





### INDEPENDENT AUDITOR S REPORT ON THE BOARD OF DIRECTORS ANNUAL ACTIVITY REPORT

To the General Assembly of Vakıf Finansal Kiralama A.S.

### 1) Opinion

We have audited the annual report of Vakıf Finansal Kiralama A,Ş, (the "Company") fur the 1 January 2021- 31 December 2021 period.

From our point of view, the financial details set forth in the annual activity report of the Board of Directors and the analyses made by the Board of Directors about the status of the Company are consistent with the full set of financial statements audited and the information that we obtained during the independent audit, in all significant aspects, and reflect the truth.

#### 2. Basis for Opinion

The independent audit that we carried out was conducted in compliance with the Independent Audit Standards ("IAS"), being a part of the Turkish Auditing Standards as published by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). Our liabilities under these Standards are clarified in detail in the section titled "Liabilities of the Independent Auditor for the Independent Audit of the Financial Statements in our report. We hereby declare that we are independent from the Company in accordance with the Codes of Conduct for Independent Auditors as published by KGK ("Codes of Conduct") and the ethical provisions set forth in the legislation related to the independent audit of the financial statements. The other liabilities for ethics under the Codes of Conduct and the legislation were also fulfilled by us. We believe that the independent audit evidences that we obtained during the independent audit constitute a sufficient and appropriate basis in order to form our opinion.

### 3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's repo it dated to 9 February 2022 on the full set financial statements for the 1 January 2021 - 31 December 2021 period.

#### 4. Board of Director's Responsibility for the Annual Report

The company management is responsible for the following in relation to the annual -activity report, according to articles 514 and 516 of the Turkish Commercial Code (TCC) numbered 6102:

a)to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly

b)to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated-The assessments of the Board of Directors in regards to these matters are also included in the report.



- c) to include the matters below in the annual report:
- -events of particular importance that occurred in the Company after the Operating year,
- -the Company's research and development activities,
- -financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5) Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion on whether the financial information included in the annual report and the examinations made by the Board of Directors, within the framework of the provisions of the TCC, are consistent with the audited financial statements of the Company and the information we obtained during the independent audit, and whether they reflect the truth, and a report containing our opinion. is to arrange.

Our independent audit was carried out in accordance with the BDSIs. These standards require that ethical provisions are complied with and that the independent audit is planned and conducted in order to obtain reasonable assurance whether the financial information in the annual report and the analysis made by the Board of Directors are consistent with the financial statements and the information obtained during the audit, and whether they reflect the truth.

The responsible auditor who conducted and concluded this independent audit is EMRE ÇELİK.

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

Emre Çelik, CPA Responsible Auditor

February 22, 2022 İstanbul, Turkey 202







### ✓ MESSAGE FROM CHAIRMAN





Dear Valued Stakeholders,

The pandemic crisis which started in 2020 and of which the economic effects we continued to observe in 2021 as well remained in the agenda of the global markets during 2021. However, the new variants emerging such as Delta and Omicron raised the concerns and caused new lockdown decisions to be taken even though the concerns started to decrease by the realization of the gradual normalization practices with the effect of the vaccination starting in January and increasing throughout the world. Nevertheless, the global markets generally followed a fluctuating course in the year of 2021 within which the normalization was dominant.

The demand and supply gap that occurred in the commodity markets on the one hand and the difficulties in supply on the other hand led to increase in the prices of both metals and derivative goods, notably carbon-based fuels, and brought up a critical inflation issue to the agenda in the developed and developing economies in the world. The external developments that occurred in the capital and liquidity movements for the expectations also started to adversely affect the currency fluctuations, inflation and money markets in the country.

Both this achievement of the manufacturing industry and especially the energy-oriented investments also stimulated the financial leasing sector as well as positively affecting all sectors providing investment finance.



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Within this framework, our company, having accomplished the year of 2021, increased its assets to TRY 6.296.924 and its shareholders' equity to TRY 702.445 with the power that it received from our employees and stakeholders. In this period, the financial leasing receivables were TRY 4.769.551 and the net profit for the period was TRY 128.071 with an increase of 112%

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Notwithstanding all of these developments, our Country's capacity of closeness to the market and ready-made manufacturing and employment became prominent and the export records were also successively reached along with the shortage that occurred in the Far East originated supply chains. While the export-oriented manufacturing industry was the primary incentive for the growth in 2021, the economy of Turkey was positively separated from the worldwide and spent the year with the double-digit growth ratios because of the positive performance that it showed within all quarters of the year.

