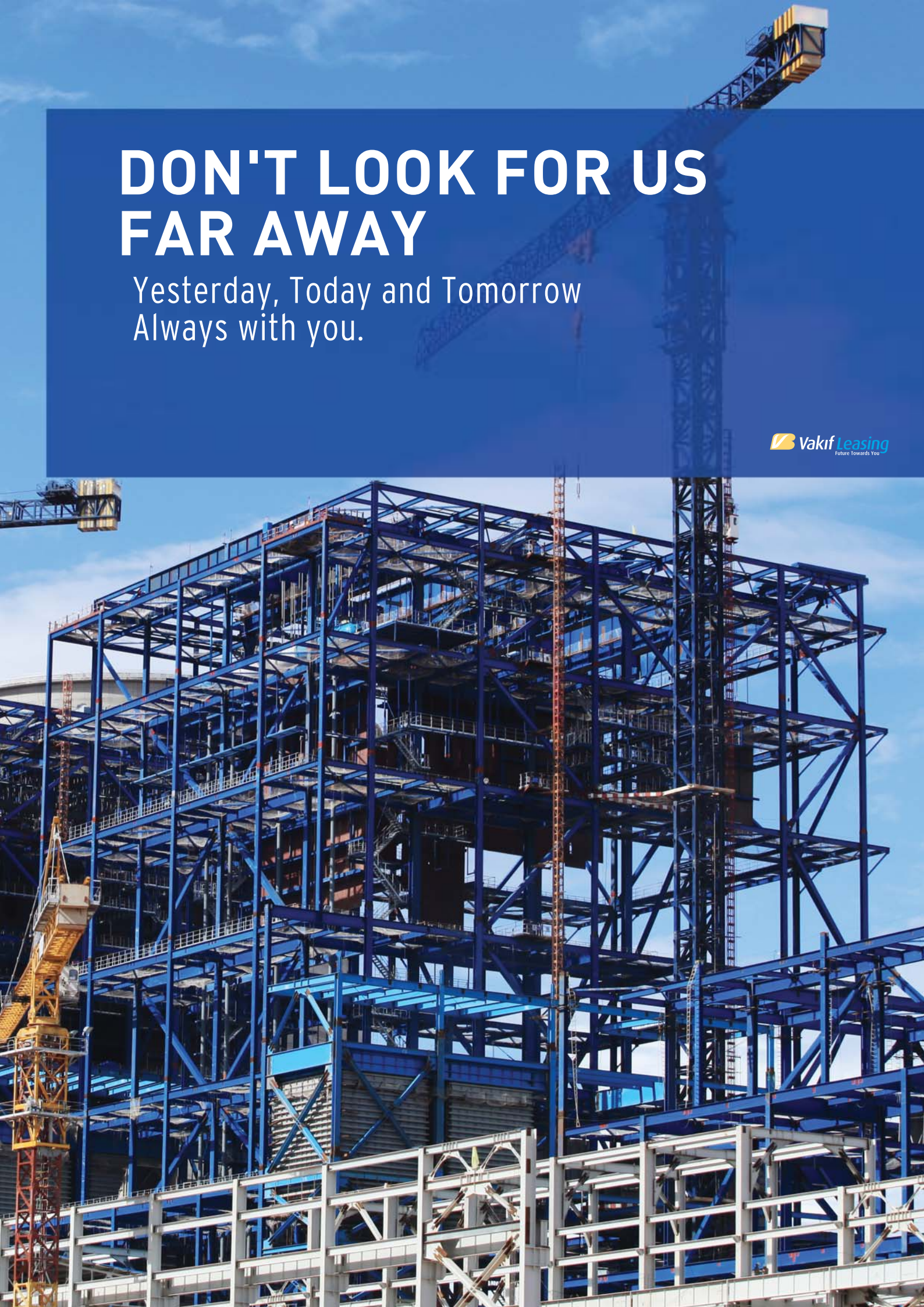
# CORPORATE IDENTITY



# DON'T LOOK FOR US FAR AWAY

Yesterday, Today and Tomorrow  
Always with you.

 **Vakif Leasing**  
Future Towards You



## GENERAL INFORMATION REGARDING THE COMPANY

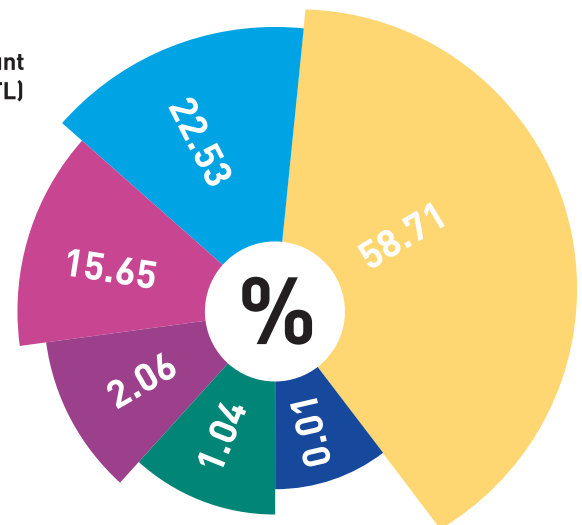
Date of Establishment	: 15.09.1988
Activity Area	: Financial Leasing
Company Headquarters	: İstanbul
Paid in Capita	: 65.000.000 TL
Number of Employees	: 59
Board Chairman	: Ramazan GÜNDÜZ
General Manager	: Osman Zeki ÖZGER
Independent Auditing Firm	: Akis Independent Audit and Public Accountancy Inc.
Address	: Büyükdere Caddesi Gazeteciler Sitesi Matbuat Sokak No:13
Esentepe Şişli İstanbul	
Telephone	: 90 (212) 337 67 67
Fax	: 90 (212) 337 67 99
Web-site	: www.vakifleasing.com.tr

### VAKIF FINANCIAL LEASING INC. AVAILABLE FOR SALE FINANCIAL ASSETS

Vakıf Insurance Intermediary Services Ltd.
Vakıf Energy and Mining Inc.
Vakıf Financial Factoring Services Inc.
Vakıf Marketing Ind. and Trade Inc.
Word Vakıf UBB Ltd.
Obaköy Nutrition Management Mar. Sec. Cle. Tra. Inc
Doğu Investment Holding Inc.
Vakıf Investment Securities Inc.

### PARTNER (%)

	[%]	Share Amount (Thousand TL)
● T. Vakıflar Bankası T.A.O.	% 58,71	38.163
● Güneş Insurance Inc	% 15,65	10.172
● T. Vakıflar Bankası T.A.O. Employees and Serv. Retirement Fund Provident Fund Foundation.	% 2,06	1.340
● VakıfBank Staff Private Social Security Services Foundation	% 1,04	675
● Public Offering	% 22,53	14.647
● Other partners	% 0,01	3
<b>Total</b>	<b>% 100,00</b>	<b>65,000</b>





# SINCE 1988

We have left a mark  
in many projects

 **Vakif Leasing**  
Future Towards You™





# VAKIF FINANCIAL LEASING INC. CORPORATE GOVERNANCE COMPLIANCE REPORT

## 1.CORPORATE GOVERNANCE COMPLIANCE STATEMENT:

Our company shows ultimate attention for avoiding applications that violate the principles of the Corporate Governance Guidelines published by the Capital Markets Board. Investor Relations Department has been established, for our shareholders and stakeholders in order to access most recent information about our company in an easiest and reliable way and to build up bridge to provide confidence and regular information between our company and potential investors.

## CHAPTER I - SHAREHOLDERS

### 2.SHAREHOLDERS RELATIONS UNIT

Under our Deputy of General Manager Özgür SELÇUK's responsibility, the relations with the shareholders are conducted by our Coordinator Mehmet İlkey COŞKUN and our Administrative Affairs Director Vedat Yılmaz, of whom the contact information is given below:

Özgür SELÇUK - o.selcuk@vakifleasing.com.tr (212) 337 67 67  
Vedat YILMAZ - v.yilmaz@vakifleasing.com.tr (212) 337 67 67  
Mehmet İlkey COŞKUN - i.coskun@vakifleasing.com.tr (212) 337 67 67

The main duties of the unit is to provide to the willing investors the company information declared to the public and dematerialising the shares by means of paying dividend to the shareholders and bonus shares. By the establishment of the investor relations unit, the improvement of the company in terms of corporate governance

### 3.UTILIZATION OF SHAREHOLDERS' RIGHT TO INFORMATION

A copy of the publicly disclosed financial statements on a quarterly basis and Board of Directors Decisions are being sent to our shareholders. Requests for other information related to the company are met as soon as possible, depending on their urgency, firstly in visual environment and then via fax message.

Information requests from shareholders, except for requests for information not disclosed to the public or commercially sensitive information, are met within the scope of the related legislation.

On the other hand, request for assignment of a special auditor is not regulated as an individual right in the Master Agreement and no such demand was made during the concerned activity period.

### 4.INFORMATION ON GENERAL ASSEMBLY

General Assembly related to the 2012 activity period of the company was held on 15.04.2013 with the participation of the Shareholder representatives, the Commissioner from the Ministry of Industry and Trade and the holders of 77% of the total shares. The date, venue, time, letter of invitation, sample of power of attorney and information required for voting in the General Assembly were announced in the Daily Bulletin of Istanbul Stock Exchange and 2 daily newspapers published in Turkey and the Turkish Trade Registry Gazette under the title of "Announcement to Our Partners". Shareholders who participated in the General Assembly made their proposals in relation to the Agenda Items and the discussions addressed these proposals.

Pursuant to the decision assembly, amount of 60.000.000TL of paid capital will be increased by 5.000.000TL by means of fulfilling the 2012 returns from the excess reserves. Hence, the paid capital will be elevated to 65.000.000TL. by means of bonus issue. Duties towards the representation of the company against the third parties, activities within the aim and scope stated in the 3rd article of the Main Contract and the duties towards the fulfilment of the legal transactions were transferred to the Executive Board. . In line with the right of shareholders and other participants to ask questions as per the final Agenda item, company managers provided satisfactory answers to these questions. Participants expressed their wish for the best for all.

In addition amendments with regard to the Master Agreement Article numbers 3, 4, 6, 8, 9, 10,11,12,14,15,16,17 and 20 was approved by the General Assembly.

The registered capital ceiling increased to TL 150.000.000 from TL 100.000.000 in the General Assembly meeting.

The international rating agency, the JCR EURASIA RATING have confirmed of 'A (Trk)' on the Long Term National Scale along with a 'Stable' outlook to Vakıf Finansal Kiralama A.S.

Necessary provisions has been added to the Master Agreement in accordance with the CMB regulations regarding the application of significant corporate governance principles where the decision of the General Assembly is not required, with the approval of majority of independent members or despite the opposition of a majority of independent members -as change in the scope and subject of existing privilege, spinoff, sale-purchase and lease a significant amount of property, delisting from the stock-market,- The meeting minutes of the General Assembly were delivered to the participants and has been announced to the public on the ISE. The meeting minutes which has been published in the daily bulletin with the list of participants is also presented to the investors at [www.vakifieasing.com.tr](http://www.vakifieasing.com.tr) under the "Investor Relations" section and opened to the shareholders permanently at the headquarters of the company.

## 5.VOTING AND MINORITY RIGHTS

Our shareholders do not have any royalties. Our company does not include cumulative voting system.

## 6.PROFIT SHARE RIGHT

Şirketimiz, kar dağıtım politikasını; Sermaye Piyasası Mevzuatı, The profit distribution policy of the company was redefined by taking into consideration the Capital Market Legislation, provisions of Turkish Commercial Code, tax legislation and other related legislation provisions.

Any profit distribution proposal made by the Board of Directors for submission to the approval of the General Assembly is prepared in such a way to protect the delicate balance between shareholder expectations and the profitability status of the company and the need for future growth. Accordingly, As per

the Master Agreement, it is agreed to make a first dividend payment at the rates and amounts specified by the Capital Markets Board in case of any distributable profit. There is no concession related to participation in the company profit. The Master Agreement does not include any provision stipulating profit share advance payments. Profit share payments are made within the specified legal periods.

## 7. ASSIGNMENT OF SHARES

There is no provision in the Master Agreement to limit assignment of shares. As per Article 7 of the Master Agreement, all company shares are registered and can be assigned in compliance with the provisions of the related legislation.

## CHAPTER II – PUBLIC DISCLOSURE AND TRANSPARENCY

### 8.INFORMING POLICY

Special Situation Explanations:

In case the special situations specified in the "CMB Serial: VIII, No: 54 Communication on the Procedures Related to Public Disclosure of Special Situations" occur, explanations about the concerned special situation are made to the Istanbul Stock Exchange. Special situation explanations are notified to ISE, with the knowledge of the Board of Directors and, in principal, after being signed by the General Director or Deputy General Director and the manager of the related department. Special situation explanations are published in the electronic environment as Public Disclosure Platform (PDP) notification and disclosed to the public on the official website of the company.

### Public Disclosure of the Financial Tables:

The information policy of the company aims to ensure fast and easy access by the partners and all beneficiaries of the company to its financial statements. Financial statements of the company are prepared according to the provisions defined by the Capital Markets Board and are subjected to independent audit according to International Auditing Standards and then disclosed to the public. Before public disclosure, financial statements and footnotes thereof are submitted for the approval of the Board of Directors with the positive opinion of the Board of Auditors within the framework of the Capital Markets legislation.

After signing the statement of responsibility by the responsible member of the Board of Directors, General Manager, Deputy General Manager and the related manager; financial statements, footnotes thereof and the independent audit report are submitted to ISE in line with the Capital Markets Law and ISE regulations. Financial statements and footnotes thereof can be accessed retrospectively from the official website of Vakıf Finansal Kiralama A.Ş. ([www.vakifleasing.com.tr](http://www.vakifleasing.com.tr)).

Company information is publicly disclosed with the knowledge and under the responsibility of Özgür SELÇUK -Deputy of General Manager-, Mehmet İlkyay ÇOŞKUN -Coordinator-, Financial Affairs and Human Resources Manager, and Nuran AKÇURA- Financial Affairs and Human Resources Assistant Manager .

#### **Amaç:**

Vakıf Financial Leasing Inc.'s public disclosure policy aims to adopt a transparent and efficient policy in line with the related provisions and within the framework of the past performance and future expectations of the company, generally accepted accounting principles and the provisions of the Capital Markets Board (CMB) Regulations. The aim in this policy is to equally share the past performance, future expectations, strategies of the company and all the information apart from the trade secrets such as its objectives and vision with the public authorities, current and potential investors and the shareholders and provide the stakeholders financial information in a timely, justly and properly manner within the framework of the generally accepted accounting principles and the provisions of the Capital Markets Board (CMB). The disclosure policy of the company aims for the declaration of the information available to the public in a systematic manner by the authorized executives. The public disclosure policy is realized within the framework of the Capital Markets Board (CMB) and İstanbul Stock Exchange (İSE) Regulations, Banking Regulations and Supervisory Council and Capital Markets Board (CMB) Corporate Governance Principles.

#### **Authorities and Responsibilities:**

The Information Policy is developed and approved by the company's Board of Directors in line with the Corporate Governance Principles of CMB. The Board of Directors is responsible for realization, improvement and monitoring of the Information Policy.

Implementation and monitoring of such policy -approved by the Board of Directors- is under the responsibility of the Personnel and Administrative Affairs Management.

#### **Methods and Tools:**

The following methods and tools are used in the development of the public disclosure and information policy in line with the Capital Markets Board legislation and the provisions of the İstanbul Stock Exchange and Turkish Commercial Code:

1. Special situation explanations made to İstanbul Stock Exchange
2. Financial statements and footnotes thereof, independent audit reports and declarations periodically submitted to İstanbul Stock Exchange (These reports are also published on the official website and are available in ready-to-access format at any time. Activity reports and financial presentations related to these statements are published periodically in electronic media and the official website)
3. Annual and interim activity reports (these reports are submitted for the information of the related authorities in both printed and electronic media)
4. Official website ([www.vakifleasing.com.tr](http://www.vakifleasing.com.tr))
5. Announcements and declarations made in the Turkish Trade Registry Gazette and daily newspapers
6. Press releases made periodically and in parallel with important developments throughout the year in the written and visual media
7. Explanations made to data distribution organizations such as Reuters, Foreks and Bloomberg
8. Communication via tools and methods such as telephone, e-mail, telefax, etc.

#### **Special Situation Explanations:**

In case the special situations specified in the "CMB Serial: VIII, No: 54 Communication on the Procedures Related to Public Disclosure of Special Situations" occur, explanations about the concerned special situation are made to the İstanbul Stock Exchange.

Special situation explanations are notified to ISE, with the knowledge of the Board of Directors and, in principal, after being signed by the General Director or Deputy General Director and the manager of the related department. Special situation explanations are published in the electronic environment as Public Disclosure Platform (PDP) notification and disclosed to the public on the official website of the company.

### Public Disclosure of the Financial Tables:

The information policy of the company aims to ensure fast and easy access by the partners and all beneficiaries of the company to its financial statements. Financial statements of the company are prepared according to the provisions defined by the Capital Markets Board and are subjected to independent audit according to International Auditing Standards and then disclosed to the public. Before public disclosure, financial statements and footnotes thereof are submitted for the approval of the Board of Directors with the positive opinion of the Board of Auditors within the framework of the Capital Markets Legislation.

After signing the statement of responsibility by the responsible member of the Board of Directors, General Manager, Deputy General Manager and the related manager; financial statements, footnotes thereof and the independent audit report are submitted to ISE in line with the Capital Markets Law and ISE regulations. Financial statements and footnotes thereof can be accessed retrospectively from the official website of Vakıf Finansal Kiralama A.Ş. ([www.vakifleasing.com.tr](http://www.vakifleasing.com.tr)).

### Annual Reports:

The contents of the annual and interim activity reports are prepared in accordance with the CME Regulation and the Corporate Governance principles. After the preparation of the activity reports, they are submitted to the approvals of the Audit Committee and the Executive Board respectively, and disclosed to the public via ISE and the web-site. The annual and interim reports comprise all kinds of information to be announced to the partners such as the activities fulfilled by the company throughout the year and/or period which are summarized to the shareholders, significant decisions made regarding the company and changes in the administration. Additionally, these reports also comprise compliance reports related to the corporate governance principles.

### Corporate Web-Site:

The official company website is a platform that facilitates timely monitoring of share performance by any shareholder in any part of the world and rapid and easy monitoring of detailed and current information at low cost. It is actively used in public disclosure. The website offers information in both Turkish and English languages. In addition to providing up-to-date

information, the website offers analysis and evaluations as well as retrospective data. The company's website is updated regularly. Important titles offered by the website are listed as follows:

1. Detailed information on corporate identity
2. Information on the Members of the Board of Directors and top management
3. Organization and partnership structure of the company
4. Master Agreement of the company
5. Trade registry information
6. Registration statement and disclosure circulars
7. Financial statements and related reports, financial information, indicators and analysis reports
8. Activity reports
9. CMB Special Situation Explanations
10. Explanation on the date, agenda and agenda items of the General Assembly
11. Minutes and the list of participants of the General Assembly
12. Sample of the Power of Attorney
13. Corporate management practices and compliance report
14. Profit distribution policy, its history and capital increases
15. Press releases
16. Frequently asked questions

### Written and Visual Declarations and Notifications Through the Trade Registry Gazette and Daily Newspapers:

As per the Capital Markets Law, Turkish Commercial Code and Master Agreement of the company; Notifications about capital increase and dividend payments by the General Assembly are made through both the Turkish Trade Registry and at least 2 daily newspapers.

Partnership strategies, targets and projects not approved by the Board of Directors by a Board Decision cannot be disclosed to the public. All disclosures to be made in this scope comply with the issues specified in CMB communiqués. Only those authorized to make disclosure can inform the press and public.



## **Relations with the Capital Markets Board Contributors and Persons Authorized for Disclosure:**

The Personnel and Administrative Affairs Management is duly authorized to work in cooperation with the Corporate Governance Committee in order to establish regular relations with existing and potential shareholders of the company, respond to the questions of investors in the most efficient way and conduct studies to increase company value. Relations with the shareholders are regulated by the Personnel and Administrative Affairs Management. Except for the declarations and notifications specified above, written and verbal information requests made by the Capital Markets Participants or any institution/person are met by the manager of the related unit as long as it falls within the duty field of the Management; it is not commercially sensitive; and does not affect the investment decisions and the value of the capital market instruments within the scope of the VIII Serial and 54 No CMB Communiqué on Explanation of Special Situations. Press releases made to the written and visual media as well as to data distribution channels such as Reuters, Foreks, etc can be made only by the Chairman of the Board of Directors and the General Manager, in writing or orally. Unless duly authorized company employees cannot answer questions raised by the Capital Markets Participants or any institution/person. Such demands are submitted to the management of the Personnel and Administrative Affairs section. Presentations to be made to the Capital Markets Representatives and meetings to be held with the same are disclosed to the public in advance, whenever possible. In addition, the type of invitation, content and date of the General Assembly are announced to duly inform the participants in order to ensure participation in the General Assembly. The limits of the authority of those authorized to make explanations in relation to requests for information other than publicly disclosed information are defined according to the level of information requested. Every kind of question and explanation request related to the company is answered by:

- The Chairman and members of the Board of Directors
- The Chairman and members of the Audit Committee
- The Chairman and members of the Corporate Governance Committee
- General Manager
- Deputy of General Manager
- Personnel and Administrative Affairs Manager
- Financial Affairs and Accounting Manager

Employees other than those listed above are not authorized to answer questions or requests for information. Company employees direct such questions to the Personnel and Administrative Affairs Management

## **Insider Trading:**

The company has policies to safeguard against insider trading that cover the members of the Board of Directors, managers and employees. Members of the Board of Directors cannot publicly disclose confidential and/or commercially sensitive information related to the company. The Board of Directors takes necessary measures to prevent disclosure of such information by employees. Members of the Board of Directors cannot use confidential and/or publicly undisclosed information related to the company in their own or others' favor and cannot give false, misleading or groundless information or spread such information.