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Our Company, having caught up with the growth acceleration, took various strategic actions throughout the year towards to increasing its Corporate capacity and took such actions that strengthened the capital base in order to transfer more resources to the real sector, notably for being capable of accessing to the long-term and cost-efficient foreign sources of finance while qualitatively and quantitatively increasing its capacity of human resources. The paid-up capital of the Company was increased to 500 Million Turkish Liras from 250 Million Turkish Liras with an increase in cash as of the end of 2021 and our fund holders participated in the paid capital increase for the most part as a result of our Company's trust in its forward corporate strategies. I extend my thanks, on behalf of our Company, to our employees and stakeholders, notably our customers, who contribute to this achievement that increasingly continues in every year.

Best Regards,

HAZIM AKYOI

Chairman of the Board





### MESSAGE OF THE GENERAL MANAGER





Dear Valued Stakeholders;

The pandemic, having been affecting the entire world since 2019, lead to disruptions in the supply chains and, as a result of this, the inflation became the main topic of the economy in both the developed countries and the developing countries along with the demand and supply gap. The severe pandemic precautions taken on a country basis and the priority planning in the supply of vaccines also brought about shifts also in the good and service production.

Notwithstanding all of these adverse developments, it was seen that our Country became one of several countries that could turn their prepared position and logistic superiority in the supply chain into an opportunity as of 2021. While our European and USA-originated export, in particular, broke a record, our country grew by 7,1% as compared to the previous period within the third quarter of 2021 with the effect of a tourism season that went well and the primary incentive of the growth was the manufacturing industry with a rate of 10%.

Our financial leasing sector, having been providing permanent support to the investment goods of the manufacturing industry since its establishment maintained such support in 2021 as well. It, according to the data of the Union of Financial Institutions, played an essential role in meeting the investment eagerness in our country by achieving a growth of 24,2% (in USD) in the contract amounts and of 23% on a quantity basis.



Our Company reached to the total assets of TRY 6,3 billion with a growth of 70% as compared to the previous year as a result of all of these activities; this growth also brought about improvement in the asserts quality by effective risk management. Our Non-performing Loans Ratio as of the end of 2021 was 4,25% with an improvement of 35% at the end of 2021 whereas this ratio was 6,59% in the previous year, and this points out that we are on the decline below the sector average.



The total amounts and numbers of the transactions made as Vakif Finansal Kiralama point out a much better performance than the sector in 2021 as compared to 2020. While the amount of our new leasing contract entered into on a yearly basis corresponded to an increase of 62,2% with USD 265,6 million as compared to the previous year, our support to our SME-scale companies increasingly continued. Our market share is 31% higher than that of the previous year with a rate of 5,5% whereas the increase in the number of our new contracts on a quantity basis was 26% with our quick service model.

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Our company, applying a proper growth strategy without compromising on the assets quality, closed the year with a net profit of TRY 128.071 with a double increase as a result of all of its activities.

The foregoing figures demonstrate that we are a value creating company for both our principal partner and all of our shareholders. The year of 2021 also enabled us become prominent in terms of the environmental worthiness criterion. Our financial supports became prominent particularly in the renewable energy investments as a result of our sustainability-oriented operations and the installed capacity of our solar, wind, solid and domestic waste-sourced renewable energy investments is rapidly approaching to the level of 200 MW. We are also pleased for bringing long-term and cost-efficient resource to our country with the employment and environment-oriented APEX loan agreement financed by the World Bank. I wish the year of 2022 to be a year during which we will diversify with much larger-scale, long-term and cost-efficient resources and we will raise our position in the Market to the upper ranks by extending to new regions and I extend my gratitude to our business partners, customers and employees.

Best Regards,

MUSTAFA ERDÍN

General Manager







### **EXECUTIVE** BOARD MEMBERS AND THEIR PERSONEL **BACKGROUND**



(26.06.2019 - ...)

Hazım AKYOL, born in Aksaray in 1969, graduated from Hacettepe University Faculty of Economics and Administrative Sciences, Department of Public Administration. He started his banking career with the title of Assistant Inspector at Vakifbank in 1993, and as Assistant Manager at the Commercial Credits Department, respectively, after his Inspection duty; He served as the Manager of Bursa Branch, Kavaklidere/Ankara Branch, Kızılay/Ankara Branch, Ankara Regional Corporate Marketing Regional Directorate and Emek /Ankara Branch. He then served as the President of the Institutional Salary Payments and as the President of the Ankara Corporate Center Branch. He also served as a Board Member in various affiliates of Vakifbank. Hazim AKYOL, who currently serves as Deputy General Manager at Vakifbank, has been serving as the Chairman of the Board of our Company since 26.06.2019.



(26.06.2019 - ...)

Halil ÇELİK, who was born in Trabzon Akçaabat in 01.08.1956, completed his primary, secondary and high school education in Akçaabat. In 1980, he graduated from Eskişehir Academy of Economics and Commercial Sciences, Department of Economics. In 1982, He started to work as an Assistant Inspector at Ziraat Bankası A.Ş. Halil ÇELİK, who served as Inspector, Chief Inspector, Trabzon and Erzurum Regional Manager at Ziraat Bankası respectively, Assistant Inspector at Iller Bank in 2002-2003, Assistant General Manager at Halk Bankası A.Ş. in 2003-2010, and Assistant General Manager in 2010-2012. He served as a Member of the Board of Directors at Republic of Turkey Ziraat Bankası A.Ş. He has been serving as the Vice Chairman of the Board of Directors of our Company since 26.06.2019.



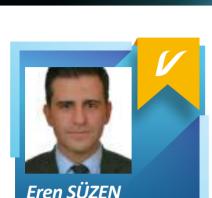
(26.06.2019 - ...)

He was born in Rize Ardeşen on 01.01.1970. He completed his primary, middle and high school education in Ardeşen and the university at Istanbul University Faculty of Law. He worked as a education in Ardeşen and the University at Istanbul University Faculty of Law. He Worked as a freelance attorney, contracted attorney at SDIF, Belbim Elektronik Money and Payment Services Inc., one of the affiliates of Istanbul Metropolitan Municipality, Istanbul Water and Sewerage Administration and various companies. Starting from June 2003, he served as Legal Affairs Group Manager, Legal Affairs President and Chief Legal Counsel at Vakıfbank. Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş., Vakıf Enerji ve Madencilik A.Ş., Vakıf Finansal Kiralama A.Ş., Vak - Bel Import Export Inc., Ataköy Turizm A.Ş., World Foundation UBB Ltd. in Liquidation. He served as a Member of the Board of Directors and a Member of the Board of Auditors at Vakıfbank Subsidiaries. He volunteered in many ^ NGOs such as Rize Foundation, Water Foundation, Ardeşen Foundation, and Lawyers Association. He still continues to serve as Vakıfbank Chief Legal Counsel. He is married with one child and speaks Arabic and English fluently. He has been a Member of the Board of Directors of our Company since 26.06.2019.



(03.04.2018 - ...)

Emine UYUMAZ, who was born in 1982 in Adana, graduated from the Middle East Technical University, Department of Economics in 2005. She completed her master's degree at Bilgi University, Department of Banking and Finance. She started to work as an Assistant Inspector at T. Vakıflar Bankası TAO in 2006 and worked as an Assistant Inspector and Inspector until 2012, and then worked as Assistant Manager and Manager in the Commercial Loans Department. She has been working as Head of Commercial Loans Allocation Management at Vakıfbank since July 2017. Emine UYUMAZ has been working as a Member of the Board of Directors of our Company since 03 04 2018. Directors of our Company since 03.04.2018.



Member of the Board

(25.06.2020 - ...)

Eren SÜZEN, who was born in Ankara in 1983, completed his primary and secondary education in Ankara and graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2006. He started his career as an assistant inspector in Vakifbank in February 2007, and after serving as an inspector for about 5 years, he was appointed as assistant manager at Çayyolu Branch in 2012. Later, after serving as the West Black Sea Region Loans Manager, Yenimahalle Branch Manager, Ankara 3rd Region Loans Manager, he was appointed as the Head of Personal and SME Loans Allocation Management in January 2020 and still continues to work in this unit. Eren SÜZEN has been working as a Member of the Board of Directors of our Company since 25.06.2020.



(01.04.2021 - ...)

Savas Atanur KAZAZ, who was born in Kirklareli in 1964, graduated from the Department of Business Administration of the Faculty of Economics and Administrative Sciences of Gazi University in 1987. He started to his banking career with the title of Assistant Financial Analyst in Vakifbank in 1990, he took the positions of Specialist and Deputy Manager in the Credits Coordination, Credit Marketing and Credit Monitoring Directorates, afterwards, he took charge as the Individual Banking Sales Coordination Director of the General Directorate following the Branch-free Banking Directorate of the General Directorate and Ivedik Organize Sanayi, Pursaklar, Elvankent, Ankara Public Corporate Branch Directorates. He was elected as the Member of the Audit Committee to Vakifbank Foundation of Pension Aid Fund in 2019. Savas Atanur KAZAZ, still holding this position, has been holding office as the independent member of the Board of Directors in our company since 1 April 2021.