In line with the insider trading policy, the following provisions should be complied with for the security and protection of the commercially sensitive information of the company: To avoid disclosure of the commercially sensitive information to the unauthorized persons, To prevent those who have such information from purchasing-selling and trading goods or making sales-purchase suggestions to an out-of-company third person, To avoid internet discussion of such information, To avoid behaviours which may result in personal gain or a third person gain from such information. This policy is regularly revised and updated in line with the changes in these provisions.

## **Explanations on Profit Distribution:**

The profit distribution policy developed by the Board of Directors is disclosed to the public. This policy is submitted to the General Assembly for the information of shareholders and is reflected in the activity report. Any proposed profit distribution and projected distribution date prepared by the Board of Directors is notified to the Capital Markets Board and Istanbul Stock Exchange within the deadlines specified in the relevant literature.

#### **Other Explanations:**

Questions asked of the company via telephone, fax, e-mail or other means of communication are answered in writing as soon as possible. These questions are answered by the authorized persons, selected according to the content of the question. In case of a claim filed against (either concluded or still ongoing) or a fine imposed on the company, except for the special situation explanations, the company informs the public of which company representative will disclose such information, when and to what extent.

#### **Explanations Regarding Anticipatory Declarations:**

According to its information policy, the company may occasionally make anticipatory declarations. Anticipatory declarations included in the written documents of the company are based on specific assumptions.

Realized results may differ significantly from the anticipated results due to risks, ambiguities and other factors. The investor group is accordingly warned in this scope.

Only duly authorized persons may make public anticipatory declarations. Statistical data are used to explain the basis and grounds of the publicly disclosed anticipations. In cases where it is understood that disclosed anticipations will not be realized, this situation is disclosed to public together with its reasons and then the concerned information is duly revised. Speculation,

#### **Unfounded Information, Gossip, etc.:**

Neither positive nor negative opinion is expressed about any unfounded information disseminated about the company. However, in case of a verification demand by ISE and/or CMB the Board of Directors may decide to make the required explanation. In cases where any scenarios in gossip become wholly or partly realized, the company makes public disclosure as soon as possible.

#### **Situation Explanations:**

Pursuant to the CME regulations between 01.01.2012 and 31.12.2012, 22 special situations were explained. No explanations regarding these statements were requested by CME or ISE. Our company shares are not quoted in the foreign stock exchange markets.

#### **9.COMPANY WEB-SITE AND CONTENT:**

From our company web site [www.vakifleasing.com.tr](http://www.vakifleasing.com.tr), explanations and information subject to public disclosure may be reached. For the foreign investors, the information on the web-site is also available in English language.

#### **10.ACTIVITY REPORT:**

All information regarding the corporate management principles, takes place in the activity report.

## CHAPTER III - STAKEHOLDERS

### 11. INFORMING THE STAKEHOLDERS:

Necessary explanations regarding all the issues related to the stakeholders are made. Information regarding the intercorporate meetings and those disclosed to public via web-site are provided to the stakeholders.

### 12. STAKEHOLDER'S CONTRIBUTION TO THE MANAGEMENT:

Within our company, two different models were established regarding the contribution of the stakeholders.

**Committee Meeting;** Decisions made during the regular committee meetings are applied by our company.

**Proposal System;** Owing to this system, employees are able to submit their recommendations regarding all kinds of betterment and improvement issues, and appropriate recommendations are taken into consideration.

In addition, for the aim of informing the employees regarding the general status of the company and receiving their proposals, "Weekly General Evaluation Meetings" are held and the financial structure and performance data regarding the company are evaluated with the employees.

### 13. HUMAN RESOURCES POLICY:

Our company's human resources policy is conducted within the framework of the "Personnel Regulations" which entered into force in 2005.

In addition, career planning studies are also performed. Our company plays a major role in the success and development of the sector. Vakıf Leasing places great emphasis on particularly the education and on providing its personnel the equipment necessary for efficiency, and considers its personnel as its major capital. It provides opportunities to the problem solver young people with vision and creativity who are fond of researching. All our employees have a notion of working with team spirit and a high level of innovative creativity. In Vakıf Leasing, recruitments and promotions are subject to the decision of the Board given within the framework of the "Personnel Regulations". There is no discrimination in any means among our employees. Our employees are equal in all circumstances.

## 14. ETHIC RULES AND SOCIAL RESPONSIBILITY:

- Full compliance with the regulations adopted by law
- Honesty, transparency and accountability in the relationship between client-vendor-creditor
- Taking into account the reasons for economic development as well as profitability in operation
- Respect to the confidential information and privacy to keep secrets
- Respect to the common interest of the sector in order not to create an unfair competition

Vakıf Leasing is aware of the social responsibilities it undertakes towards its customers, employees and the society and strives for fulfilling these responsibilities in the best possible way. It obeys all the regulations regarding the business life, stands behind the commitments it announces to the public, gives confidence, encourages its employees towards honest and ethical conduct, takes all the precautions necessary for the security of its premises, does not conduct deceptive promotional or marketing activities and obeys and encourages regulations prohibiting discrimination. Vakıf Leasing strives for solving the customer problems quickly, covers the significant part of its employees' health expenses and continuously aims for increasing its service quality.

## CHAPTER IV - EXECUTIVE BOARD

### 15. STRUCTURE, FORMATION AND INDEPENDENT MEMBERS OF THE EXECUTIVE BOARD:

Management of the company is conducted by the Executive Board including the General Manager. On yearly basis a vice chairman is being selected among the executive board members in case of the absence of the chairman. All Executive Board members except the General Manager are being elected by the shareholders represented in the General Assembly within the framework of the Turkish Trade Act. Majority of the Executive Board members are not responsible from the daily activities. Non-ordinary Independent Board Members are being elected from the candidates who could conduct his/her work independently without any influence according to the Capital Markets Board. Corporate General Manager acts as the President of the Executive Board in the absence of the president.

Chairman and Members of the Executive Board consists of ;

Ramazan GÜNDÜZ	Member   President	15.04.2013	Ongoing
Mehmet Emin ÖZCAN	Member   Deputy Chairman	15.04.2013	Ongoing
Prof Dr. Şükrü KARATEPE	Member   Independent	15.04.2013	Ongoing
İbrahim Halil ÇİFTÇİ	Member   Independent	15.04.2013	Ongoing
Osman DEMREN	Member	15.04.2013	Ongoing
Telat KARAPINAR	Member	15.04.2013	Ongoing
Osman Zeki ÖZGER	Member   General Manager	15.04.2013	Ongoing

Board members are elected for 1 year. However, those whose membership periods expire may be re-elected. In case of a membership vacancy, the Board may temporarily elect a candidate conforming the legal regulations, appointed by the same partners. Member elected holds office until the first Board meeting and completes the duty period of his/her substitute upon the approval of the General Assembly..

#### 16.EXECUTIVE BOARD'S FUNCTIONING PRINCIPLES:

The agendas of the board meetings are determined according to the current issues and by the authorities stated within the Main Contract. Within the 01.01.2013 - 31.12.2013 period, 20 board meetings were held. If required the company's business and operations of the Board of Directors will be conducted at the company headquarters or another location by the majority of the Board of Directors. But it is compulsory to meet at least once a month. The Turkish Commercial Code shall be applied regarding the participation Board Meetings and the decision quorum. The duties of informing and communicating with the board members are conducted by the secretariat of the General Directorate. Issues to be disclosed to public are immediately announced after the meeting. The members actively attend to the meetings which are held with regards to the below issues:

- Determination of the areas of activity and approval of the business and financial plan,
- Inviting the ordinary/extraordinary General Assembly for the meeting and issues related to organization,
- Finalizing the annual activity report to be submitted to the General Assembly,
- Election of the Board Chairman, Deputy Chairman and appointment of new members -Formation or termination of the administrative units,
- Appointment or dismissal of the Chairman/General Manager
- Formation of the committees,
- Merging, division, restructuring, selling the whole company or 10% of the fixed assets, investing by amounts above 10% or writing off the amounts above 10% of the fixed assets.
- Determination of the dividend policy of the company and the profit shares -Capital increase or decrease.

#### 17.NUMBER, STRUCTURE AND INDEPENDENCE OF THE COMMITTEES FORMED WITHIN THE EXECUTIVE BOARD:

Pursuant to the statement with serial IV and no: 56-57-63 of our company regarding the institutions open for public, (President- Prof Dr. Şükrü KARATEPE, Member- İbrahim Halil ÇİFTÇİ) Member of Supervisory Board, and two other new members (President- İbrahim Halil ÇİFTÇİ, Member- Osman DEMREN) establishment of a Corporate Governance Committee of two members and an Audit Committee of two members is foreseen. Efforts towards the establishment of the aforementioned committees within the framework of the related regulation are in progress.

#### 18.RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM:

Risk Management Unit consists of two members elected within the executive board. According to the internal audit mechanism all the contracts prior to signing should be controlled by the Credits, Legal and Internal Control departments. Additionally, proforma invoices are inspected by our Operations Unit.

#### Powers and Responsibilities of the Board Members and Executives:

The powers and responsibilities of our board members and executives are explicitly defined in the Main Contract. Pursuant to Article 12 of the Main Contract, the Executive Board is authorized to decide on all the transactions except for those intentionally excluded by the General Assembly.



## 19.COMPANY'S STRATEGIC TARGETS:

At the end of each year an evaluation of the previous year and strategic objectives for the coming years are being made by our management team. Also these reports are being evaluated by our Executive Board.

## 20.FISCAL RIGHTS:

In 2013, a gross amount of 260 thousand TL were paid to the members of the Executive Board and Supervisory Board . Also a gross amount of 758 thousand TL in total were paid to the General Manager and his Deputy.

## INFORMATION REGARDING INTERNAL AUDIT AND FINANCIAL CRIMES COMPLIANCE ACTIVITIES:

Internal Audit activities of Vakıf Finansal Kiralama A.Ş. are fulfilled by the Internal Audit Department.

Internal Audit Department, which consists of a manager by the end of 2013, has been structured as a unit subject to the Board of Directors in the organizational structure of the company. Audit activities are conducted through a checklist which is created with risk-based approach and revised in terms of up-to-dateness at short intervals. Internal Audit Department conducts daily, weekly, quarterly, semi-annual and annual audits according to the properties of checkpoints in the Checklist. Internal Audit Department provides occurring important events as a report quarterly to the Audit Committee which consists of members of Board of Directors.

The objective of the activities of the Internal Audit Department is to ensure protection of assets of Vakıf Finansal Kiralama A.Ş., conduct of the activities effectively and efficiently in accordance with the laws, and other relation legislation, intercorporate policies and rules and financial leasing practices, reliability, integrity of accounting and financial reporting system and availability of information timely.

Manager of the Internal Audit Department serves as compliance officer in accordance with "Regulation on Compliance Program For Obligations Concerning Prevention of Laundering Crime Incomes and Financing Terror" as published within the frame of "Law on Prevention of Laundering Crime Incomes No. 5549" at the same time. In this context, creation / update and conduct of corporate policies and procedures have been fulfilled by the Internal Audit Department in order to ensure necessary compliance with the related Law and regulation and communiqués enacted in accordance with the Law for prevention

of laundering crime incomes and financing terror in 2013. Besides, all kinds of communication and coordination on behalf of the company with Financial Crimes Investigation Board Chairmanship are provided by the compliance officer and necessary reporting and suspicious transaction reports are also fulfilled by the aforementioned officer.

## AFFILIATED COMPANY REPORT PREPARED UNDER ARTICLE NO. 199 OF TURKISH COMMERCIAL CODE

The report issued about relations between Vakıf Finansal Kiralama A.Ş. and its dominant partner T.Vakıflar Bankası T.A.O. and dominant partner and its subsidiaries within the previous fiscal year has been evaluated in accordance with Article No. 199 of Turkish Commercial Code No. 6102 which entered into force in July 1, 2012. It has been concluded within the frame of information provided to our Board of Directors that any appropriate counter action is taken in each transaction according to the circumstances and conditions known by us during the moment when all transactions performed by Vakıf Finansal Kiralama A.Ş. with its dominant partner and by the dominant partner with its subsidiaries in 2013 or precaution is taken or avoided to be taken, and there is not any precaution taken or avoided to be taken so as to damage the company, and there is not any transaction or precaution which shall require equalization within this framework.

## MY INDEPENDENCE STATEMENT UNDER THE COMMUNIQUE ON DETERMINATION AND APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES

**I hereby declare, agree and undertake that**

- a) direct or indirect employment, capital or important business relationship has not been established between the company, any of the company's related parties or legal entities with whom shareholders having 5 % or more share in the capital of the company directly or indirectly are associated in terms of management or capital and myself, my spouse, and my blood or affinity relatives up to third degree within the last five years,
- b) I have not worked and I have not served as member of board of directors in the companies conducting activities and organization of the company completely or partially within the frame of agreements made notably companies auditing, grading and consulting the company within the last five years,
- c) I am not partner, employee or member of board of directors in any of the companies which provide services and products to the company importantly within the last five years,
- d) because of my duty in the board of directors, the ratio of the share which I have owned as shareholder or in the capital is not more than 1% or these shares are not privileged,
- e) I have occupational training, information and experience for due fulfillment of the duties which I shall assume because of being an independent member of board of directors,
- f) I shall not work full-time during my duty period in the event that I am nominated as a candidate and selected in the public institutions and organizations provided that it complies with my registered legislation,
- g) I shall be located in Turkey according to Income Tax Law,
- h) I shall be able to contribute positively to the corporate activities, I shall be able to protect my objectivity in case of conflicts of interest between company partners, I have strong, ethical standards, professional reputation and experience for deciding freely in consideration of stakeholders' rights,
- i) In case any situation eliminating my independence occurs, I shall notify the change to the board of directors immediately by declaring to the public by me, due to the fact that I lose my independence in this case, I shall resign from my membership of board of directors and my duties as a principle.

  
**Prof. Dr. Şükrü KARATEPE**  
**Independent Member of  
Board of Directors**



## MY INDEPENDENCE STATEMENT UNDER THE COMMUNIQUÉ ON DETERMINATION AND APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES

### I hereby declare, agree and undertake that

- a) Direct or indirect employment, capital or important business relationship has not been established between the company, any of the company's related parties or legal entities with whom shareholders having 5 % or more share in the capital of the company directly or indirectly are associated in terms of management or capital and myself, my spouse, and my blood or affinity relatives up to third degree within the last five years,
- b) I have not worked and I have not served as member of board of directors in the companies conducting activities and organization of the company completely or partially within the frame of agreements made notably companies auditing, grading and consulting the company within the last five years,
- c) I am not partner, employee or member of board of directors in any of the companies which provide services and products to the company importantly within the last five years,
- d) because of my duty in the board of directors, the ratio of the share which I have owned as shareholder or in the capital is not more than 1 % or these shares are not privileged,
- e) I have occupational training, information and experience for due fulfillment of the duties which I shall assume because of being an independent member of board of directors,
- f) I shall not work full-time during my duty period in the event that I am nominated as a candidate and selected in the public institutions and organizations provided that it complies with my registered legislation,
- g) I shall be located in Turkey according to Income Tax Law,
- h) I shall be able to contribute positively to the corporate activities, I shall be able to protect my objectivity in case of conflicts of interest between company partners, I have strong, ethical standards, professional reputation and experience for deciding freely in consideration of stakeholders' rights,
- i) In case any situation eliminating my independence occurs, I shall notify the change to the board of directors immediately by declaring to the public by me, due to the fact that I lose my independence in this case, I shall resign from my membership of board of directors and my duties as a principle.



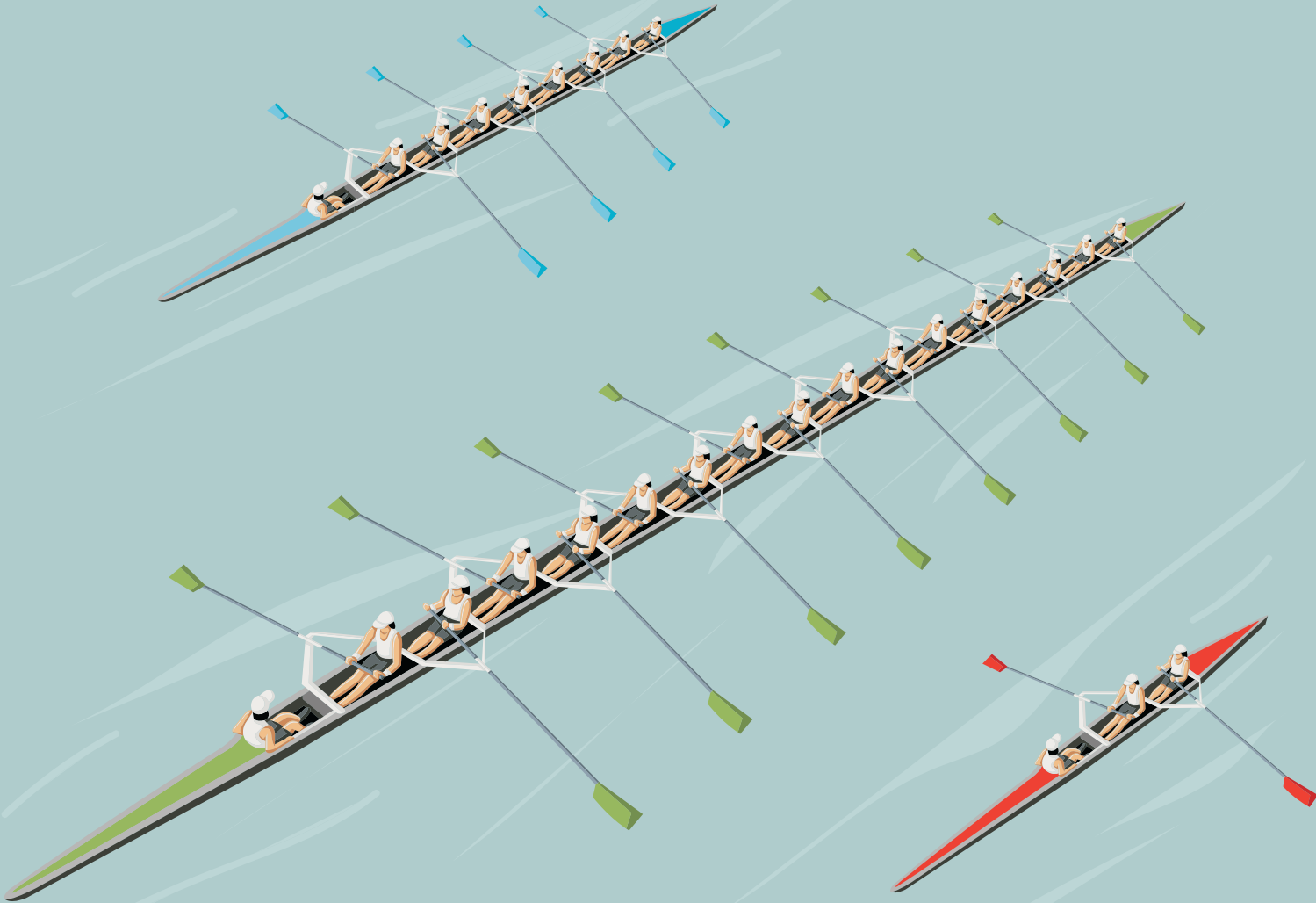
İbrahim Halil ÇİFTÇİ

**Independent Member of  
Board of Directors**

# TEAM SPIRIT IS OUR WORK!

Success-oriented, experts with  
team spirit...

 **Vakif Leasing**  
Future Towards You





# A GENERAL OUTLOOK TO ECONOMY AND FINANCIAL LEASING IN 2013

## WORLD ECONOMY IN 2013

The ongoing financial crisis since 2008 has left its appearance into a moderate recovery in the global economy as from first half of 2013. While U.S. economy has had a growth trend below expectations as from first half of the year, tendency of a limited recovery has been observed following long-lasting recession in Euro Zone. When we have observed developing countries which are locomotive of the growth in the global crisis period, there have been financial fragilities realized subject to a growth tending to slowing and the volatility in the capital flows. Despite all these developments, unemployment in the worldwide could not decrease up to the levels before crisis although long period has elapsed over the crisis, and has maintained high levels in many developed countries. Global economy is faced with three main risks for the next period. These are ongoing financial problems in developed countries, output from expansionary monetary policy in developed countries and slowing in developing countries.

It is observed that U.S. has maintained the moderate increase, which it has caught at the end of 2012, in 2013 as well. However, uncertainties in the fiscal policy continue to have adverse effects on the growth performance in USA. U.S. economy has slowed 2.5 percent according to same period average of the last year by growing averagely at the rate of percent 1,8 in the first half of 2013. Some indicators concerning the growth in USA has a more optimistic appearance in the second half of the year. Manufacturing Industry PMI data, which has increased over the threshold again as of June, has increased up to 55,7 in August. Index has realized at the level of 56,2 by maintaining its increase in September as well. The unemployment rate in USA has tended to decline as from the beginning of 2013 and has come to the lowest level since 2009 by realizing at the rate of 7.3 percent as of August. However, participation rate into the labor force is at a very low level in the country, the lowest rate of the last 35 years- 63,4 percent continues to remain. Therefore, it is seen that contraction of participation into the labor force in the country is also effective in the decline at the unemployment rate.