(05.05.2021 - ...)

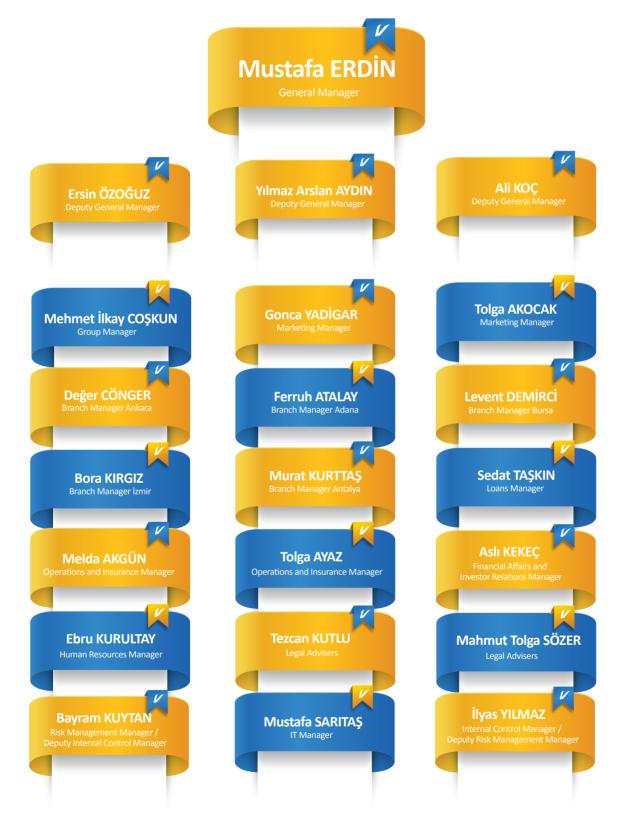
Mustafa ERDIN, who was born in Trabzon in 1969, graduated from the Department of Business Administration of the Faculty of Political Sciences of Ankara University in 1990. He completed his postgraduate education in the field of financial management in Boston University / Metropolitan College SA. in 2003. He started to his professional career as the assistant account specialist in the Board of Account Specialists of the Ministry of Finance in 1992. Mustafa ERDIN, who was an account specialist in 1995 and chief account specialist in 2002, worked as the group president and head of department in the Revenue Administration between the years of 2004 – 2009. He took the positions of financial affairs coordinator and board member responsible for financial affairs within the organization of a construction group which was based in Turkey and which was also engaged in international business between the years of 2009 - 2020. Mustafa ERDIN also has the Certified Public Accountant and Independent Auditor License. He has been holding office as the member of the Board of Directors and the Managing Director in our Company since 05/05/2021.







### ✓ THE EXECUTIVES









### ✓ GENERAL INFORMATION REGARDING COMPANY



- Activity Area
- Company Headquarters
- Paid in Capital
- Number of Employees
- Board Chairman
- General Manager Deputy
- Independent Auditing Firm
- Address Corporate Headquarters
- Telephone
- Trade Registry Number
- Mersis Number
- Fax
- Website

15/09/1988

**Financial Leasing** 

İstanbul

468.895 BinTL

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Hazım AKYOL

Mustafa ERDİN

Güney Bağımsız Denetim ve SMMM A.Ş.

Büyükdere Av. Matbuat Street Gazeteciler Site No: 13 Esentepe/Şişli/İstanbul

+90 (212) 337 67 67 - (Santral)

248616

0922003369500010

+90 (212) 337 67 99

www.vakifleasing.com.tr

### **AVAILABLE FOR SALE FINANCIAL ASSETS**

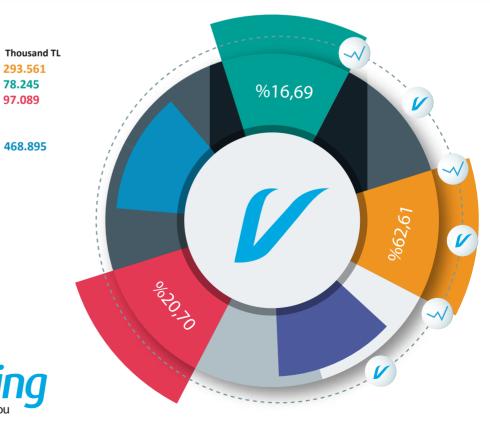
- Vakıf Factoring Services Inc.
- Vakıf Marketing Ind. and Trade Inc.
- Vakıf Energy and Mining Inc.
- Doğu Investment Holding Inc.
- Vakıf Investment Securities, Inc.
- World Vakıf UBB. Co. Ltd. (In liquidation)

#### PARTNERSHIP STRUCTURE

- T.Vakıflar Bankası T.A.O.
- Türkiye Insurance Inc.
- Public Offering
- Total

% 62,61 % 16,69	293.561 78.245
% 20,70	97.089
% 100	468.895

%









### ✓ CORPORATE IDENTITY History / Milestones

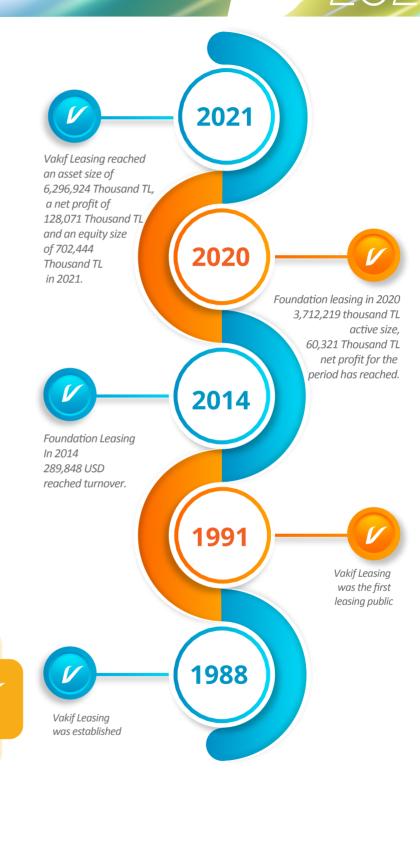
Vakıf Leasing was founded on 15 September 1988 by Vakıf Finansal Kiralama A.Ş. was established as a subsidiary of Vakıfbank. It was listed on the Istanbul Stock Exchange in 1991 and became the first leasing company to go public.

Success full 33 years to fill Foundations Leasing our country, contributing to the development and increase in employment continues to be one of Turkey's surplus etmektedir.özenl a run at the right time moves provide very significant benefits to investors in the leasing and make the experience of the Foundation Leasing, yesterday, with the right policies adopted today; It is taking firm steps towards the future in a determined, faithful and progressive manner.

Aiming to act as a financial intermediary for SMEs and investors in the commercial segment, which constitute a significant part of the customer portfolio, Vakıf Leasing continues on its way by increasing its market share in the sector.

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

Vakıf Leasing has branches in Ankara, Adana, İzmir, Bursa, Antalya and continues its comprehensive works with its wide customer portfolio and service network all over the country, backed by the institutional power of Vakıfbank's nearly a thousand branches.





# 2021

CORPORATE IDENTITY
Our Vision - Our Mission
Our Values
Our Codes of Conduc



### Our Vision

To be a Leader Company, which is the first choice of investors in the Leasing sector by providing the optimal financial opportunities in customer investments; and which aims for utmost customer satisfaction and service quality.



### Our Mission

To create continuous value for our customers, employees and shareholders by development of a successful, modern and customer-oriented approach.



### **Our Values**

High-quality service based on information and creativity;

Rapid and effective decision-making;

A strong sense of responsibility on a long lasting development approach Open communication based on mutual trust,

Employees who devoted to success and team spirit,

Commitment to ethical and professional codes of conduct



### Our Codes of Conduct

Full compliance with legal regulations

Honesty in relations with customer-seller-creditor

Transparency and reliability

In addition to profitability, operating by taking into account the reasons for economic development

Respecting information and confidentiality and keeping secrets

Not to create unfair competition by considering the common interest of the sector.









### DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES



#### KURUMSAL YÖNETİM İLKELERİNE UYUM BEYANI

Vakıf Finansal Kiralama A.Ş. ("Vakıf Leasing" or the "Company") adheres to the corporate management principles determined in accordance with the Financial Leasing, Factoring and Financing Companies Law, capital market legislation and the Turkish Commercial Code and related regulations and takes maximum care to pass. It has adopted the concepts of equality, transparency, accountability and responsibility of the Corporate Management Principles") published by the Capital Markets Board ("CMB").