Following the long-lasting recession in Euro Zone since the last quarter of 2011, economy in the region has had a positive growth with an increase of 0,3 percent for the first time according to previous quarter in the second quarter. Euro Zone has had contraction averagely at the rate of 0,9 percent in the first half of the year. Despite moderate recovery throughout the region, recession in many economies such as Italy and Spain is still continuing. In addition to aforementioned positive developments in Euro Zone, some countries are continuing to be a source of concern with their high debts and banking problems. Southern Cyprus has been one of the main concerns related to Euro Zone in the first half of 2013. Standard & Poor's has reduced the credit rating of Southern Cyprus to CCC by lower one step because

of the problems occurring in the banking sector. Any other important development is the fact that Fitch has lowered one step of credit rating of Italy on the grounds of political uncertainty ambient occurring after the election so it has taken the credit rating from A- to BBB+, and determined its appearance as negative. Moody's has reduced Aaa rating of England to Aa1 by lowering one step because of the deterioration in high public debt stock and financial balances.

Expectations about monetary policy of the developed countries have been decisive on the financial markets in the second quarter of the year. Volatility in the risk appetite has increased as a result of ongoing fragilities in the global economy and increasing uncertainty on the monetary policies of developed countries. Especially signals provided about Fed's decrease of debenture purchases in the near future have led to serious capital outflows from developing countries as from May.

The government and central bank have activated economic supportive policies in Japan in the first half of the year. Central Bank has adopted extraordinary expansionary monetary policy against ongoing deflation. Japan's economy has had a performance under expectations although all precautions have been taken in 2013. Economy has grown at the rate of only 0.1 percent in the first quarter of 2013 and at the rate of 1,3 percent by accelerating in the second quarter. The unemployment rate remaining about 4 percent in Japan in the first half of 2013 has reduced up to 3,8 percent as of July.

Developing countries have started to show signs of slowdown in the current year. Group of developing countries is estimated to grow at the rate of 4,5 percent in 2013 and at the rate of 5,1 percent in 2014. This is 0,5-0,4 points below the IMF's estimates in July. Similarly, China will grow averagely at the rate of 7,5 percent during the period of 2013-14. This is respectively 0,2 and 0,4 points below the previous estimates for the years of 2013 and 2014. Downward revision in the range of 0,2-1,8 points has been made for balance of BRICS countries. Developing countries have been pioneer of the global growth since the financial crisis in 2008. However, expectations about the fact that developed countries will terminate excessive loose monetary policy in the last period, and slowdown of the growth by the change seen in the internal and external dynamics of China that is the world's second greatest economy have started to constitute new volatilities in terms of developing countries. Therefore, international institutions have also revised their estimates for developing countries downwardly. There have been three main factors in such performance decrease concerning the growth. These may be summarized as capacity constraints, slowing credit growth and weak external conditions.

Chinese economy, which is the engine of developing countries, has shown a performance under expected and has had growth averagely at the rate of 7,6 percent in the first half of the year. Chinese economy has grown at the rate of 7,7 percent by having decline because of decreasing consumption and weakening export in the first quarter of 2013 and at the rate of 7,5 by maintaining its slowdown tendency in the second quarter. However, recession signs observed in Chinese economy in the first half of the year have started to be recovered in the last months. While Chinese Manufacturing Industry PMI data have decreased up to the level of 50,1 in June, it has increased up to 51,1 in September by recovering as from August. Possibility of getting 7,5 percent growth target by the economy has gain strength after industrial production in China has had the quickest growth of the last 17 months in September, credit growth has had increase for the first time for the last four quarters, and export has come over the expectation. India has grown by 4,8 percent, Russia has grown by 1,6 percent, and Brazil has grown by 1,9 percent in the first quarter of 2013. Growth in India and Russia has slowed in the second quarter and they have grown respectively by 4,4 percent and 1,2 percent.

GROWTH ESTIMATES CONCERNING SOME COUNTRIES-COUNTRY GROUPS (%)								
		TURKEY	EURO ZONE	USA	BRAZIL	RUSSIA	INDIA	PRC
IMF	2013	3.8	-0.4	1.9	2.3	1.5	4.4	7.7
	2014	3.5	1.0	2.8	2.3	2.0	5.4	7.5
	2015	4.3	1.4	3.0	2.8	2.5	6.4	7.3
OECD	2013	3.6	-0.4	1.7	2.5	1.5	3.0	7.7
	2014	3.8	1.0	2.9	2.2	2.3	4.7	8.2
	2015	4.1	1.6	3.4	2.5	2.9	5.7	7.5
DB	2013	4.3	-0.4	1.8	2.2	1.3	4.8	7.7
	2014	3.5	1.1	2.8	2.4	2.2	6.2	7.7
	2015	3.9	1.4	2.9	2.7	2.7	6.6	7.5

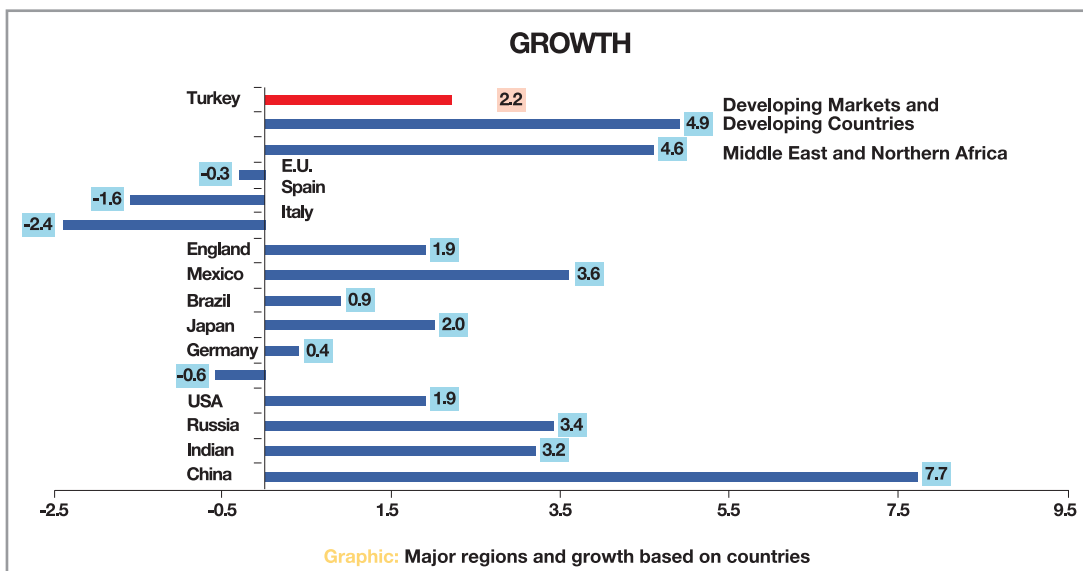
Turkey has grown by 2,2 % in 2012. IMF estimates that Turkey will grow by 3,8 % in 2013.

Turkish economy has grown respectively by 3 % in the first quarter of 2013, by 4,5 % in the second quarter, and by 4,4 % in the third quarter. Turkish economy has grown by 4,0 % in the first nine months of 2013.

ESTIMATES CONCERNING TRADE OF GOODS AND SERVICES (%)						
		EXPORT		IMPORT		WORLD TRADE VOLUME
	YEARS	DEVELOPED ECONOMIES	INCREASING ECONOMIES	DEVELOPED ECONOMIES	INCREASING ECONOMIES	
IMF	2013	2.7	3.5	1.4	5.3	2.7
	2014	4.7	5.8	3.4	5.9	4.5
DTÖ	2013	1.5	3.6	-0.1	5.8	2.5
	2014	2.8	6.3	3.2	6.2	4.5

According to estimates of IMF, the world's total goods and service trade volume will increase respectively by 2,7 % and 4,5 % in 2013 and 2014.

According to estimate of World Trade Organization, the world's total goods and service trade volume will increase respectively by 2,5 % and 4,5 % in 2013 and 2014.



Source: TÜİK , IMF, Eurostat

\* Data of 2013-Turkish economy has grown by 2,2 % in 2012. It has grown by 4,0 % in the first nine months of 2013.



## TURKISH ECONOMY IN 2013

Turkish economy has grown by 3,7 percent with the contribution of domestic demand in the first half of 2013. This rate is over realized level of 2,2 percent under expected with "rebalancing" policy in the economy in 2012. Due to the fact that export remains horizontally subject to the weak global demand in the first period of 2013, while contribution of external demand to the growth has decreased, contribution of internal demand has started to increase. Uncertainties for Fed's output strategy from expansionary monetary policy, increase of financial risk perception subject to increasing geopolitical tensions in our region, volatility in the capital flows and increase of exchange rate and interests have affected growth indicators adversely. Remaining the recovery in the economy under the expectations and global uncertainty ambient in the first half of the year have also reflected to the labor force market as well. Despite employment increase in this period, a moderate increase has occurred at the unemployment rates with the effect of increase in the labor force.

Central administrative budget has shown a significant improvement according to the same period of last year thanks to definite increase in the tax incomes as well as recovery in domestic demand and privatization incomes in the first eight months of 2013. Public debt dynamics have continued to protect their strong structure in 2013. As a result of positive trend in conducted prudent public debt management policies, fiscal discipline and macro indicators, public debt burden has continued to decrease, real cost of borrowing has realized at the low levels, average maturity of debt stock has prolonged, share of debt securities that are sensitive to interest and exchange rate within the debt stock has decreased. Republic of Turkey, Central Bank has continued to apply the monetary policy framework overseeing macro financial risks as well as price stability adopted as from the end of 2010. While gradual interest discount has been made in one hand in order to balance risks about financial stability with effect of strong trend of recovery and capital flows in the appearance of inflation as from the last quarter of 2012, macro prudential measures have been implements for increasing foreign exchange reserves on the other hand. Republic of Turkey Central Bank has applied monetary tightening by changing its monetary policy with effect of the developments in the financial markets as from May, 2013. CPI, which has declined up to the lowest level of the last 44 years with 6,2 percent in 2012, has remained about percent over target because of the increase in unprocessed food and tobacco products' prices and disvaluation in Turkish Lira in the first eight months of 2013. Financial markets have had a positive trend thanks to positive attitude on developing countries having strong capital flows and macroeconomic stability in the domestic in the first five months period of 2013. Pricing the second rating increase expectations in the domestic and decrease expectation in the policy interest have supported the positive trend. Decrease in the interest rates within the first five months period,

stability in the exchange rate and increases observed in BIST- 100 index have been its indicator.

Downward and fluctuating movement has occurred in the financial markets because of some developments both globally and also, domestically as from May, 2013. Uncertainties concerning output strategy from Fed's expansionary monetary policy and geopolitical risks have been effective in this movement. Furthermore, after Turkey has taken investable credit rating, peak markets' natural correction action has been effective on aforementioned fluctuations as well. However, risk appetite in the markets has started to increase again after Fed has stated that monetary expansion will continue at the level of Supreme Court in its monetary policy decisions as explained in September 18. Moody's, which is a credit rating institution, has increased credit rating of Turkey to the level of Baa3 which is investable level in May 16, 2014. According to evaluation of Moody's, Turkey has reached to reinvestable level after 21 years as from May 5, 1992.

Banking sector has maintained its strong and proper position in terms of asset quality, equity sufficiency, funding structure and profitability capacity in 2013. It has protected asset quality with strong liquidity rates and capital structure.

Current deficit, which has declined up to 47,8 milliard dollar in 2012 which is the rebalancing year in the economy, has reached up to 55,8 milliard dollar on annually basis as from July 2013. Weak appearance in the global economy and relative recession in the export especially in the last period because of continuation of debt crisis in EU from our greatest trade partners, increase of import subject to recovery in the domestic demand and negative effect of net gold trade have played an important role in this increase.

If we review economic structure of Turkish economy and its comparison with other countries in 2013 generally; economic growth of Turkey is higher than other countries relatively and about 4 percent but this country is very likely to slowdown the growth. Turkey is one of the countries having the highest interest rates than the interest rates applied in other countries. Turkey follows Brazil and has become second country in the state debenture interest for 10 years. Production is not locomotive of the economic growth, growth is arising from the consumption subject to external sources (import). Growth of GDP in Turkey ranks fourth after the developing countries such as India, China, Indonesia but growth in Turkey is fed by current deficit (foreign exchange gap) and it is arising from consumption subject to import, not production. Rate of current deficit to national income in Turkey ranks on the top in the world classification. If we review the inflation rate in Turkey, after it has increased considerably over expected levels after the first half of 2013, it may be stated as a country having the inflation level at the highest rates within developing economies.

### 2014-2016 SHORT-TERM PROGRAM TARGETS

	2012	2013	2014	2015	2016
<b>GDP (Milliard \$ with Current Prices)</b>	786	823	867	928	996
<b>Per Capita Income (PCI, \$)</b>	10.497	10.818	11.277	11.927	12.670
<b>GDP Growth (1)</b>	2.2	3.6	4.0	5.0	5.0
<b>Unemployment Rate (%)</b>	9.2	9.5	9.4	9.2	8.9
<b>Tourism Incomes (Milliard %)</b>	25.7	29.0	31.0	32.0	34.5
<b>Current Transactions Balance (Milliard \$)</b>	-47.8	-58.8	-55.5	-55.0	-55.0
<b>Current Transactions Balance / GDP (%)</b>	-6.1	-7.1	-6.4	-5.9	-5.5

\*Realization

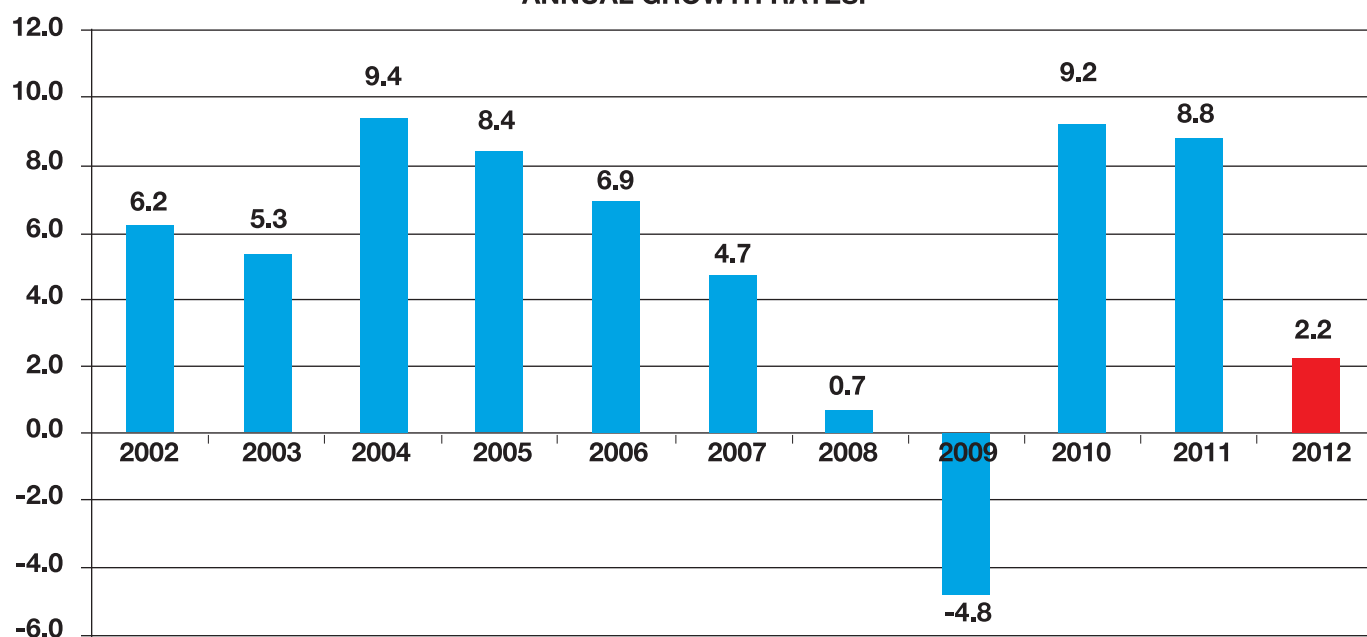
\*\* Estimated Realization

2014-2016 Short-Term Program, Ministry of Development – 08/10/2013)

(1) It indicates percent change with fixed prices.

The basic purpose of Short-Term Program including the period of 2014-2016 is to reach potential growth speed, to decrease deficit of current transactions more, to decrease the inflation, to improve public financial balances and thus, to strengthen macroeconomic and financial stability.

### ANNUAL GROWTH RATES:

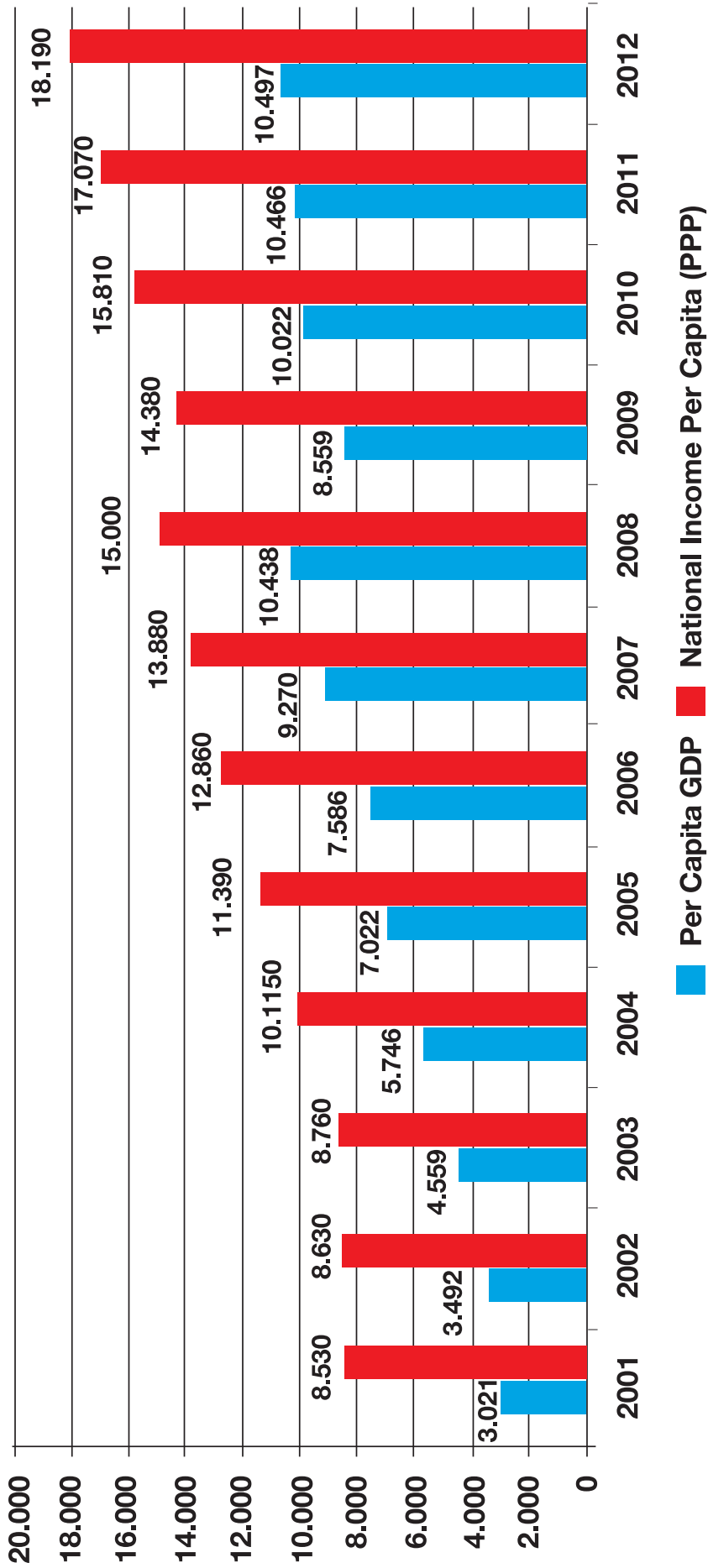


Source: TÜİK

Turkey is one of the countries which have rescued from the global economic crisis in the quickest manner and affected less relatively from global economic uncertainty in the last periods. Annual average growth rate has been 5,2 % in the period of 2002-2012. Turkish economy has grown by 2,2 % in 2012.

Turkish economy has grown respectively by 4,4 % in the third quarter of 2013. Its average growth rate has realized as 4,0 % in the first quarter of 2013.

## INCOME PER CAPITA :

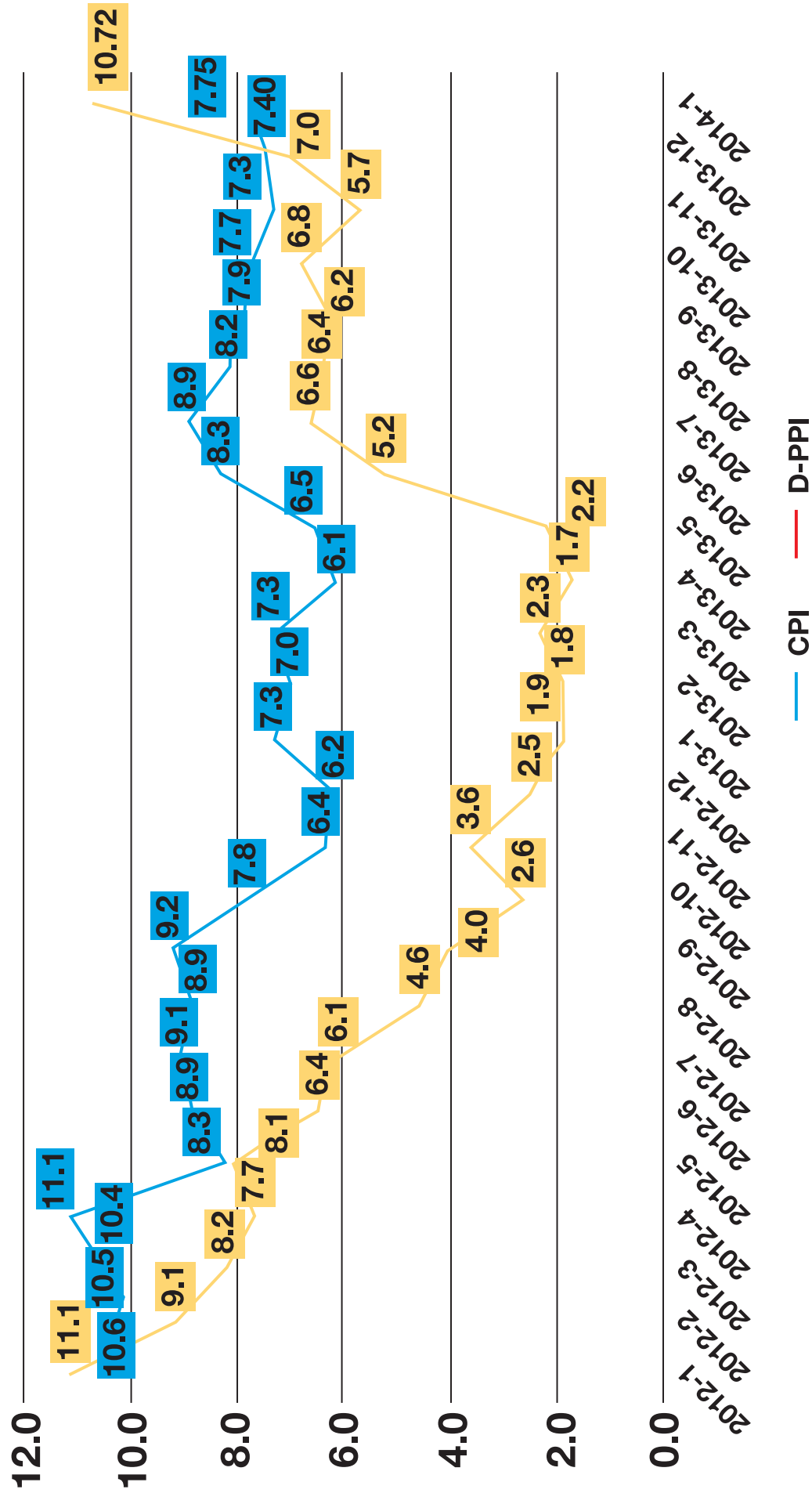


Source: Dollar value TSI, SGP Dollar value World Bank

GDP per capita has increased from 3.492 dollars to 10.497 dollars by rising three folds according to the year of 2002 in 2012. GDP per capita has exceeded 18 thousand dollars according to purchase power parity.



# INFLATION (ACCORDING TO THE SAME MONTH OF THE PREVIOUS YEAR):



Source: TÜİK

TSL - Increase at the rate of 7,75 % has realized in CPI and increase at the rate of 10,72 % has realized in D-PPI (Domestic PPI) in January, 2014.

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## BRSA- FINANCIAL LEASING INSTITUTIONS

BASE MAGNITUDES (1000 TL)	2010	2011	2012	2013
BANKS	3,108,896	1,650,667	1,483,966	1,493,270
FINANCIAL LEASING RECEIVABLES	10,710,722	15,112,153	17,154,470	24,957,474
NON-PERFORMING LOANS (NET)	762,580	701,779	742,480	882,383
- Non-Performing Leasing Transaction Loans	1,488,284	1,416,228	1,488,899	1,865,041
- Special Provisions (-)	725,704	714,449	746,419	982,658
TOTAL ASSETS	15,748,853	18,604,083	20,259,955	28,470,673
CREDITS OBTAINED	11,248,951	13,411,616	13,908,593	19,847,561
SHAREHOLDER'S EQUITY	3,853,173	4,177,309	4,614,288	5,344,417
A) Paid Capital				2,632,829
B) Capital Reserves				44,425
C) Income Reserves				1,923,062
D) Loss or Profit				742,160
a) Previous Years Loss or Profit				291,874
b) Loss or Profit for the Period				450,286

PROFIT/(LOSS) TABLE	2010	2011	2012	2013
REAL OPERATING INCOME	1,028,430	1,135,827	1,355,069	1,714,972
REAL OPERATING EXPENSES (-)				-347,027
OTHER OPERATING INCOME	3,211,051	3,461,903	2,308,521	3,692,435
FINANCING EXPENSES (-)				-797,199
SPECIAL PROVISIONS REGARDING NON-PERFORMING LOANS (-)	-257,094	-218,968	-250,334	-413,015
OTHER OPERATING EXPENSES (-)	-2,811,532	-3,007,810	-1,918,205	-3,289,988
NET OPERATION P/L	523,773	583,914	559,307	560,178
CONTINUING OPERATIONS TAXATION PROVISIONS (±)	-57,357	-73,924	-115,893	-109,892
CONTINUING OPERATIONS NET P/L FOR THE PERIOD	466,416	509,990	443,414	450,286
DISCONTINUING OPERATIONS P/L FOR THE PERIOD	0	9	-8	0
LOSS OR PROFIT FOR THE PERIOD	466,416	509,999	443,406	450,286

BASE MAGNITUDES GROWTH RATES (%)	2011	2012	2013
BANKS	-46.91	-10.10	0.63
FINANCIAL LEASING RECEIVABLES	41.09	13.51	45.49
NON-PERFORMING LOANS (NET)	-7.97	5.80	18.84
-Non-Performing Leasing Transaction Loans	-4.84	5.13	25.26
-Special Provisions (-)	-1.55	4.47	31.65
TOTAL ASSETS	18.13	8.90	40.53
CREDITS OBTAINED	19.23	3.71	42.70
SHAREHOLDER'S EQUITY	8.41	10.46	15.82
A) Paid Capital			
B) Capital Reserves			
C) Income Reserves			
D) Loss or Profit			
a) Previous Years Loss or Profit			
b) Loss or Profit for the Period			

PROFIT/(LOSS) TABLE GROWTH RATES (%)	2011	2012	2013
REAL OPERATING INCOME	10.44	19.30	26.56
REAL OPERATING EXPENSES (-)	10.79	6.02	29.65
OTHER OPERATING INCOME	7.81	-33.32	59.95
FINANCING EXPENSES (-)	27.52	26.14	18.22
SPECIAL PROVISIONS REGARDING NON-PERFORMING LOANS (-)	-14.83	14.32	64.99
OTHER OPERATING EXPENSES (-)	6.98	-36.23	71.51
NET OPERATION P/L	11.48	-4.21	0.16
CONTINUING OPERATIONS TAXATION PROVISIONS (±)	28.88	56.77	-5.18
CONTINUING OPERATIONS NET P/L FOR THE PERIOD	9.34	-13.05	1.55
DISCONTINUING OPERATIONS P/L FOR THE PERIOD	0.00	-188.89	-100.00
NET LOSS OR PROFIT FOR THE PERIOD	9.34	-13.06	1.55

TEMEL RASYOLAR %	2011	2012	2013
CLAIMS UNDER LEGAL PROCEEDINGS (GROSS) / TOTAL RECEIVABLES	8.3	9.0	12.7
FX CASH RECEIVABLES / TOTAL CASH RECEIVABLES	74.3	77.8	79.1
RECEIVABLES FROM FINANCIAL INSTITUTIONS / TOTAL RECEIVABLES	8.4	10.7	26.8
RECEIVABLES FROM NON-FINANCIAL COMPANIES / TOTAL RECEIVABLES	91.6	89.3	73.2
RECEIVABLES FROM HOUSEHOLDS / TOTAL RECEIVABLES	0.0	0.0	0.1
PROFIT BEFORE TAX (LOSS) / AVERAGE ASSETS	2.9	3.4	3.6
NET PROFIT (LOSS) / AVERAGE ASSETS	2.3	3.0	3.2
NET PROFIT (LOSS) / TOTAL AVERAGE SHAREHOLDERS' EQUITY	10.0	12.6	12.7
PRE-TAX PROFIT (LOSS) / AVERAGE SHAREHOLDERS' EQUITY	12.6	14.5	14.2
NET OPERATING INCOME (EXPENSES) / TOTAL GROSS INCOME (NET OPERATING INCOME + NON-OPERATING INCOME)	13.6	8.4	9.2
NON-OPERATING EXPENSES / TOTAL GROSS INCOME (NET OPERATING INCOME + NON-OPERATING INCOME)	82.0	87.5	87.9
CAPITAL MARKET TRADING PROFITS (LOSSES) / TOTAL INCOME	5.4	-0.6	2.0
HUMAN RESOURCE EXPENSES +PROVISON FOR EMPLOYEE BENEFITS / TOTAL NON-OPERATING EXPENSES	3.5	2.2	2.2
SHAREHOLDERS ' EQUITY / TOTAL ASSETS	22.8	22.5	24.5
FX LIABILITIES / TOTAL LIABILITIES + NET LIABILITIES FROM DERIVATIVE TRANSACTIONS	80.4	85.9	81.0
CLAIMS UNDER LEGAL PROCEEDINGS (NET) / TOTAL SHAREHOLDERS' EQUITY	16.1	16.8	19.8
DERIVATIVE FINANCIAL INSTRUMENTS / SHAREHOLDERS' EQUITY	0.4	0.1	0.4
DERIVATIVE FINANCIAL INSTRUMENTS / SHAREHOLDERS' EQUITY	0.5	2.3	0.5

## VAKIF FİNANSAL A.Ş. ( Summary of Financial Statements -Consolidated)

BASE MAGNITUDES (1000 TL)	2010	2011	2012	2013
BANKS	257,971	28,930	31,106	32,662
FINANCIAL LEASING RECEIVABLES	262,868	507,216	679,586	901,691
NON-PERFORMING LOANS (NET)	0	0	32,323	75,662
-Non-Performing Leasing Transaction Loans	36,363	31,819	59,785	123,442
-Special Provisions (-)	-36,363	-31,819	-27,462	-47,780
TOTAL ASSETS	575,589	600,731	806,909	1,066,607
CREDITS OBTAINED	446,925	440,153	604,825	881,275
SHAREHOLDER'S EQUITY	86,127	100,410	107,400	109,114
A) Paid Capital	25,000	50,000	60,000	65,000
B) Capital Reserves	1,211	1,111	2,906	353
C) Income Reserves	42,238	34,631	39,021	39,778
D) Loss or Profit	17,393	14,390	5,402	1,313
a) Previous Years Loss or Profit	0	0	0	0
b) Loss or Profit for the Period	17,393	14,390	5,402	1,313

PROFIT/(LOSS) TABLE	2010	2011	2012	2013
REAL OPERATING INCOME	18,114	26,031	47,628	64,903
REAL OPERATING EXPENSES (-)	-7,284	-8,979	-11,305	-11,820
OTHER OPERATING INCOME	42,405	82,772	39,757	184,489
FINANCING EXPENSES (-)	-21,811	-17,608	-29,201	-41,181
SPECIAL PROVISIONS REGARDING NON-PERFORMING LOANS (-)	-1,792	-3,429	-8,774	-24,503
OTHER OPERATING EXPENSES (-)	-12,415	-64,667	-30,425	-172,339
NET OPERATION P/L	17,217	14,120	7,680	-451
CONTINUING OPERATIONS TAXATION PROVISIONS (±)	225	339	-2,264	1,799
CONTINUING OPERATIONS NET P/L FOR THE PERIOD	17,442	14,459	5,416	1,348
DISCONTINUING OPERATIONS P/L FOR THE PERIOD	-49	-69	-14	-35
LOSS OR PROFIT FOR THE PERIOD	17,393	14,390	5,402	1,313



BASE MAGNITUDES GROWTH RATES (%)	2011	2012	2013
BANKS	-88.78	7.52	5.00
FINANCIAL LEASING RECEIVABLES	92.95	33.98	32.68
NON-PERFORMING LOANS (NET)	0	0	134.08
-Non-Performing Leasing Transaction Loans	-12.49	87.89	106.47
-Special Provisions (-)	-12.49	-13.69	73.98
TOTAL ASSETS	4.36	34.32	32.18
CREDITS OBTAINED	-1.51	37.41	45.70
SHAREHOLDER'S EQUITY	16.58	6.96	1.59
A) Paid Capital	100	20	8.33
B) Capital Reserves	-8.25	161.56	-87.85
C) Income Reserves	-18.0	12.67	1.93
D) Loss or Profit	-17.26	-62.46	-75.69
a) Previous Years Loss or Profit	0	0	0
b) Loss or Profit for the Period	-17.26	-62.46	-75.69

PROFIT/(LOSS) TABLE GROWTH RATES (%)	2011	2012	2013
REAL OPERATING INCOME	43.70	82.96	36.27
REAL OPERATING EXPENSES (-)	23.27	25.90	4.55
OTHER OPERATING INCOME	95.19	-51.96	364.04
FINANCING EXPENSES (-)	-19.27	65.83	41.02
SPECIAL PROVISIONS REGARDING NON-PERFORMING LOANS (-)	91.35	155.87	179.26
OTHER OPERATING EXPENSES (-)	420.87	-52.95	466.43
NET OPERATION P/L	-17.98	-45.60	-105.87
CONTINUING OPERATIONS TAXATION PROVISIONS (±)	50.667	-767.84	-179.46
CONTINUING OPERATIONS NET P/L FOR THE PERIOD	-17.10	-62.54	-75.11
DISCONTINUING OPERATIONS P/L FOR THE PERIOD	40.81	-79.71	150
NET LOSS OR PROFIT FOR THE PERIOD	-17.26	-62.46	-75.69

TEMEL RASYOLAR %	2011	2012	2013
CLAIMS UNDER LEGAL PROCEEDINGS (GROSS) / TOTAL RECEIVABLES	6	8	12
FX CASH RECEIVABLES / TOTAL CASH RECEIVABLES	85	83	84
RECEIVABLES FROM FINANCIAL INSTITUTIONS / TOTAL RECEIVABLES	6	5	0
RECEIVABLES FROM NON-FINANCIAL COMPANIES / TOTAL RECEIVABLES	94	95	100
RECEIVABLES FROM HOUSEHOLDS / TOTAL RECEIVABLES	0	0	0
PROFIT BEFORE TAX (LOSS) / AVERAGE ASSETS	3	1	0
NET PROFIT (LOSS) / AVERAGE ASSETS	3	1	0
NET PROFIT (LOSS) / TOTAL AVERAGE SHAREHOLDERS' EQUITY	15	6	4
PRE-TAX PROFIT (LOSS) / AVERAGE SHAREHOLDERS' EQUITY	15	8	-3
NET OPERATING INCOME (EXPENSES) / TOTAL GROSS INCOME (NET OPERATING INCOME + NON-OPERATING INCOME)	5	20	11
NON-OPERATING EXPENSES / TOTAL GROSS INCOME (NET OPERATING INCOME + NON-OPERATING INCOME)	88	79	89
CAPITAL MARKET TRADING PROFITS (LOSSES) / TOTAL INCOME	0	1	-9
HUMAN RESOURCE EXPENSES +PROVISON FOR EMPLOYEE BENEFITS / TOTAL NON-OPERATING EXPENSES	4	10	4
SHAREHOLDERS ' EQUITY / TOTAL ASSETS	17	13	10
FX LIABILITIES / TOTAL LIABILITIES + NET LIABILITIES FROM DERIVATIVE TRANSACTIONS	91	83	71
CLAIMS UNDER LEGAL PROCEEDINGS (NET) / TOTAL SHAREHOLDERS' EQUITY	0	30	70
DERIVATIVE FINANCIAL INSTRUMENTS / SHAREHOLDERS' EQUITY	0	1	0
DERIVATIVE FINANCIAL INSTRUMENTS / SHAREHOLDERS' EQUITY	0	0	18

## PRESS RELEASE ( Istanbul - July 11, 2013 )

**JCR Eurasia Rating**, assigned an investment grade credit rating of 'A (Trk)' on the Long Term National Scale along with a '**Stable**' outlook to **Vakıf Finansal Kiralama A.Ş.**



JCR Eurasia Rating has assigned an investment grade credit rating of '**A (Trk)**' on the Long Term National Scale along with '**a positive**' outlook to "**Vakıf Finansal Kiralama A.Ş.**". JCR Eurasia has assessed the Long Term International Foreign Currency and Local Currency ratings as '**BBB-**'. Other notes and details of the ratings are given in the table below:

Long Term International Foreign Currency	BBB / (Stable Outlook)
Long Term International Local Currency	BBB / (Stable Outlook)
Long Term National Local Rating	A (Trk) / (Positive Outlook)
Short Term International Foreign Currency	B / (Stable Outlook)
Short Term International Local Currency	B / (Stable Outlook)
Short Term National Local Rating	A-1 (Trk) / (Stable Outlook)
Sponsor Support	2
Stand Alone	AB

The prudent management approach emphasizing the quality of receivables portfolio of the Company, publicly traded and exercised an organizational change over the recent years, has enhanced profitability ratios to a rate approximating sector average trend, improved impaired receivables following an ongoing downtrend, advanced NPL ratio to below sector averages and exercised full provision of impaired receivables contributing to its asset quality and financial state. One of the most remarkable achievements of the Company over the last three years is almost doubling its market share.

Vakıf Finansal Kiralama A.Ş. which operates locally through its network and Vakıfbank's widespread branches which has a remarkable market share and strategic position in Turkish Banking sector, exhibited a positive growth in 2009, a year of sectorial shrinkage, and exercised a fairly above sector average growth in the following year, and diminished the adverse effects of impaired receivables on profit over the recent years.

Domination of bank-related financial institutions in the nonbank financial sector is also most distinct characteristic of the Turkish Leasing Sector. The sector, with high customer turnover and a shrinking market demand, has had a fierce competition market since 2010 in consequence of adverse effects of the global crisis and upward taxation adjustments in 2008. On the other hand, partial improvements in tax incentives in 2011 positively affected the sectorial outlook in terms of relatively relieved market demand and pricing.

Although the shareholders have the capability to ensure long term liquidity and equity for Vakıf Finansal Kiralama A.Ş. when required, there is a sectorial deficiency in the lack of an institution or organization to provide systemic backing. Despite this defect, the Sponsor Support grade of the Company has been assessed in the "high level" category of (2) in JCR-ER's notation system. We, as JCR-ER, are of the opinion that Vakıf Leasing has reached the level of adequate experience and facilities to manage the incurred risks in its balance sheet provided that it maintains the current customer level and efficiency in the market without any assistance from the shareholders. Within this context, the Stand Alone grade of the Company has been assessed at a "high level" and determined as (AB) in JCR-ER's notation system.

For more information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our analyst Mr. Zeki M Coktan and Mr. Gokhan IYIGUN.

### JCR EURASIA RATING Administrative Board

*'Copyright (c) 2011 by JCR Eurasia Rating. Nispetiye Cad. Firuze Sok. Ceylan Apt. No:1 - D:8 Akatlar/Istanbul Telephone: +90.212.235.56.73 Fax: +90 (212) 352.56.75 Reproduction is prohibited except by permission. All rights reserved. All of the information has been obtained from sources JCR ER believes are reliable. However, JCR-ER does not guaranty the truth, accuracy, adequacy of this information. A JCR ER Rating is an objective and independent opinion as to the creditworthiness of a security and issuer, not a recommendation to buy hold, sell any security and to issue a loan. This rating report has been composed within the frameworks of CMB (Capital Markets Board of Turkey) regulations and internationally accepted rating principles and guidelines but is not covered by the NRSRO regulations.*

<http://www.jcrer.com.tr>



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# REPORTS

*(Convenience Translation of the Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1)*

**Vakıf Finansal Kiralama Anonim Şirketi  
and Its Subsidiary**

Consolidated Financial Statements

As at and for the Year Ended

31 December 2013

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. 27 February 2014

*This report contains "Independent Auditors' Report" comprising 2 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 44 pages.*

**Convenience Translation of the Auditors' Report**  
**Originally Prepared and Issued in Turkish (See Note 2.1)**

To the Board of Directors of Vakıf Finansal Kiralama AŞ:

We have audited the consolidated balance sheet of Vakıf Finansal Kiralama Anonim Şirketi ("the Company") and its subsidiary (all together "Group") as at 31 December 2013 and the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Disclosure for the responsibility of the Company's Board of Directors:*

The Board of Directors of the Company is responsible for the establishment of an internal control system, selection and application of appropriate accounting policies for the preparation and fair presentation of the financial statements in accordance with 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 24 December 2013 and numbered 28861 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Agency ("BRSA") in respect of accounting and financial reporting, free from material misstatement, whether due to fraud or error that could lead to false information within.

*Disclosure for the Responsibility of the Authorized Audit Firm:*

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our audit is performed in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no.26333 dated 1 November 2006 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.



*Independent Auditors' Opinion:*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Vakıf Finansal Kiralama Anonim Şirketi and its subsidiary as at 31 December 2013 and the result of its operations and cash flows for the year then ended in accordance with the regulations, circulars and communiqués published by Banking Regulation and Supervision Board and the statements made by the Banking Regulation and Supervision Agency on accounting and financial reporting principles (*Note 2*).

İstanbul,  
27 February 2014

Akis Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik  
Anonim Şirketi

Erdal Tıkmak  
*Partner*

**Additional paragraph for convenience translation to English:**

As explained in *Note 2.1*, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

**VAKIF FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013**

<b>TABLE OF CONTENT</b>	<b>PAGE</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)....</b>	<b>55</b>
<b>CONSOLIDATED OFF BALANCE SHEET ITEMS .....</b>	<b>57</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS .....</b>	<b>58</b>
<b>CONSOLIDATED STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>59</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....</b>	<b>60</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOW .....</b>	<b>61</b>
<b>STATEMENT OF PROFIT DISTRIBUTION .....</b>	<b>62</b>
<b>DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>64-101</b>
NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP .....	64
NOTE 2 BASIS OF PRESENTATION .....	65
NOTE 3 SEGMENT REPORTING .....	79
NOTE 4 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS.....	80
NOTE 5 BANKS .....	80
NOTE 6 AVAILABLE FOR SALE FINANCIAL ASSETS .....	81
NOTE 7 FINANCIAL LEASE RECEIVABLES .....	82
NOTE 8 RECEIVABLES UNDER FOLLOW UP .....	83
NOTE 9 TANGIBLE ASSETS .....	84
NOTE 10 INTANGIBLE ASSETS .....	84
NOTE 11 ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISC. OPERATIONS.	84
NOTE 12 TAX ASSET AND LIABILITIES.....	85
NOTE 13 OTHER ASSETS.....	85
NOTE 14 PREPAID EXPENSES .....	86
NOTE 15 FUNDS BORROWED .....	87
NOTE 16 MISCELLANEOUS PAYABLES .....	87
NOTE 17 OTHER PAYABLES .....	87
NOTE 18 TAXES AND DUTIES PAYABLE .....	87
NOTE 19 PROVISIONS .....	88
NOTE 20 EQUITY .....	89
NOTE 21 OPERATING EXPENSES .....	89
NOTE 22 OTHER OPERATING INCOME.....	90
NOTE 23 RELATED PARTY BALANCES AND TRANSACTIONS .....	91
NOTE 24 CONTINGENT ASSETS AND LIABILITIES .....	92
NOTE 25 NATURE ANE LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS .....	101
NOTE 26 FINANCIAL INSTRUMENTS .....	101
NOTE 27 OTHER DISCLOSURES .....	101
NOTE 28 SUBSEQUENT EVENTS .....	101

**Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary**  
Consolidated Statement of Financial Position (Balance Sheet)  
As At 31 December 2013  
(Currency: Thousands of Turkish Lira ("TL"))

		Notes	Audited Current Period 31 December 2013			Audited Prior Period 31 December 2012		
			TRY	FC	Total	TRY	FC	Total
<b>I.</b>	<b>CASH AND CASH EQUIVALENTS and CENTRAL BANK</b>		-	-	-	-	-	-
	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR</b>							
<b>II.</b>	<b>LOSS (Net)</b>	4	183	-	183	1,469	-	1,469
2.1	Financial Assets Held for Trading		183	-	183	474	-	474
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.3	Derivative Financial Assets Held for Trading		-	-	-	995	-	995
<b>III.</b>	<b>BANKS</b>	5	21,760	10,902	32,662	26,072	5,034	31,106
<b>IV.</b>	<b>RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS</b>		-	-	-	-	-	-
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	6	4,716	-	4,716	4,772	-	4,772
<b>VI.</b>	<b>FAKTÖRİNG ALACAKLARI</b>		-	-	-	-	-	-
6.1	Discounted Factoring Receivables		-	-	-	-	-	-
6.1.1	Domestic		-	-	-	-	-	-
6.1.2	Foreign		-	-	-	-	-	-
6.1.3	Unearned expense		-	-	-	-	-	-
6.2	Other Factoring Receivables		-	-	-	-	-	-
6.2.1	Domestic		-	-	-	-	-	-
6.2.2	Foreign		-	-	-	-	-	-
<b>VII.</b>	<b>FINANCING LOANS</b>		-	-	-	-	-	-
7.1	Retail Loans		-	-	-	-	-	-
7.2	Credit Loans		-	-	-	-	-	-
7.3	Instalment Commercial Loans		-	-	-	-	-	-
<b>VIII.</b>	<b>LEASE RECEIVABLES</b>	7	137,158	764,533	901,691	98,369	581,217	679,586
8.1	Lease Receivables		136,704	757,404	894,108	98,369	581,217	679,586
8.1.1	Finance Lease Receivables	7	173,485	849,476	1,022,961	124,056	655,648	779,704
8.1.2	Operational Lease Receivables		-	-	-	-	-	-
8.1.3	Unearned Income (-)	7	(36,781)	(92,072)	(128,853)	(25,687)	(74,431)	(100,118)
8.2	Leasing Contracts in Progress		451	7,124	7,575	-	-	-
8.3	Advances Given for Lease Transactions		3	5	8	-	-	-
<b>IX.</b>	<b>OTHER RECEIVABLES</b>		8,964	6	8,970	8,864	128	8,992
<b>X.</b>	<b>NON-PERFORMING RECEIVABLES</b>		10,745	64,917	75,662	17,279	15,044	32,323
10.1	Non-Performing Factoring Receivables		-	-	-	-	-	-
10.2	Non-Performing Financing Loans		-	-	-	-	-	-
10.3	Non-Performing Lease Receivables		28,098	95,344	123,442	25,445	34,340	59,785
10.4	Specific Provisions (-)		(17,353)	(30,427)	(47,780)	(8,166)	(19,296)	(27,462)
<b>XI.</b>	<b>DERIVATIVE FINANCIAL ASSETS HELD FOR RISK</b>		-	-	-	-	-	-
	<b>MANAGEMENT</b>		-	-	-	-	-	-
11.1	Fair Value Hedges		-	-	-	-	-	-
11.2	Cash Flow Hedges		-	-	-	-	-	-
11.3	Net Foreign Investment Hedges		-	-	-	-	-	-
<b>XII.</b>	<b>INVESTMENTS HELD TO MATURITY (Net)</b>		-	-	-	-	-	-
<b>XIII.</b>	<b>SUBSIDIARIES (Net)</b>		-	-	-	-	-	-
<b>XIV.</b>	<b>ASSOCIATES (Net)</b>		-	-	-	-	-	-
<b>XV.</b>	<b>JOINT VENTURES (Net)</b>		-	-	-	-	-	-
<b>XVI.</b>	<b>TANGIBLE ASSETS (Net)</b>	9	3,779	-	3,779	3,990	-	3,990
<b>XVII.</b>	<b>INTANGIBLE ASSETS (Net)</b>	9	14	-	14	21	-	21
17.1	Goodwill		-	-	-	-	-	-
17.2	Other Intangibles		14	-	14	21	-	21
<b>XVIII.</b>	<b>PREPAID EXPENSES</b>	14	202	4,729	4,931	153	636	789
<b>IXX.</b>	<b>CURRENT PERIOD TAX ASSETS</b>		7	-	7	-	-	-
<b>XX.</b>	<b>DEFERRED TAX ASSETS</b>		31,845	-	31,845	29,982	-	29,982
<b>XXI.</b>	<b>OTHER ASSETS</b>		5	-	5	11,813	-	11,813
	<b>SUBTOTAL</b>		219,378	845,087	1,064,465	202,784	602,059	804,843
<b>XXII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED</b>							
	<b>OPERATIONS (Net)</b>	11	2,142	-	2,142	2,066	-	2,066
18.1	Assets Held For Sale		2,142	-	2,142	2,066	-	2,066
18.2	Assets of Discontinued Operations		-	-	-	-	-	-
	<b>TOTAL ASSETS</b>		221,520	845,087	1,066,607	204,850	602,059	806,909

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



**Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary**  
Consolidated Statement of Financial Position (Balance Sheet)  
As At 31 December 2013  
(Currency: Thousands of Turkish Lira ("TL"))

		Audited Current Period 31 December 2013			Audited Prior Period 31 December 2012		
LIABILITIES	Notes	TRY	FC	Total	TRY	FC	Total
<b>I. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>		19,734	-	19,734	-	-	-
<b>II. FUNDS BORROWED</b>	15	237,795	643,480	881,275	109,337	495,488	604,825
<b>III. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IV. LEASE OBLIGATIONS</b>		-	-	-	-	-	-
4.1 Finance Lease Obligations		-	-	-	-	-	-
4.2 Operational Lease Obligations		-	-	-	-	-	-
4.3 Other		-	-	-	-	-	-
4.4 Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
<b>V. DEBT SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset-Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. MISCELLANEOUS PAYABLES</b>	16	15,941	29,106	45,047	9,971	77,805	87,776
<b>VII. DİĞER YABANCI KAYNAKLAR</b>	17	4,756	1,838	6,594	623	3,042	3,665
<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK</b>		-	-	-	-	-	-
<b>VIII. MANAGEMENT.</b>		-	-	-	-	-	-
8.1 Fair Value Hedges		-	-	-	-	-	-
8.2 Cash Flow Hedges		-	-	-	-	-	-
8.3 Net Foreign Investment Hedges		-	-	-	-	-	-
<b>IX. TAXES AND DUTIES PAYABLE</b>	18	1,616	-	1,616	232	-	232
<b>X. PROVISIONS</b>	19	2,753	463	3,216	2,701	310	3,011
10.1 Restructuring Reserves		-	-	-	-	-	-
10.2 Reserves For Employee Benefits		2,753	-	2,753	2,701	-	2,701
10.3 Other Provisions		-	463	463	-	310	310
<b>XI. DEFERRED INCOME</b>		-	-	-	-	-	-
<b>XII. CURRENT PERIOD TAX LIABILITY</b>		11	-	11	-	-	-
<b>XIII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIV. SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>SUBTOTAL</b>		282,606	674,887	957,493	122,864	576,645	699,509
<b>XV. PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
15.1 Held For Sale		-	-	-	-	-	-
15.2 Discontinued Operations		-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>		109,114	-	109,114	107,400	-	107,400
16.1 Paid-in Capital	20	65,000	-	65,000	60,000	-	60,000
16.2 Capital Reserves	20	353	-	353	353	-	353
16.2.1 Share Premiums		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		353	-	353	353	-	353
16.3 Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		355	-	355	-	-	-
16.4 Accumulated Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		2,576	-	2,576	2,553	-	2,553
16.5 Profit Reserves		39,423	-	39,423	39,021	-	39,021
16.5.1 Legal Reserves		3,814	-	3,814	3,479	-	3,479
16.5.2 Statutory Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves	20	35,609	-	35,609	35,542	-	35,542
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or Loss		1,313	-	1,313	5,402	-	5,402
16.6.1 Prior Periods Profit/Loss		-	-	-	-	-	-
16.6.2 Current Period Profit/Loss		1,313	-	1,313	5,402	-	5,402
16.7 Non-Controlling Interests		94	-	94	71	-	71
<b>TOTAL LIABILITIES AND EQUITY</b>		391,720	674,887	1,066,607	230,264	576,645	806,909

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

**Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary**  
Consolidated Off Balance Sheet Items  
As at 31 December 2013  
(Currency: Thousands of Turkish Lira ("TL"))

		Audited Current Period 31 December 2013			Audited Prior Period 31 December 2012			
	Notes	TRY	FC	Total	TRY	FC	Total	
I.	IRREVOCABLE FACTORING TRANSACTIONS	-	-	-	-	-	-	
II.	REVOCABLE FACTORING TRANSACTIONS	-	-	-	-	-	-	
III.	COLLATERALS RECEIVED	24	155,930	244,450	400,380	102,439	173,113	275,552
IV.	COLLATERALS GIVEN	24	-	-	-	-	-	-
V.	COMMITMENTS	24	9,557	54,328	63,885	536	40,860	41,396
5.1	Irrevocable Commitments	24	3,867	28,712	32,579	536	40,860	41,396
5.2	Revocable Commitments		5,690	25,616	31,306	-	-	-
5.2.1	Lease Commitments		-	-	-	-	-	-
5.2.1.1	Finance Lease Commitments		5,690	25,616	31,306	-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL INSTRUMENTS	24	152,654	144,791	297,445	16,118	14,835	30,953
6.1	Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading		152,654	144,791	297,445	16,118	14,835	30,953
6.2.1	Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
6.2.2	Swap Purchases/Sales	24	151,078	144,173	295,251	16,118	14,835	30,953
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		1,576	618	2,194	-	-	-
VII.	ITEMS HELD IN CUSTODY		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS			318,141	443,569	761,710	119,093	228,808	347,901

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

**Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary**

Consolidated Statement of Profit or Loss for the Year Ended 31 December 2013

(Currency: Amounts are expressed in thousands of Turkish Lira ("TRY"))

			Audited Current Period 1 January –31 December 2013	Audited Prior Period 1 January –31 December 2012
	Notes			
<b>I. OPERATING INCOME</b>			<b>64,903</b>	<b>47,628</b>
<b>FACTORING INCOME</b>			-	-
1.1 Factoring Interest Income			-	-
1.1.1 Discounted			-	-
1.1.2 Other			-	-
1.2 Factoring Commission Income			-	-
1.2.1 Discounted			-	-
1.2.2 Other			-	-
<b>FINANSMAN KREDİLERİNDEN GELİRLER</b>			-	-
1.3 Finansman Kredilerinden Alınan Faizler			-	-
1.4 Finansman Kredilerinden Alınan Ücret ve Komisyonlar			-	-
<b>LEASE INCOME</b>			<b>64,903</b>	<b>47,628</b>
1.5 Finance Lease Income			64,903	47,628
1.6 Operational Lease Income			-	-
1.7 Fees and Commission Income on Lease Operations			-	-
<b>II. FINANCING EXPENSES (-)</b>			<b>(41,181)</b>	<b>(29,201)</b>
2.1 Interest Expense on Funds Borrowed			(40,052)	(28,871)
2.2 Interest Expense on Factoring Payables			-	-
2.3 Interest Expense of Finance Leasing Expenses			-	-
2.4 Interest Expense on Securities Issued			-	-
2.5 Other Interest Expenses			(599)	(276)
2.6 Fees and Commissions Paid			(530)	(54)
<b>III. GROSS PROFIT / LOSS (I+II)</b>			<b>23,722</b>	<b>18,427</b>
<b>IV. ESAS FAALİYET GİDERLERİ (-)</b>			<b>(11,820)</b>	<b>(11,305)</b>
4.1 Personel Giderleri	21		(7,658)	(7,158)
4.2 Kırım Tazminatı Karşılığı Gideri	21		(172)	(603)
4.3 Araştırma Geliştirme Giderleri			-	-
4.4 Genel İşletme Giderleri	21		(3,990)	(3,544)
4.5 Diğer			-	-
<b>V. BRÜT FAALİYET K/Z (III+IV)</b>			<b>11,902</b>	<b>7,122</b>
<b>VI. OTHER OPERATING INCOME</b>	22		<b>184,489</b>	<b>39,757</b>
6.1 Interest Income on Bank Deposits			1,227	1,182
6.2 Interest Income on Reverse Repurchase Agreements			-	-
6.3 Interest Income on Securities Portfolio	22		18	127
6.3.1 Interest Income on Financial Assets Held for Trading			-	65
6.3.2 Interest Income on Financial Assets at Fair Value Through Profit or Loss			-	-
6.3.3 Interest Income on Financial Assets Available For Sale			18	62
6.3.4 Interest Income on Financial Assets Held to Maturity			-	-
6.4 Dividend Income			5	257
6.5 Trading Account Income	22		297	995
6.5.1 Income From Derivative Financial Instruments			297	995
6.5.2 Other			-	-
6.6 Foreign Exchange Gains	22		174,326	30,903
6.7 Others	22		8,616	6,293
<b>VII. PROVISION FOR LOSSES ON NON-PERFORMING RECEIVABLES (-)</b>			<b>(24,503)</b>	<b>(8,774)</b>
<b>VIII. OTHER OPERATING EXPENSES (-)</b>			<b>(172,339)</b>	<b>(30,425)</b>
8.1 Impairment Losses on Securities Portfolio			(171)	-
8.1.1 Impairment Losses on Financial Assets at Fair Value Through Profit or Loss			-	-
8.1.2 Impairment Losses on Financial Assets Available For Sale			(171)	-
8.1.3 Impairment Losses on Financial Assets Held to Maturity			-	-
8.2 Impairment Losses on Non-Current Assets			-	-
8.2.1 Impairment Losses on Tangible Assets			-	-
8.2.2 Impairment Losses on Assets Held for Sale and Discontinued Operations			-	-
8.2.3 Impairment Losses on Goodwill			-	-
8.2.4 Impairment Losses on Other Intangible Assets			-	-
8.2.5 Impairment Losses on Subsidiaries, Associates and Joint Ventures			-	-
8.3 Losses From Derivative Financial Instruments			(19,734)	-
8.4 Foreign Exchange Losses			(152,100)	(30,241)
8.5 Other	11		(334)	(184)
<b>IX. NET OPERATING PROFIT / LOSS (V+.....+VIII)</b>			<b>(451)</b>	<b>7,680</b>
<b>X. INCOME RESULTED FROM MERGER</b>			-	-
<b>XI. GAIN/LOSS ON NET MONETARY POSITION</b>			-	-
<b>XII. PROFIT FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI)</b>	11		<b>(451)</b>	<b>7,680</b>
<b>XIII. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)</b>			<b>1,799</b>	<b>(2,264)</b>
13.1 Current Tax Charge			(64)	800
13.2 Deferred Tax Charge (-)	11		-	(3,064)
13.3 Deferred Tax Benefit (+)			1,863	-
<b>XIV. NET PROFIT FROM CONTINUING OPERATIONS (XII±XIII)</b>			<b>1,348</b>	<b>5,416</b>
<b>XV. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-
15.1 Income from Assets Held for Sale			-	-
15.2 Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities			-	-
15.3 Other Income from Discontinued Operations			-	-
<b>XVI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>			-	-
16.1 Expense on Assets Held for Sale			-	-
16.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities			-	-
16.3 Other Expenses from Discontinued Operations			-	-
<b>XVII. PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX(XV-XVII)</b>			-	-
<b>XVIII. INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)</b>			-	-
18.1 Current Tax Charge			-	-
18.2 Deferred Tax Charge (-)			-	-
18.3 Deferred Tax Benefit (+)			-	-
<b>XIX. NET PROFIT FROM DISCONTINUED OPERATIONS (XVII+XVIII)</b>			-	-
<b>XX. UNCONTROLLABLE PROFIT OR LOSS</b>			<b>(35)</b>	<b>(14)</b>
<b>XXI. NET PROFIT FOR THE PERIOD (XIV+XIX+XX)</b>			<b>1,313</b>	<b>5,402</b>
<b>EARNINGS PER SHARE</b>	2.8.13		<b>0.0002</b>	<b>0.00083</b>
Earnings Per Share from Continued Operations			0.0002	0.00083
Earnings Per Share from Discontinued Operations			-	-
<b>DILUTED EARNINGS PER SHARE</b>			-	-

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



**Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary**  
Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 December 2013  
*(Currency: Amounts are expressed in thousands of Turkish Lira ("TRY").)*

		<b>Audited Current Period 31 December 2013</b>	<b>Audited Prior Period 31 December 2012</b>
<b>PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT</b>			
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>1,313</b>	<b>6,563</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>378</b>	<b>1,795</b>
<b>2.1</b>	<b>Items that will not be Reclassified to Profit or Loss</b>	<b>355</b>	<b>-</b>
2.1.1	Tangible Assets Revaluation Increases/Decreases	-	-
2.1.2	Intangible Assets Revaluation Increases/Decreases	-	-
2.1.3	Employee Benefits Re-Measuring Loss/Income	443	-
2.1.4	Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
2.1.5	Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss	(88)	-
2.1.5.1	Current Tax Income/Expense	-	-
2.1.5.2	Deferred Tax Income/Expense	(88)	-
<b>2.2</b>	<b>Items that may be Reclassified subsequently to Profit or Loss</b>	<b>23</b>	<b>1,795</b>
2.2.1	Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2	Value Increases or Decreases on Assets Held for Sales	30	1,755
2.2.3	Cash Flow Hedge Income/Losses	-	-
2.2.4	Net Investment Hedge Income/Losses	-	-
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	(7)	40
2.2.6.1	Current Tax Income/Expense	-	-
2.2.6.2	Deferred Tax Income/Expense	(7)	40
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>1,691</b>	<b>8,358</b>

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

**Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary**  
Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2013  
*(Currency: Amounts are expressed in thousands of Turkish Lira ("TRY"))*

	Paid-in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss						Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss				Profit Reserves	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Profit Reserves	Prior Period Profit/Loss	Net Current Period Profit/Loss	Non-controlling interest	Total equity
						Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss						Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss												
						1	2	3	4	5	6													
CHANGES IN EQUITY																								
I.	50,000	-	-	-	-	-	-	-	-	-	758	-	34,631	2,624	-	32,007	353	14,390	-	278	100,410			
II.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
III.	50,000	-	-	-	-	-	-	-	-	-	758	-	34,631	2,624	-	32,007	353	14,390	-	278	100,410			
IV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
V.	-	-	-	-	-	-	-	-	-	-	1,795	-	-	-	-	-	-	-	-	-	-			
VI.	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,000)	-	-	-	-			
VII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
VIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
IX.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
X.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
XI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
XII.	-	-	-	-	-	-	-	-	-	-	-	-	4,390	855	-	3,535	-	(4,390)	5,402	14	5,416			
12.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
12.2	-	-	-	-	-	-	-	-	-	-	-	-	4,390	855	-	3,535	-	(4,390)	-	(221)	(221)			
12.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Balance at the End of the Period (III+IV+.....+XI+XII) (31 December 2012)																								
	60,000	-	-	-	-	-	-	-	-	-	2,553	-	39,021	3,479	-	35,542	353	-	5,402	71	107,400			
Current Period (January - 31 December 2013)																								
I.	60,000	-	-	-	-	-	-	-	-	-	2,553	-	39,021	3,479	-	35,542	353	5,402	-	71	107,400			
II.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
III.	60,000	-	-	-	-	-	-	-	-	-	2,553	-	39,021	3,479	-	35,542	353	5,402	-	71	107,400			
IV.	-	-	-	-	-	-	-	-	-	-	23	-	-	-	-	-	-	-	-	-	-			
V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
VI.	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,000)	-	-	-	-			
VII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
VIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
IX.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
X.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
XI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
XII.	-	-	-	-	-	-	-	-	-	-	-	-	402	335	-	67	-	(402)	1,313	35	1,348			
12.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
12.2	-	-	-	-	-	-	-	-	-	-	-	-	402	335	-	67	-	(402)	-	(12)	(12)			
12.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Balance at the End of the Period (III+IV+.....+XI+XII) (31 December 2013)																								
	65,000	-	-	-	-	-	-	-	-	-	2,576	-	39,423	3,814	-	35,609	353	-	1,313	94	109,114			

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

**Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary**  
Consolidated Statement of Cash Flow For The Year Ended 31 December 2013  
(Currency: Amounts are expressed in thousands of Turkish Lira ("TRY").)

	Notes	Audited Current Period 31 December 2013	3
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		31,520	
1.1.1 Interests Received/Lease Income		64,903	
1.1.2 Interest Paid / Lease Expenses		40,052	
1.1.3 Dividends Received	21	5	
1.1.4 Fees and Commissions Received		1,129	
1.1.5 Other Income		2,630	
1.1.6 Collections from Non-performing Receivables	8	3,952	
1.1.7 Payments to Personnel and Service Suppliers		(11,820)	
1.1.8 Taxes Paid		-	
1.1.9 Others		(69,331)	
1.2 Changes in Operating Assets and Liabilities		(30,031)	
1.2.1 Net (Increase) Decrease in Factoring Receivables		-	
1.2.1 Net (Increase) Decrease in Financing Loans		-	
1.2.1 Net (Increase) Decrease in Lease Receivables		(265,903)	
1.2.2 Net (Increase) Decrease in Other Assets		16,659	
1.2.3 Net Increase (Decrease) in Factoring Payables		-	
1.2.3 Net Increase (Decrease) in Lease Payables		-	
1.2.4 Net Increase (Decrease) in Funds Borrowed		236,399	
1.2.5 Net Increase (Decrease) in Due Payables		-	
1.2.6 Net Increase (Decrease) in Other Liabilities		(17,186)	
<b>I. Net Cash Provided from / (Used in) Operating Activities</b>		<b>1,489</b>	
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		-	
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	
2.3 Purchases of Tangible and Intangible Assets	9-10	(58)	
2.4 Proceeds From Sale of Tangible and Intangible Assets		210	
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		-	
2.6 Proceeds From Sale of Financial Assets Available for Sale		-	
2.7 Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	
2.8 Proceeds from Sale of Held-to-Maturity Investment Securities		-	
2.9 Other		65	
<b>II. Net cash used in investing activities</b>		<b>217</b>	
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash obtained from funds borrowed and securities issued		-	
3.2 Cash used for repayment of funds borrowed and securities issued		-	
3.3 Equity instruments issued		-	
3.4 Dividends paid		-	
3.5 Payments for finance leases		-	
3.6 Other		-	
<b>III. Net Cash Used in Financing Activities</b>		<b>-</b>	
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>-</b>	
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>1,706</b>	
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	<b>2.8.16</b>	<b>30,952</b>	
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	<b>2.8.16</b>	<b>32,658</b>	

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



**Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary****Statement of Profit Distribution**

For the Year Ended 31 December 2013

(Currency: Amounts are expressed in thousands of Turkish Lira ("TRY").)

	Current Period 31 December 2013	Prior Period 31 December 2012
<b>I DISTRIBUTION OF CURRENT PERIOD PROFIT <sup>(**)</sup></b>		
1.1 CURRENT PERIOD PROFIT	(681)	8,815
1.2 TAXES AND DUES PAYABLE (-)	1,862	(2,252)
1.2.1 Corporate Tax (Income Tax)	-	823
1.2.2 Withholding Tax	-	-
1.2.3 Other taxes and dues	1,862	(3,075)
<b>A. NET PERIOD PROFIT (1.1-1.2)</b>	<b>1,181</b>	<b>6,563</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVE (-)	-	328
1.5 OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-) (*)	-	-
<b>B. DISTRIBUTABLE NET PERIOD PROFIT [(A-(1.3+1.4+1.5)] <sup>(*)</sup></b>	<b>1,862</b>	<b>6,235</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares (***)	-	-
1.6.2 To Owners of Preferred Stocks	-	-
1.6.3 To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Owners of the profit /loss Sharing Certificates	-	-
1.7 DIVIDEND TO PERSONNEL (-)	-	-
1.8 DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Preferred Stocks	-	-
1.9.3 To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Owners of the profit /loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVE (-)	-	-
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	1,235
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 SHARE TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Preferred Stocks	-	-
2.3.3 To Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Owners of the profit /loss Sharing Certificates	-	-
2.4 SHARE TO PERSONNEL (-)	-	-
2.5 SHARE TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF STOCKS (TRY)	0.00018	0.00101
3.2 TO OWNERS OF STOCKS ( % )	0.02	0.1
3.3 TO OWNERS OF PREFERRED STOCKS (TRY)	-	-
3.4 TO OWNERS OF PREFERRED STOCKS ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
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 has not profit distribution for the year 2013.

(\*\*) Based on the local regulations, no profit is distributed from the consolidated income. The distribution table is presented unconsolidated basis accordingly.

(\*\*\*) Earnings per share is calculated by dividing the Group's net profit for the year to weighted average number of shares.

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

With the concept of continuous  
Production for 25 years,

**ALWAYS** with **YOU**

**Vakıf Leasing**  
Sizce Değerli Geceler



# Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary

Notes to the Consolidated Financial Statements as at and

For the Year Ended 31 December 2013

(Currency: Thousands of Turkish Lira (“TL”))

## 1 Organization and nature of operations of the Group

### 1.1 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 22.53% of the outstanding shares of the Company are publicly traded at İstanbul Stock Exchange (“ISE”). The Company has no preferred stock.

Vakıf Sigorta Aracılık Hizmetleri Limited Şirketi (“Vakıf Sigorta”) was established on 3 January 1995 to act as an insurance intermediary between Güneş Sigorta Anonim Şirketi and the customers of the Company for the insurance of the assets subject to finance lease agreements. Vakıf Sigorta gives insurance consultancy, risk management and damage controlling both in Turkey and abroad. Vakıf Sigorta also gives brokerage services between insurance and reinsurance companies. The Company owns 84.85% of the outstanding shares of Vakıf Sigorta and Vakıf Sigorta’s financial statements are fully consolidated in the accompanying consolidated financial statements. The Company and Vakıf Sigorta together will be referred as “Group” in this report.

As at 31 December 2013, the Group has 63 employees; 59 at the Company, 4 at Vakıf Sigorta (31 December 2012: 58 at the Company, 4 at Vakıf Sigorta, in total 62).

The registered address of the Company is as follows:

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

### 1.2 Ownership

The ultimate shareholder having direct or indirect control over the shares of the Company is Vakıfbank Group. As at 31 December 2013 and 2012, the share capital and ownership structure of the Company are as follows:

Name	31 December 2013		31 December 2012	
	Nominal Value of the Shares (TL)	Share Percentage (%)	Nominal Value of the Shares (TL)	Share Percentage (%)
Vakıfbank	38,163	58.71	35,227	58.71
Güneş Sigorta Anonim Şirketi	10,172	15.65	9,389	15.65
Publicly traded (*)	14,647	22.53	13,520	22.53
Others	2,019	3.11	1,864	3.11
<b>Paid-in capital</b>	<b>65,000</b>	<b>100</b>	<b>60,000</b>	<b>100.00</b>

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



## **2 Basis of presentation**

### **2.1 Statement of compliance**

The Group prepared accompanying financial statements due 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 24 December 2013 and numbered 28861 and Turkish Accounting Standards published by Public Oversight Accounting and Auditing Standards Institute (POAAS), Turkish Financial Reporting Standards and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Agency (“BRSA”) in respect of accounting and financial reporting.

The consolidated financial statements as at and for the year ended 31 December 2013 have been approved by the Board of Directors of the Company and authorized for issue as at 27 February 2014. The General Assembly and / or legal authorities have the discretion of making changes in the accompanying consolidated financial statements after their issuance.

#### **Additional paragraph for convenience translation to English**

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries.

### **2.2 Basis of measurement**

The accompanying consolidated 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 available for sale financial assets and assets held for sale which are measured at their fair values unless reliable measures are available.

### **2.3 Functional and presentation currency**

The accompanying consolidated financial statements are presented in TL, which is the Group’s functional currency. Unless otherwise stated, financial information stated as TL is rounded to the nearest thousand digits.

## 2 Basis of presentation (continued)

### 2.4 Accounting in hyperinflationary economies

The consolidated financial statements of the Group have been adjusted for the effects of inflation in accordance with TAS 29 – *Inflation Accounting in Hyperinflationary Economies* until 31 December 2004. By a circular issued on 28 April 2005, BRSA declared that the application of inflation accounting has been ceased to be applied for the companies operating in Turkey starting from 1 January 2005, since the provisions of hyperinflationary economy do not exist anymore. Accordingly, non-monetary assets and liabilities, and components of equity as at 31 December 2013 were adjusted for the effects of inflation that lasted till 31 December 2004 for the items acquired before 31 December 2004 and the items which were acquired after 1 January 2005 were accounted for at their respective costs.

### 2.5 Accounting estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 consolidated financial statements are described in the following notes:

- Note 8 – Receivables under follow-up
- Note 19 – Provisions

### 2.6 Changes in Accounting Policies

Except for the new standards summarised below, the accounting policies applied for the year ended 31 December 2012 have been applied consistently for the year ended 31 December 2013 in preparing these financial statements.

The material changes in accounting policies are applied on a retrospective basis and the comparative financial statements have been restated where applicable. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013:

- TFRS 13 *Fair Value Measurement* (see note (i))
- TAS 1 *Presentation of Financial Statements* (Amendments) (see note (ii))
- TAS 19 *Employee Benefits* (2011) (see note (iii))

The nature and effects of the changes are explained below.

#### (i) Fair Value Measurement

TFRS 13 *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other TFRSs.

It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including TFRS 7 *Financial Instruments: Disclosures*.

## 2 Basis of presentation (continued)

### 2.6 Changes in Accounting Policies (continued)

In accordance with the transitional provisions of TFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

#### (ii) Presentation of items of other comprehensive income

As a result of the amendments to TAS 1, the Company has modified the presentation of items of Other Comprehensive Income ("OCI") in its statement of profit or loss and OCI, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

The amendments to TAS 1 had no significant impact on the profit or loss and other comprehensive income and assets and liabilities.

#### (iii) Employee benefits

As a result of the amendments to TAS 19 (2011), all actuarial gains and losses are recognised in other comprehensive income.

Prior to these amendments, all actuarial gains and losses had been recognised in profit or loss. As they do not have significant impact on the comparative financial statements for the year ended 31 December 2012, they have not been restated.

#### Changes in the format requirements of the financial statements

As a result of new format requirements by "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 BRSA, the below mentioned classifications have been made in the comparative financial statements for the year ended 31 December 2012 presented in the accompanying statement of financial position:

Miscellaneous receivables classified on "other assets" amounting to TL 8,992 on the Group's consolidated financial statements as at 31 December 2012 are reclassified to "other receivables" in the comparative financial statements.

### 2.7 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods. There has not been any significant change in the accounting estimates of the Group in the current year.

Material accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated. In the current period, there is no accounting errors.

### 2.8 Significant accounting policies

#### 2.8.1 Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiary on the basis set out in sections below. Financial statements of the consolidated subsidiary are prepared as of the same date as consolidated financial statements.



## 2 Basis of presentation (continued)

### 2.8 Significant accounting policies (continued)

#### 2.8.1 Basis of consolidation (continued)

##### Subsidiaries

Subsidiaries are the entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.

As at 31 December 2013 and 2012, the Company owns 84.85% of Vakıf Sigorta. As the Company has the power to control the operations of the Vakıf Sigorta, the financial statements of Vakıf Sigorta have been fully consolidated in the accompanying consolidated financial statements.

##### Transactions eliminated on consolidation

Financial statements of Vakıf Sigorta have been fully consolidated and the investment balance in the Company's balance sheet has been eliminated against the paid-in capital of Vakıf Sigorta. Intra-group balances, transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The accounting policies of the subsidiary have been changed when necessary to align them with the policies adopted by the Group.

##### Non-controlling interest

The non-controlling interest in the net asset of the subsidiary of the Company is presented separately in the Group's equity. Non-controlling interest comprises the amount of those non-controlling interests at the date of the first combination and the changes in equity since the date of the combination.

#### 2.8.2 Foreign currency transactions

Transactions in foreign currencies are translated to TL at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into TL at the exchange rates ruling at the balance sheet date. Gains and losses arising from foreign currency transactions are reflected in the consolidated statement of income as foreign exchange gains or losses.

As at 31 December 2013 and 2012, foreign exchange rates prevailing at the balance sheet dates are as follows:

	31 December 2013	31 December 2012
USD Dollar	2.1343	1.7826
Euro	2.9365	2.3517

#### 2.8.3 Financial instruments

*Financial instruments* are composed of finance lease receivables and other receivables, cash and cash equivalents, financial assets at fair value through profit or loss, available-for-sale financial assets, funds borrowed, trade payables and other liabilities.

A *financial asset* is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

*Financial liability* is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

## 2 Basis of presentation (continued)

## 2.8 Significant accounting policies (continued)

### 2.8.3 Financial instruments (continued)

#### Recognition

The Group, recognizes a financial asset or liabilities only when the relevant financial instrument is a party to the contractual terms.

All financial assets and liabilities except for financial assets at fair value through profit or loss are initially recognized at acquisition costs including transaction costs.

#### Classification and measurement

*Finance lease receivables:* The total of minimum rent amounts are recorded at "finance lease receivables" account in gross amounts comprising the principal amounts and interests. The interest, the difference between the total of rent amounts and the cost of the fixed assets, is recorded at "unearned income" account. As the rents are collected, "finance lease receivables" account is decreased by the rent amount; and the interest component is recorded in the consolidated statement of income as interest income.

In accordance with 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 and the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" published in the Official Gazette dated 20 July 2007 and numbered 26588 by BRSA, the Group's specific provision rate allocated for the below finance lease receivables considering their collaterals as at 1 January 2008 are as follows: 20%, at a minimum, for finance lease receivables overdue more than 150 days not exceeding 240 days, 50%, at a minimum, for finance lease receivables overdue more than 240 days not exceeding 360 days; and 100%, at a minimum, for finance lease receivables overdue more than 1 year.

*Financial assets at fair value through profit or loss* are measured at their fair values and gain/loss arising is recorded in the consolidated statement of income. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the consolidated statement of income. The gains/losses in case of disposal of such securities before their maturities are recorded under trading income/losses in the consolidated statement of income.

*Available for sale financial asset,* Investments in equity shares for which the Group has not the power to control or significant influence are classified as *available for sale financial assets* in the consolidated financial statements. Available for sale financial assets, traded in an active market or whose fair value can be reliably measured, measured at their fair values. Available for sale financial assets, not traded in an active market and whose fair value cannot be reliably set are measured at cost, less impairment losses, if any in the consolidated financial statements.

*Funds borrowed,* subsequent to initial recognition, are measured at amortized cost using the effective interest method in the accompanying consolidated financial statements.

*Other financial instruments:* Demand bank deposits are measured at their costs. Other financial assets and liabilities are measured at amortized cost.

#### Derecognition

A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expire or are surrendered.

Financial liabilities are derecognized when the Group's contractual obligations are discharged or expired or cancelled.

## 2 Basis of presentation (continued)

### 2.8 Significant accounting policies (continued)

#### 2.8.3 Financial instruments (continued)

##### Specific instruments

*Cash and cash equivalents* comprise cash on hand, bank balances with an original maturity less than three months. Cash equivalent assets comprise current assets easily convertible to cash with an original maturity less than three months and does not subject to impairment.

#### 2.8.4 Tangible assets

In the accompanying consolidated 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.

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 consolidated statement of income of the related period.

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
Furniture and fixture	5	20
Motor vehicles	5	20
Other tangible assets – Leasehold improvements	5	20

#### 2.8.5 Intangible assets

The Group'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 intangible assets are amortized based on straight line amortization method.

#### 2.8.6 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 group 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 group to be disposed) which is prepared by a proper administrative level and an active sales programme 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 firm, and there is no sufficient evidence that the firm is continuing its sales programme 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 consolidated income statement.



## 2 Basis of presentation (continued)

### 2.8 Significant accounting policies (continued)

#### 2.8.7 Leases

##### Finance lease

Disclosures related to the accounting of the finance leasing activities as the lessor is presented above in Note 2.8.3.

As at balance sheet date, the Group has no finance lease payables.

##### Operational lease

Payments made under operational leases are recognized in the consolidated statement of income on a straight-line basis over the term of the lease.

#### 2.8.8 Impairment

##### Financial assets

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists for finance lease receivables, such receivables were classified as nonperforming receivables in accordance with the Communiqué and related specific provisions were recorded at 100% without taking the related guarantees into account. At 1 January 2012, the Group has started to take the time intervals and guarantees in accordance with the Communiqué.

The recoverable amount of an equity instrument is its fair value.

Specific provisions for leasing receivables are calculated and recorded into accounts in accordance with the Communiqué published in the Official Gazette dated 20 July 2007 and numbered 26588 by BRSA

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the consolidated statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

##### Non-financial assets

The carrying amounts of the Group'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 grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group 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 consolidated statement of income.

## 2 Basis of presentation (continued)

### 2.8 Significant accounting policies (continued)

#### 2.8.9 Employee benefits

##### Reserve for employee termination benefits

In accordance with existing Turkish Labour Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group 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 at 31 December 2013 is TL 3,254 (full TL) (31 December 2012: TL 3,034 (full TL)).

The Group provided reserve for employee severance indemnities in the accompanying consolidated financial statements using actuarial method in compliance with the TAS 19 – *Employee Benefits*.

As at 31 December 2013 and 2012, the actuarial assumptions are as follows:

	31 December 2013	31 December 2012
Discount rate	3.10%	1.91 %
Expected rate of salary/ceiling increase	6.40%	5.00 %
Estimated employee turnover rate	2.73%	4.08 %

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.

##### Other benefits to employees

The Group 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 consolidated financial statements.

#### 2.8.10 Provisions, contingent assets and liabilities

In the consolidated 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 Group to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the consolidated financial statements.

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 consolidated financial statements. Contingent assets are assessed continuously to ensure that developments are appropriately reflected in the consolidated 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 consolidated financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset in the accompanying consolidated financial statements.

## **2 Basis of presentation (continued)**

### **2.8 Significant accounting policies (continued)**

#### **2.8.11 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 consolidated 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.

#### **2.8.12 Taxation**

##### **Corporate taxes**

Taxable income is subject to corporate tax at 20%. 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 at 31 December 2013, the Group has no deductible tax losses (31 December 2012: no deductible tax losses).

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 25<sup>th</sup> day of the 4<sup>th</sup> 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.



## **2 Basis of presentation (continued)**

### **2.8 Significant accounting policies (continued)**

#### **2.8.11 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 consolidated 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.

#### **2.8.12 Taxation**

##### **Corporate taxes**

Taxable income is subject to corporate tax at 20%. 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 at 31 December 2013, the Group has no deductible tax losses (31 December 2012: no deductible tax losses).

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 25<sup>th</sup> day of the 4<sup>th</sup> 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.

## 2 Basis of presentation (continued)

### 2.8 Significant accounting policies (continued)

#### 2.8.12 Taxation (continued)

##### 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.

The deferred tax assets and liabilities are reported as net in the consolidated financial statements only if the Group 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, tax payers could deduct investment incentives calculated according to the legislation provisions (including tax rate related provisions) in force as at 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;

1- The carried forward investment incentive exemptions, which could not be deducted from 2005 revenue and available as at 31 December 2005,

2- 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.

3- 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.

In this frame the rights of tax payers 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 can not 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.

## 2 Basis of presentation (continued)

### 2.8 Significant accounting policies (continued)

#### 2.8.12 Taxation (continued)

##### Investment incentive (continued)

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 ongoes 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 Group 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 can not 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 can not 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.

#### 2.8.13 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 consolidated 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.

#### 2.8.14 Earnings per shares

Earnings per share are determined by dividing the net profit for the year by the weighted average number of shares outstanding during the year attributable to the shareholders of the Group. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such Bonus Shares issued are regarded as issued shares.

	31 December 2013	31 December 2012
Number of shares at the beginning of the period	6.000.000.000	5.000.000.000
Capital increase (*)	500.000.000	1.000.000.000
Number of shares at the ending of the period	6.500.000.000	6.000.000.000
	31 December 2013	31 December 2012
Net profit for the year	1,313	5,402
Weighted average number of shares	6.500.000.000	6.500.000.000
Earnings per share (TL)	0.00020	0.00083

(\*) Capital increase has been made from internal resources, and has been taken into account in the calculation of the previous year's earnings per share.



## 2 Basis of presentation (continued)

### 2.8 Significant accounting policies (continued)

#### 2.8.15 Subsequent events

Subsequent events means 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 Group's position at the balance sheet dates (adjusting events) are reflected in the consolidated financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

#### 2.8.16 Statement of cash flows

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

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

As at 31 December 2013 and 2012, for the purposes of the consolidated statement of cash flows, cash and cash equivalents and bank balances with an original maturity less than three months, excluding accrued interests are presented below:

	31 December 2013	31 December 2012
Banks	32,662	31,106
Interest accruals on bank deposits	(4)	(154)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>32,658</b>	<b>30,952</b>

#### 2.8.17 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments and whose operation results are regularly reviewed by Board of Directors.

Segment information is presented in respect of the Group's business as all the group entities operate in one geographical area, Turkey. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

#### 2.8.18 New standards and interpretations implemented and not yet adopted as at 31 December 2013

##### 2.8.18.1 New standards and interpretations adopted in 2013

The Group has applied all the standards and interpretations issued by the POAASB which are effective as at 31 December 2013.

##### 2.8.18.2 New standards and interpretations not yet adopted

There are some new standards, amendments to standards and interpretations which are not effective as at 31 December 2013 and they have not been applied in preparing the accompanying financial statements. These new standards, amendments to standards and interpretations which are not effective, are not expected to have any impact on the consolidated financial statements of the Group.

### 3 Segment reporting

#### Business Segments

The Group comprises of two main business segments

- Finance lease includes the Group's finance lease operations
- Insurance includes the Group's insurance brokerage operations

	Finance lease	Insurance brokerage	Consolidation adjustments	Total
<b>31 December 2013</b>				
Finance lease income	64,903	-	-	64,903
Insurance brokerage service income	-	1,161	-	1,161
<b>Total segment revenue</b>	<b>64,903</b>	<b>1,161</b>	<b>-</b>	<b>66,064</b>
<b>Net operating profit</b>	(682)	292	(61)	(451)
Income taxes	1,863	(64)	-	(1,799)
<b>Net profit for the year</b>	<b>1,181</b>	<b>228</b>	<b>(61)</b>	<b>1,348</b>
Specific provisions for loans and receivables under follow up	(24,503)	-	-	(24,503)
Depreciation and amortization	(269)	-	-	(269)

As at 31 December 2013 and 2012 the Group's segment assets, segment liabilities and capital expenditures are as follows:

	Finance Lease	Insurance brokerage	Consolidation adjustments	Total
<b>31 December 2013</b>				
<b>Other Information</b>				
Segment assets	1,063,980	3,614	(987)	<b>1,066,607</b>
Segment liabilities	955,423	2,948	(878)	<b>957,493</b>
Capital expenditures	59	-	-	59
<b>31 December 2012</b>				
<b>Other Information</b>				
Segment assets	804,717	2,629	(437)	<b>806,909</b>
Segment liabilities	697,675	2,164	(330)	<b>699,509</b>
Capital expenditures	55	-	-	55

Capital expenditures of the segments comprise of the acquisitions of tangible and intangible assets in the related periods.

#### 4 Financial assets at fair value through profit or loss

##### *Financial assets held for trading purpose*

As at 31 December 2013, Vakıfbank B Tipi Likit Fon with a carrying value of TL 183 (31 December 2012: TL 474) has been classified as "Financial asset held for trading purpose" under "Financial assets at fair value through profit or loss".

##### *Derivative financial assets held for trading purpose*

As at 31 December 2013, derivative financial assets held for trading purpose amounting to TL 19,734 is comprised of positive fair value difference of the currency swap of the Group (31 December 2012: 995).

#### 5 Banks

As at 31 December 2013 and 2012, details of bank balances are as follow:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Demand deposits	539	10,902	468	814
Time deposits	21,221	-	25,604	4,220
<b>Total</b>	<b>21,760</b>	<b>10,902</b>	<b>26,072</b>	<b>5,034</b>

As at 31 December 2013, time deposits consist of bank placements with maturity less than three months and with interest rates average 7,6% for TL. Group do not have foreign currency time deposits.

As at 31 December 2012, time deposits consist of bank placements with maturity less than three months and with interest rates between 4% - 8.65% for TL, 3% for US Dollar and for Euro bank placements.

#### 6 Available for sale financial assets

As at 31 December 2013 and 2012, available for sale financial assets are as follow:

	31 December 2013		31 December 2012	
	Carrying Value	Share (%)	Carrying Value	Share (%)
<b><i>Not Traded at Stock Market:</i></b>				
Vakıf Finans Factoring Hizmetleri AŞ	3,201	3.79	3,711	3.79
Vakıf Pazarlama Sanayi ve Ticaret AŞ	1,360	3.27	850	3.27
Vakıf Yatırım Menkul Değerler AŞ	155	0.25	211	0.25
Doğu Yatırım Holding AŞ	-	1.43	-	1.43
World Vakıf UBB Ltd.	-	1.00	-	1.00
Obaköy Gıda İşletmeleri San. Ve Tic. AŞ	-	0.001	-	0.001
<b>Total Available for Sale</b>	<b>4,716</b>		<b>4,772</b>	

## 7 Finance lease receivables

The details of finance lease receivables are presented below:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Finance lease receivables	172,285	845,688	123,218	652,657
Invoiced finance lease receivables	1,200	3,788	838	2,991
<b>Subtotal</b>	<b>173,485</b>	<b>849,476</b>	<b>124,056</b>	<b>655,648</b>
Unearned interest income	(36,781)	(92,072)	(25,687)	(74,431)
Leasing contracts in progress	451	7,124	-	-
Advances given for lease transactions	3	5	-	-
<b>Finance lease receivables, net of unearned income</b>	<b>137,158</b>	<b>764,533</b>	<b>98,369</b>	<b>581,217</b>
Finance lease receivables under follow-up	28,098	95,344	25,445	34,340
Specific provision	(17,353)	(30,427)	(8,166)	(19,296)
<b>Financial lease receivables under follow-up, net</b>	<b>10,745</b>	<b>64,917</b>	<b>17,279</b>	<b>15,044</b>
<b>Finance lease receivables, net</b>	<b>147,903</b>	<b>829,450</b>	<b>115,648</b>	<b>596,261</b>

The maturity profile of finance lease receivables is as follows:

31 December 2013	Up to 1 year	1-2 year	2-3 year	3-4 year	4 year and over	Total
Finance lease receivables	386,714	287,306	178,813	107,097	70,614	1,030,544
Unearned interest income	(59,009)	(37,098)	(19,899)	(9,124)	(3,723)	(128,853)
<b>Finance lease receivables, Net</b>	<b>327,705</b>	<b>250,208</b>	<b>158,914</b>	<b>97,973</b>	<b>66,891</b>	<b>901,691</b>

31 December 2012	Up to 1 year	1-2 year	2-3 year	3-4 year	4 year and over	Total
Finance lease receivables	325,348	198,748	141,199	71,713	42,696	779,704
Unearned interest income	(46,314)	(29,429)	(15,456)	(6,218)	(2,701)	(100,118)
<b>Finance lease receivables, Net</b>	<b>279,034</b>	<b>169,319</b>	<b>125,743</b>	<b>65,495</b>	<b>39,995</b>	<b>679,586</b>

As of 31 December 2013, the average compounded interest rates for finance lease receivables are 14.67% for TL, 8.30% for US Dollar, and 5.84% for Euro (As of 31 December 2012, 16.88% for TL, 8.46% for US Dollar, 8.37% for Euro).

As at 31 December 2013 and 2012, the aging of the finance lease receivables under follow-up and related specific provisions are as follows:

	31 December 2013		31 December 2012	
	Finance lease receivables	Specific provisions	Finance lease receivables	Specific provisions
Not past due	889,120	-	675,757	-
Past due 0-150 days	4,988	-	3,829	-
Past due 150-240 days	61,584	(10,545)	25,839	(5,417)
Past due 240-1 year	2,008	(923)	988	(434)
Past due more than one year	59,850	(36,312)	32,958	(21,611)
<b>Finance lease receivables</b>	<b>1,017,550</b>	<b>(47,780)</b>	<b>739,371</b>	<b>(27,462)</b>



## 8 Receivables under follow-up

As at 31 December 2013 and 2012, details of the finance lease receivables under follow-up and related specific provisions are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Finance lease receivables under follow-up	28,098	95,344	25,445	34,340
Specific provisions	(17,353)	(30,427)	(8,166)	(19,296)
<b>Finance lease receivables under follow-up, net</b>	<b>10,745</b>	<b>64,917</b>	<b>17,279</b>	<b>15,044</b>

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

	31 December 2013	31 December 2012
<b>Balances at the beginning of the year</b>	<b>27,462</b>	<b>31,819</b>
Provision for the year	24,503	8,774
Collections during the year	(3,952)	(1,586)
Finance lease receivables written off during the year	(233)	(11,545)
<b>Specific provisions at the end of the year</b>	<b>47,780</b>	<b>27,462</b>

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

	31 December 2013	31 December 2012
Mortgage	34,255	26,963
Cash blockages	6,159	-
Notes recieved	728	172
<b>Total collateral</b>	<b>41,142</b>	<b>27,135</b>

The group 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. Since the Group has many customers, credit risk concentration of the Group is not at a significant level. Sectoral distribution of the finance lease receivables is presented in *Note 25*.

## 9 Tangible assets

Movement in tangible assets in the period from 1 January to 31 December 2013 is as follows:

	1 January 2013	Additions	Disposals	31 December 2013
<b>Cost:</b>				
Buildings	4,075	-	(1)	4,074
Furniture and fixture	696	58	(15)	739
Motor vehicles	971	-	(202)	769
Other tangible assets (inc. leasehold improvements)	114	1	-	115
	<b>5,856</b>	<b>59</b>	<b>(218)</b>	<b>5,697</b>
<b>Accumulated depreciation:</b>				
Buildings	(673)	(83)	-	(756)
Furniture and fixture	(478)	(81)	12	(547)
Motor vehicles	(600)	(97)	197	(500)
Other tangible assets (inc. leasehold improvements)	(115)	-	-	(115)
	<b>(1,866)</b>	<b>(261)</b>	<b>209</b>	<b>(1,918)</b>
<b>Net book value</b>	<b>3,990</b>			<b>3,779</b>

Movement in tangible assets in the period from 1 January to 31 December 2012 is as follows:

	1 January 2012	Additions	Disposals	31 December 2012
<b>Cost:</b>				
Buildings	4,075	-	-	4,075
Furniture and fixture	676	20	-	696
Motor vehicles	1,002	35	(66)	971
Other tangible assets (inc. leasehold improvements)	114	-	-	114
	<b>5,867</b>	<b>55</b>	<b>(66)</b>	<b>5,856</b>
<b>Accumulated depreciation:</b>				
Buildings	(591)	(82)	-	(673)
Furniture and fixture	(397)	(81)	-	(478)
Motor vehicles	(576)	(90)	66	(600)
Other tangible assets (inc. leasehold improvements)	(114)	(1)	-	(115)
	<b>(1,678)</b>	<b>(254)</b>	<b>66</b>	<b>(1,866)</b>
<b>Net book value</b>	<b>4,189</b>			<b>3,990</b>

As 31 December 2013 and 2012, there is no mortgage on the tangible assets of the Group.

As of 31 December 2013, total insurance coverage for tangible assets of the Group is TL 8,747 (31 December 2012: TL 8,157).

## 10 Intangible assets

Movement in intangible assets in the period from 1 January to 31 December 2013 is as follows:

	1 January 2013	Additions	Disposals	31 December 2013
<b>Cost:</b>				
Software	391	1	-	392
	<b>391</b>	<b>1</b>	<b>-</b>	<b>392</b>
<b>Accumulated amortization:</b>				
Software	(370)	(8)	-	(378)
	<b>(370)</b>	<b>(8)</b>	<b>-</b>	<b>(378)</b>
<b>Net book value</b>	<b>21</b>			<b>14</b>

Movement in intangible assets in the period from 1 January to 31 December 2012 is as follows:

	1 January 2012	Additions	Disposals	31 December 2012
<b>Cost:</b>				
Software	391	-	-	391
	<b>391</b>	<b>-</b>	<b>-</b>	<b>391</b>
<b>Accumulated amortization:</b>				
Software	(358)	(12)	-	(370)
	<b>(358)</b>	<b>(12)</b>	<b>-</b>	<b>(370)</b>
<b>Net book value</b>	<b>33</b>			<b>21</b>

## 11 Assets held for sale and assets related to the discontinued operations

As at 31 December 2013 and 2012, the Group's assets held for resale are composed of movables and immovables that are added to assets as a result of legal follow ups with regard to non-performing loans and are detailed below:

	31 December 2013	31 December 2012
Lands and buildings held for sale	1,678	1,602
Movables held for sale	464	464
<b>Total</b>	<b>2,142</b>	<b>2,066</b>

## 12 Tax assets and liabilities

Deferred taxes as at 31 December 2013 and 2012 are attributable to the items below:

	31 December 2013	31 December 2012
Unused investment incentives	21,053	26,052
Specific provisions for finance lease receivables under follow up	7,219	4,402
Derivatives discounts	3,947	(199)
Provision for employee termination benefit	308	273
Provision for unused vacations	232	195
Other short term employee benefits	81	71
Finance lease income accruals	(898)	(822)
Other	(97)	10
<b>Deferred tax assets, net</b>	<b>31,845</b>	<b>29,982</b>

## 12 Tax assets and liabilities (continued)

Income tax expense in the accompanying consolidated statement of income is as follows:

	31 December 2013	31 December 2012
<b>Corporate tax:</b>		
Corporate tax liability	(64)	(23)
Adjustment of previous period corporate tax liability (*)	-	823
<b>Deferred tax:</b>		
Arising from origination or reversal of deductible temporary differences	(75)	162
Arising from origination or reversal of taxable temporary differences	1,938	(3,226)
<b>Total income tax income in the consolidated statement of income</b>	<b>1,799</b>	<b>(2,264)</b>

(\*) 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 69<sup>th</sup> article of Law No:193 with the 5<sup>th</sup> 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. After the related decision, tax claim of the Company had occurred amounting 823 TL. Thus, advance corporate tax belonged to 2012 amounting 823 TL has been recorded as revenue in "Current Tax Provision" account.

A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 31 December 2013 and 2012 are as follows:

	31 December 2013		31 December 2012	
	Amount	Tax rate (%)	Amount	Tax rate (%)
<b>Profit before taxes</b>	<b>(451)</b>		<b>7,680</b>	
Taxes on income per statutory tax rate	90	20.00	(1,536)	(20.0)
Investment incentives	1,909	423.30	(131)	(1.7)
Adjustment of previous period corporate tax liability	-	-	823	10.7
Income exempt from taxation	-	-	51	0.7
Non-deductable expenses	25	5.54	(70)	(0.9)
Others	(225)	(49.95)	(1,401)	(18.2)
<b>Total income tax income/(expense) in the consolidated statement of income</b>	<b>1,799</b>	<b>398.89</b>	<b>(2,264)</b>	<b>(29.5)</b>

## 13 Other assets

As at 31 December 2013 and 2012, details of other assets are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Deductible value added tax	-	-	11,778	-
Others	5	-	35	-
<b>Total other assets</b>	<b>5</b>	<b>-</b>	<b>11,813</b>	<b>-</b>

## 14 Prepaid Expenses

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Insurance	47	-	44	-
IT expenses	15	-	10	-
Letter of guarantee and commissions	-	4,729	1	636
Subscription expenses	4	-	3	-
Others	136	-	95	-
<b>Total other assets</b>	<b>202</b>	<b>4,729</b>	<b>153</b>	<b>636</b>



## 15 Funds borrowed

As at 31 December 2013 and 2012, details of the funds borrowed are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Domestic banks	237,795	173,640	86,865	138,181
Foreign banks	-	469,840	22,472	357,307
<b>Total funds borrowed</b>	<b>237,795</b>	<b>643,480</b>	<b>109,337</b>	<b>495,488</b>

31 December 2013	Carrying value					Total
	Amount in original currencies	Average interest rates (%)	Up to 3 months	3 months to 1 year	Over 1 year	
<b>Funds borrowed from domestic banks</b>						
<i>Fixed rate borrowings:</i>	237,795	9.45	42,426	11,428	183,941	237,795
TL	5,186	3.40	15,228	-	-	15,228
Euro (thousand)	64,181	4.26	24,960	47,993	64,029	136,982
US Dollar (thousand)						
<i>Floating rate borrowings:</i>	7,298	2.33	-	4,291	17,139	21,430
US Dollar (thousand)						
<b>Total funds borrowed from domestic banks</b>			<b>82,614</b>	<b>63,712</b>	<b>265,109</b>	<b>411,435</b>
<b>Funds borrowed from foreign banks</b>						
<i>Fixed rate borrowings:</i>						
TL	-	-	-	-	-	-
Euro (thousand)	103,102	3.99	16,826	61,040	224,892	302,758
US Dollar (thousand)	70,080	4.25	608	9,935	139,028	149,571
<i>Floating rate borrowings:</i>						
Euro (thousand)	5,963	2.33	-	3,237	14,274	17,511
<b>Total funds borrowed from foreign banks</b>			<b>17,434</b>	<b>74,212</b>	<b>378,194</b>	<b>469,840</b>
<b>Total funds borrowed</b>			<b>100,048</b>	<b>137,924</b>	<b>643,303</b>	<b>881,275</b>

31 December 2012	Carrying value					Total
	Amount in original currencies	Average interest rates (%)	Up to 3 months	3 months to 1 year	Over 1 year	
<b>Funds borrowed from domestic banks</b>						
<i>Fixed rate borrowings:</i>						
TL	86,865	8.31	71,395	15,470	-	86,865
Euro (thousand)	22,215	4.96	42,543	9,701	-	52,244
US Dollar (thousand)	48,209	4.94	52,864	23,573	9,500	85,937
<i>Floating rate borrowings:</i>						
US Dollar (thousand)	-	-	-	-	-	-
<b>Total funds borrowed from domestic banks</b>			<b>166,802</b>	<b>48,744</b>	<b>9,500</b>	<b>225,046</b>
<b>Funds borrowed from foreign banks</b>						
<i>Fixed rate borrowings:</i>						
TL (thousand)	22,472	10.68	6,106	16,366	-	22,472
Euro (thousand)	88,670	4.25	87,263	121,263	-	208,526
US Dollar (thousand)	83,463	5.00	16,136	132,645	-	148,781
<i>Floating rate borrowings:</i>						
Euro (thousand)	-	-	-	-	-	-
<b>Total funds borrowed from foreign banks</b>			<b>109,505</b>	<b>270,274</b>	<b>-</b>	<b>379,779</b>
<b>Total funds borrowed</b>			<b>276,307</b>	<b>319,018</b>	<b>9,500</b>	<b>604,825</b>

## 16 Miscellaneous payables

As at 31 December 2013 and 2012, details of miscellaneous payables are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Provisions for suppliers for finance lease operations (*)	6,710	12,056	7,832	63,132
Payables to suppliers for finance lease operations	6,181	17,050	30	14,673
Other trade payables	3,050	-	2,109	-
<b>Total miscellaneous payables</b>	<b>15,941</b>	<b>29,106</b>	<b>9,971</b>	<b>77,805</b>

(\*) Consists of provisions for the finance lease contracts whose invoices have not been received yet from suppliers. The amounts in this account are transferred to finance lease payables account when the invoices of the goods that are subject to finance lease transactions are received.

## 17 Other payables

As at 31 December 2013 and 2012, details of other external resources payable are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Cheques and notes received	2,569	-	49	-
Advances received	2,187	1,838	574	3,042
<b>Total other external resources payables</b>	<b>4,756</b>	<b>1,838</b>	<b>623</b>	<b>3,042</b>

Advances received consists of advances received from the customers for the finance lease contracts under which related machinery and equipments were not yet delivered to the customers.

## 18 Taxes and duties payable

As at 31 December 2013 and 2012, details taxes and duties payable are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Taxes other than on income and duties payable	1,616	-	232	-
<b>Taxes and duties payable</b>	<b>1,616</b>	<b>-</b>	<b>232</b>	<b>-</b>

## 19 Provisions

As at 31 December 2013 and 2012, details of provisions and other liabilities are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Reserve for employee benefits	2,753	-	2,701	-
Reserve for employee termination benefit	1,186	-	1,369	-
Provision for unused vacations	1,161	-	975	-
Reserve for bonuses	263	-	244	-
Provisions for other employee rights	143	-	113	-
Other provisions	-	463	-	310
<b>Total provisions</b>	<b>2,753</b>	<b>463</b>	<b>2,701</b>	<b>310</b>

## 19 Provisions (continued)

Movement of reserve for employee termination benefits during the period is as follows:

	31 December 2013	31 December 2012
At the beginning of the year	1,369	766
Interest rate cost	206	69
Service cost	124	120
Payments during the year	(70)	(93)
Actuarial difference <sup>(*)</sup>	(443)	507
<b>At the end of the year</b>	<b>1,186</b>	<b>1,369</b>

<sup>(\*)</sup>Actuarial (loss)/profit is accounting under the equity till 1 January 2013.

## 20 Equity

### Share capital

As at 31 December 2013, the share in capital of the Company amounts to TL 65,000 and composed of 6.500.000.000 shares with a face value of TL 0.01 each (31 December 2012: capital shares TL 60,000, nominal value: 6.000.000.000).

As at 31 December 2013 and 2012, the share capital and ownership structure of the Company is as follows:

	31 December 2013		31 December 2012	
	Amount of Shares	Share Percentage (%)	Amount of Shares	Share Percentage (%)
Vakıfbank	38,163	58.71	35,227	58.71
Güneş Sigorta Anonim Şirketi	10,172	15.65	9,389	15.65
Publicly traded <sup>(*)</sup>	14,647	22.53	13,520	22.53
Other	2,018	3.11	1,864	3.11
<b>Paid-in capital</b>	<b>65,000</b>	<b>100</b>	<b>60,000</b>	<b>100</b>

<sup>(\*)</sup> The ratio is calculated from the shares of the Company registered at Takasbank.

### Capital reserves

As at 31 December 2013 and 2012, capital reserves amounted to TL 353 consists of inflation adjustment differences of paid-in capital of the Company. As at 31 December 2013 the Company has marketable securities valuation differences amounting to TL 2,576 (31 December 2012: 2,553 TL).

### Profit reserves

As at 31 December 2013, profit reserves of the Group consists of first legal reserves amounting to TL 3,814 (31 December 2012: TL 3,479) and extraordinary reserves amounting to TL 35,609 (31 December 2012: TL 35,542).

### 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:

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's paid-in capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted.

## 20 Equity (continued)

### Profit distribution (continued)

According to the resolution taken on the Annual General Assembly held on 15 April 2013, amounting to TL 328 was transferred to statutory reserves from the profit of the year 2012, TL 5,000 transferred to capital from the remaining net distributable profit and TL 1,235 transferred to extraordinary reserves. The capital increase has been registered by the Capital Market Board on 16 July 2013.

## 21 Other operating expense

For the years ended 31 December 2013 and 2012, general administrative expenses included in the operating expenses are as follow:

	31 December 2013	31 December 2012
General administration expenses	834	660
Court expenses	703	149
Notary expenses	445	456
Transportation expenses	327	304
Consultancy expenses	318	222
Depreciation and amortization expenses	269	265
Taxes, duties and charges expenses	165	94
Non-deductible expenses	138	321
Marketing expenses	131	169
Printing, stationary and office expenses	54	31
Registration expenses	29	44
Other operating expenses	577	829
<b>Total general operating expenses</b>	<b>3,990</b>	<b>3,544</b>

For the years ended 31 December 2013 and 2012, personnel expenses included in the operating expenses are as follows:

	31 December 2013	31 December 2012
Salaries	5,929	5,423
Personnel insurance expenses	630	717
Social security premiums and other contributions	712	642
Other personnel expenses	387	376
<b>Total personnel expenses</b>	<b>7,658</b>	<b>7,158</b>

## 22 Other operating income

For the years ended 31 December 2012 and 2011, other operating income is as follows:

	31 December 2013	31 December 2012
Foreign exchange gains	174,326	30,903
Provisions reversed during the year	3,952	1,673
Insurance commission income	1,161	796
Derivative transaction profit	297	995
Income from sales of assets held for sale	263	213
Rent income	39	19
Interest income from available for sale asstes	18	62
Dividend income	5	257
Interest income on trading financial assets	-	65
Other income	4,428	4,774
<b>Total other operating income</b>	<b>184,489</b>	<b>39,757</b>



## 23 Related party balances and transactions

As at 31 December 2013 and 2012, details of related party balances are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Vakıfbank	528	10,902	903	748
<b>Bank deposits</b>	<b>528</b>	<b>10,902</b>	<b>903</b>	<b>748</b>
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	1,287	-	2,088	-
Güneş Sigorta AŞ	184	-	936	-
<b>Finance lease receivables</b>	<b>1,471</b>	<b>-</b>	<b>3,024</b>	<b>-</b>
Vakıf Pazarlama Sanayi ve Ticaret AŞ	84	-	44	-
Güneş Sigorta AŞ	8	-	6	-
Vakıf Emeklilik AŞ	-	-	27	-
Vakıf Yatırım Menkul Değerler AŞ	-	-	-	-
<b>Due from related parties</b>	<b>92</b>	<b>-</b>	<b>77</b>	<b>-</b>
Vakıfbank International AG	-	39,591	-	35,633
Vakıfbank	-	26,848	-	23,450
<b>Funds borrowed</b>	<b>-</b>	<b>66,439</b>	<b>-</b>	<b>59,083</b>
Güneş Sigorta AŞ	2,782	-	1,965	-
Vakıf Yatırım Menkul Değerler AŞ	2	-	-	-
Vakıf Gayrimenkul Değerleme AŞ	-	-	1	-
Vakıf Pazarlama Sanayi ve Ticaret AŞ	-	-	71	-
<b>Due to related parties</b>	<b>2,784</b>	<b>-</b>	<b>2,037</b>	<b>-</b>

As at and for the year ended 31 December 2013 and 2012, details of related party transactions are presented below:

	31 December 2013	31 December 2012
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	149	195
Güneş Sigorta AŞ	61	132
<b>Finance lease income</b>	<b>210</b>	<b>327</b>
Vakıfbank	28	108
<b>Interest income</b>	<b>28</b>	<b>108</b>
Vakıfbank Yatırım Fonları	18	65
<b>Investment fund income</b>	<b>18</b>	<b>65</b>
Vakıfbank International AG – interest expense to funds borrowed	1,339	714
Vakıfbank– interest expense to funds borrowed	1,198	2,083
Vakıfbank – bank charges	26	35
<b>Finance expenses</b>	<b>2,563</b>	<b>2,832</b>
Güneş Sigorta AŞ	1,253	840
Vakıf Emeklilik AŞ	34	5
Vakıf Pazarlama ve Ticaret AŞ	18	23
Vakıfbank	-	1
<b>Other income</b>	<b>1,305</b>	<b>869</b>
Güneş Sigorta AŞ	464	475
Vakıf Gayrimenkul Değerleme AŞ	46	16
Vakıf Yatırım Menkul Değerler AŞ	28	34
Vakıf Pazarlama Sanayi ve Ticaret AŞ	10	100
Vakıfbank	9	-
<b>Other expense</b>	<b>557</b>	<b>625</b>
Vakıf Finans Factoring Hizmetleri AŞ	-	248
Vakıf Yatırım Menkul Değerler AŞ	5	9
<b>Dividend income</b>	<b>5</b>	<b>257</b>

## 23 Related party balances and transactions (continued)

### Key management compensation

As at 31 December 2013 and 2012, Group's key management compensations are as follow:

	31 December 2013	31 December 2012
Compensation to the key management	1,017	989
<b>Total</b>	<b>1,017</b>	<b>989</b>

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

## 24 Contingent assets and liabilities

### Collaterals received

As at 31 December 2013 and 2012, the collaterals obtained by the Group against finance lease receivables are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Mortgages	123,307	219,274	98,521	155,085
Letters of guarantee	4,030	10,543	799	6,239
Cash blockage	395	1,749	523	1,945
Others	28,197	12,884	2,596	9,844
<b>Total</b>	<b>155,930</b>	<b>244,450</b>	<b>102,439</b>	<b>173,113</b>

### Commitments

As at 31 December 2013, the Group has irrevocable commitments amounted to TL 32,579 (31 December 2012: TL 40,860) 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 2013	31 December 2012
Euro	15,749	36,568
US Dollar	4,716	3,560
CHF	8,248	-
TL	3,867	536
GBP	-	732
<b>Total</b>	<b>32,579</b>	<b>41,396</b>

### Revocable commitments

As at 31 December 2013, Group's financial lease commitments, TL 31,306 (31 December 2012: None).

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Financial lease commitments	5,690	25,616	-	-
<b>Toplam</b>	<b>5,690</b>	<b>25,616</b>	<b>-</b>	<b>-</b>

### Derivative financial instruments

As at 31 December 2013 and 2012, details of derivative financial instruments are as follows:

	31 December 2013		31 December 2012	
	TL	FC	TL	FC
Currency swap - purchase	151,078	-	16,118	-
Currency swap - sales	-	144,173	-	14,835
<b>Total</b>	<b>151,078</b>	<b>144,173</b>	<b>16,118</b>	<b>14,835</b>

## 25 Nature and level of risks from financial instruments

### Overview

This note presents information about the Group’s exposure to each of the below risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. The Group 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 Group’s risk management framework. The Board of Directors monitors the effectiveness of the risk management system through various mechanism established within the Group.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, 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 Group, 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.

### Credit risk

Credit risk is basically defined as the possibility that a counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The Group 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 Group analyze the financial position and the credibility of the customers and aims to support these 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 Group, which are subject to credit risk, are as follows:

- finance lease receivables
- available for sale financial assets
- financial assets at fair value through profit or loss
- banks
- other receivables

## 25 Nature and level of risks from financial instruments (continued)

### Credit risk (continued)

As at 31 December 2013 and 2012, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables							Total
	Finance lease receivables			Other receivables			Financial investments	
31 December 2013	Related party	Third party	Related party	Third party	Banks			
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	1,471	975,882	92	8,878	32,662	183	-	1,016,171
- The portion of maximum risk covered by guarantees	-	120,123	-	-	-	-	-	120,123
A. Net carrying value of financial assets which are neither impaired nor overdue	1,471	895,232	92	8,878	32,662	183	-	935,811
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-	-	-
- The portion covered by guarantees	-	4,988	-	-	-	-	-	4,988
D. Net carrying value of impaired assets	-	-	-	-	-	-	-	-
- Overdue (gross)	-	-	-	-	-	-	-	-
- Impairment (-)	-	487	-	-	-	-	-	487
- net book value covered by guarantees	-	75,662	-	-	-	-	-	75,662
- Not past due (gross)	-	123,442	-	-	-	-	-	123,442
- Impairment (-)	-	(47,780)	-	-	-	-	-	(47,780)
- net book value covered by guarantees	-	-	-	-	-	-	-	-
E. Off balance sheet containing with credit risks	-	-	-	-	-	-	-	-



	Receivables					
	Finance lease receivables			Other receivables		
	Related party	Third party	Related party	Third party	Banks	Financial investments
31 December 2012						Total
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>						
- The portion of maximum risk covered by guarantees	3,024	708,885	77	21,517	31,106	1,469
	-	275,552	-	-	-	-
						766,078
						275,552
A. Net carrying value of financial assets which are neither impaired nor overdue	3,024	672,733	77	21,517	31,106	1,469
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	3,829	-	-	-	-
- The portion covered by guarantees	-	613	-	-	-	-
D. Net carrying value of impaired assets	-	32,323	-	-	-	-
- Overdue (gross)	-	59,785	-	-	-	-
- Impairment (-)	-	(27,462)	-	-	-	-
- net book value covered by guarantees	-	-	-	-	-	-
- Not past due (gross)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- net book value covered by guarantees	-	-	-	-	-	-
E. Off balance sheet containing with credit risks	-	-	-	-	-	-

# COMMERCIAL REAL ESTATE

Leasing Package

 **Vakıf Leasing**  
Size Doğru Gelecek



## 25 Nature and level of risks from financial instruments (continued)

### Credit risk (continued)

As at 31 December 2013 and 2012, sectoral distribution of finance lease receivables which are not under follow-up is as follows:

	31 December 2013		31 December 2012	
	Amount	(%)	Amount	(%)
Manufacturing	436,116	48.78	350,409	51.56
Transportation, warehousing and communication	126,303	14.13	44,768	6.59
Construction	97,567	10.91	92,993	13.68
Wholesale, retail and trading	72,430	8.10	28,276	4.16
Agriculture	49,327	5.52	13,810	2.03
Health and social services	42,775	4.78	32,160	4.73
Education	23,903	2.67	13,725	2.02
Other social and individual services	19,941	2.23	9,463	1.39
Mining	9,704	1.09	65,210	9.60
Real estate	8,564	0.96	21,164	3.11
Hotels and restaurants	5,871	0.66	1,327	0.20
Financial intermediary services	1,504	0.17	2,804	0.41
Others	103	0.00	3,477	0.52
<b>Total</b>	<b>894,108</b>	<b>100</b>	<b>679,586</b>	<b>100.00</b>

### Liquidity risk

Liquidity risk is the risk that the Group 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 Group 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 Group's financial liabilities:

31 December 2013	Carrying amount	Total contractual/expected cash flows/out flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Funds borrowed	881,275	963,772	137,341	116,465	157,286	552,680	-
Miscellaneous payables and other liabilities	51,641	51,641	51,641	-	-	-	-
<b>Total</b>	<b>932,916</b>	<b>1,015,413</b>	<b>188,982</b>	<b>116,465</b>	<b>157,286</b>	<b>552,680</b>	<b>-</b>

31 December 2012	Carrying amount	Total contractual/expected cash flows/out flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Funds borrowed	604,825	625,304	273,229	210,127	135,304	5,695	949
Miscellaneous payables and other liabilities	91,441	91,441	91,441	-	-	-	-
<b>Total</b>	<b>696,266</b>	<b>716,745</b>	<b>364,670</b>	<b>210,127</b>	<b>135,304</b>	<b>5,695</b>	<b>949</b>

## 25 Nature and level of risks from financial instruments (continued)

### Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. 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 Group 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 at 31 December 2013 and 2012, the Group's foreign currency assets and liabilities with their TL equivalents are as follows:

31 December 2013	US Dollar	Euro	CHF	GBP	Total
Banks	10,773	129	-	-	10,902
Finance lease receivables, net	310,629	453,904	-	-	764,533
Other assets	-	4,739	-	-	4,739
<b>Total assets</b>	<b>321,398</b>	<b>458,772</b>	<b>-</b>	<b>-</b>	<b>780,170</b>
Funds borrowed	286,553	356,926	-	-	643,479
Miscellaneous payables	6,307	20,770	1,988	39	29,104
Other payables	732	1,109	-	-	1,841
Provisions	463	-	-	-	463
<b>Total liabilities</b>	<b>294,055</b>	<b>378,805</b>	<b>1,988</b>	<b>39</b>	<b>674,887</b>
<b>Net financial statement position</b>	<b>27,343</b>	<b>79,967</b>	<b>(1,988)</b>	<b>(39)</b>	<b>105,283</b>
<b>Net Off- Balance sheet items position</b>	<b>(80,529)</b>	<b>(63,644)</b>	<b>-</b>	<b>-</b>	<b>(144,173)</b>
<b>Net foreign currency position</b>	<b>(53,186)</b>	<b>16,323</b>	<b>(1,988)</b>	<b>(39)</b>	<b>(38,890)</b>

31 December 2012	US Dollar	Euro	CHF	GBP	Total
Banks	1,756	3,278	-	-	5,034
Finance lease receivables, net	245,037	336,180	-	-	581,217
Other assets	106	658	-	-	764
<b>Total assets</b>	<b>246,899</b>	<b>340,116</b>	<b>-</b>	<b>-</b>	<b>587,015</b>
Funds borrowed	234,718	260,770	-	-	495,488
Miscellaneous payables	20,401	56,671	733	-	77,805
Other payables	1,843	1,199	-	-	3,042
Provisions	310	-	-	-	310
<b>Total liabilities</b>	<b>257,272</b>	<b>318,640</b>	<b>733</b>	<b>-</b>	<b>576,645</b>
<b>Net financial statement position</b>	<b>(10,373)</b>	<b>21,476</b>	<b>(733)</b>	<b>-</b>	<b>10,370</b>
<b>Net Off- Balance sheet items position</b>	<b>-</b>	<b>(14,835)</b>	<b>-</b>	<b>-</b>	<b>(21,673)</b>
<b>Net foreign currency position</b>	<b>(10,373)</b>	<b>6,641</b>	<b>(733)</b>	<b>-</b>	<b>(11,303)</b>



## 25 Nature and level of risks from financial instruments (continued)

### Market risk (continued)

#### Foreign currency sensitivity analysis

The effects of 10 percent change of the TL against the following currencies on the consolidated statement of income and consolidated equity for the years ended 31 December 2013 and 2012 are shown below.

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

	Profit / (Loss)		Equity <sup>(*)</sup>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>31 December 2013</b>				
<b>10% change of the US Dollar against TL</b>				
1-Net USD asset/liability	(5,319)	5,319	(5,319)	5,319
2- Hedged portion of TL against USD (-)	-	-	-	-
<b>3-Net effect of US Dollar (1+2)</b>	<b>(5,319)</b>	<b>5,319</b>	<b>(5,319)</b>	<b>5,319</b>
<b>10% change of the Euro against TL</b>				
4-Net Euro asset/liability	1,632	(1,632)	1,632	(1,632)
5- Hedged portion of TL against Euro (-)	-	-	-	-
<b>6-Net effect of Euro (4+5)</b>	<b>1,632</b>	<b>(1,632)</b>	<b>1,632</b>	<b>(1,632)</b>
<b>10% change of the CHF against TL</b>				
7-Net CHF asset/liability	(199)	199	(199)	199
8- Hedged portion of TL against CHF (-)	-	-	-	-
<b>9- Net effect of CHF (7+8)</b>	<b>(199)</b>	<b>199</b>	<b>(199)</b>	<b>199</b>
<b>10% change of the STG against TL</b>				
10-Net STG asset/liability	(4)	4	(4)	4
11- Hedged portion of TL against STG (-)	-	-	-	-
<b>12-Net effect of STG (10+11)</b>	<b>(4)</b>	<b>4</b>	<b>(4)</b>	<b>4</b>
<b>TOTAL (3+6+9+12)</b>	<b>(3,890)</b>	<b>3,890</b>	<b>(3,890)</b>	<b>3,890</b>

<sup>(\*)</sup> Equity effect includes profit/(loss) effect

	Profit / (Loss)		Equity <sup>(*)</sup>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>31 December 2012</b>				
<b>10% change of the US Dollar against TL</b>				
1-Net USD asset/liability	(1,037)	1,037	(1,037)	1,037
2- Hedged portion of TL against USD (-)	-	-	-	-
<b>3-Net effect of US Dollar (1+2)</b>	<b>(1,037)</b>	<b>1,037</b>	<b>(1,037)</b>	<b>1,037</b>
<b>10% change of the Euro against TL</b>				
4-Net Euro asset/liability	664	(664)	664	(664)
5- Hedged portion of TL against Euro (-)	-	-	-	-
<b>6-Net effect of Euro (4+5)</b>	<b>664</b>	<b>(664)</b>	<b>664</b>	<b>(664)</b>
<b>10% change of the CHF against TL</b>				
7-Net CHF asset/liability	(73)	73	(73)	73
8- Hedged portion of TL against CHF (-)	-	-	-	-
<b>9- Net effect of CHF (7+8)</b>	<b>(73)</b>	<b>73</b>	<b>(73)</b>	<b>73</b>
<b>TOTAL (3+6+9)</b>	<b>(446)</b>	<b>446</b>	<b>(446)</b>	<b>446</b>

<sup>(\*)</sup> Equity effect includes profit/(loss) effect.

## 25 Nature and level of risks from financial instruments (continued)

### Market risk (continued)

#### 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 Group 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 at 31 December 2013 and 2012, the interest bearing financial assets and liabilities of the Group are as follows:

	31 December 2013	31 December 2012
<b>Financial assets and liabilities with fixed interest rate</b>		
Time deposits	21,221	29,824
Finance lease receivables, net	894,108	679,586
Funds borrowed	842,335	604,825
<b>Financial assets and liabilities with variable interest rate</b>		
Funds borrowed	38,941	-

#### 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 2013 and effect on net interest income of floating rate non-trading financial assets and financial liabilities held at 31 December 2013.

	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2013</b>				
Available for sale financial assets	-	-	-	-
Floating rate financial liabilities	4	(4)	4	(4)
<b>Total, net</b>	<b>4</b>	<b>(4)</b>	<b>4</b>	<b>(4)</b>

	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2012</b>				
Available for sale financial assets	-	-	-	-
Floating rate financial liabilities	-	-	-	-
<b>Total, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## 25 Nature and level of risks from financial instruments (continued)

### Capital management

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

Along with no change in the strategy of the Group in 2013, the ratio of the equities to the debts is 12% (31 December 2012: 16%). As of 31 December 2013 and 2012, the ratio is as follows:

	31 December 2013	31 December 2012
Funds borrowed	881,275	604,825
Miscellaneous payables	45,047	87,776
Other liabilities	6,594	3,665
<b>Total Liabilities</b>	<b>932,916</b>	<b>696,266</b>
Banks (-)	(32,662)	(31,106)
<b>Net debt</b>	<b>900,254</b>	<b>665,160</b>
<b>Total Equity</b>	<b>109,114</b>	<b>107,400</b>
Equity/Debt ratio	%12	16 %

## 26 Financial instruments

### Fair values of financial instruments

The estimated fair values of financial instruments have been determined using available market information by the Group, where it exists and appropriate valuation methodologies. However, judgment is necessary required to interpret market data to determine the estimated fair value.

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 2013		31 December 2012	
	Carrying Value	Fair value	Carrying Value	Fair Value
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	183	183	1,469	1,469
Finance lease receivables, net	894,108	787,877	679,586	682,331
Banks	32,662	32,662	31,106	31,106
<b>Financial liabilities</b>				
Funds borrowed	881,275	963,772	604,825	600,728
Miscellaneous payables and other liabilities	51,641	51,641	91,441	91,441

### Classification of Fair Value Measurement

IFRS 7 – *Financial Instruments* requires the classification of fair value measurements into 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 to be disclosed. 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.



## 26 Financial instruments (continued)

### Fair values of financial instruments (continued)

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows at 31 December 2013 and 2012:

31 December 2013	1. Level	2. Level	3. Level	Total
Financial assets at fair value through profit or loss:				
Investment funds	183	-	-	183
Derivative liabilities	-	(19,734)	-	(19,734)
Available for sale financial assets:	-	-	4,716	4,716
Investments in equity participations (*)				
<b>Total Financial Assets/Liabilities</b>	<b>183</b>	<b>(19,734)</b>	<b>4,716</b>	<b>(14,835)</b>

31 December 2012	1. Level	2. Level	3. Level	Total
Financial assets at fair value through profit or loss:				
Investment funds	474	-	-	474
Derivative assets	995	-	-	995
Available for sale financial assets:				
Investments in equity participations (*)	-	-	4,772	4,772
<b>Total Financial Assets</b>	<b>1,469</b>	<b>-</b>	<b>4,772</b>	<b>6,241</b>

(\*) Available for sale financial assets presented at 3. level includes fair values of equity shares whose fair value has been determined by independent valuation institutions.

	3. Level Amount
Balance at the beginning of the period	4,772
Total gains for the period recognized under equity	(51)
Dividend received during the period	(5)
<b>Balance at the end of the period</b>	<b>4,716</b>

## 27 Other disclosures

None.

## 28 Subsequent Events

None.

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