From the Corporate Management Principles included in the Annex of the Corporate Management Communique numbered 11-17.1, which was published in the Official Gazette dated 03 January 2014 and numbered 28871;

a-) Companies must apply (1.3.1.), (1.3.5.), (1.3.6.), (1.3.9.), (4.2.6.), (4.3.1.), (4.3.2.), (4.3.3.), (4.3.4.), (4.3.5.), (4.3.6.), (4.3.7.), (4.3.8.), (4.5.1.), (4.5.2.), (4.5.3.), (4.5.4.), (4.5.9.), (4.5.10.), (4.5.11.), (4.5.12.), (4.5.13.), (4.6.2.) And (4.6.3.) Are in compliance with the principles. The duty, authority and responsibility area of the "Investor Relations Directorate", which carries out its activities as the Financial Affairs and Investor Relations Directorate, has been reconsidered by adapting it to the framework specified in Article 11 of the CORPORATE MANAGEMENT

Communique, thus ensuring full compliance with the relevant legislation.

b-) Regarding the principles that are not mandatory to apply;

There are female members on the company's Board of Directors. A target rate and target time for the ratio of female members within the Board of Directors has not been determined. In this context, 4.3.9. There is a partial compliance with the advisory principle no. Harmonization studies have also been initiated regarding the Sustainability Policy No. 4.5.

#### CORPORATE MANAGEMENT PRINCIPLES COMPLIANCE REPORT:

With the decision of the Capital Markets Board dated 10.01.2019 and numbered 2/49, Compliance Reporting numbered II-17.1 will be made on the PDP platform by using the Corporate Compliance Report (URF) and Corporate Management Information Form (KYBF) templates.

Related Reports are available at www.kap.org.tr/tr/sirket-bilgileri/ozet/1115-vakif-finansal- Kiralama-a-s.



#### **CORPORATE GOVERNANCE PRACTICES**

#### **STAKEHOLDERS**

#### 2.1 Investor Relations Chapter

The Investor Relations Department operates under the Financial Affairs and Investor Relations Directorate, under the Group Manager Mehmet ilkay COŞKUN regarding the duties of the Investor Relations Department.

Financial Affairs and Investor Relations Directorate, which manages relations with institutional investors, rating agencies, shareholders, makes a quarterly presentation to the Board of Directors regarding all activities carried out, especially comparative financial analysis presentation with competitors.

The department manager license is as shown below:

Name / Surname	Title	Licence
Mehmet İlkay COŞKUN	Group	CORPORATE MANAGEMENT
	Manager	Rating Licence
He is a member of the Corporate Management Committee pursuant to Article 11 and Article 2 of the Corporate Management Communique.		

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

Name		Title	Phone Number	E - mail
Mehmet İ COŞKUN	lkay	Group Manager	0212 337 67 67	I.COSKUN@vakifleasing.com.tr
Aslı KEKEÇ		Manager	0212 3376767	A.KEKEC@vakifleasing.com.tr
Neslihan YILDIZI	LI	Director	0212 337 67 67	N.YILDIZLI@vakifleasing.com.tr
EceAKGÜN		Specialist	0212 337 67 67	E-AKGUN@vakifleasing.com.tr
Barış ATİK		Assistant Specialist	02123376767	B.ATIK@vakitleasing.com.tr

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

- Ensuring that the records of the shareholders are kept in a healthy, secure and up-to-date manner,
- Responding to the shareholders' written requests for information about the company, excluding the information that is not publicly disclosed, confidential and trade secret,
- To ensure that the general assembly meeting is held in accordance with the current legislation, articles of association and other in-house regulations,
- Preparing documents that can be used by shareholders at the general assembly meeting,
- Ensuring that the voting results are recorded and the reports regarding the results are sent to the shareholders,
- To observe and monitor all kinds of issues related to public disclosure, including the legislation and the company's disclosure policy.

By the Investor Relations Directorate throughout 2021

- The Ordinary General Assembly Meeting held in 2021 was organized to be fulfilled in the scope and manner required by the Relevant Law, Capital Market Law, CORPORATE MANAGEMENT Communique, Company Articles of Association and other legislation.

#### 2.2 Utilization of Shareholders' Right to Information

Questions directed to the Investor Relations Unit are answered either by phone or in writing by contacting the most authorized person of the relevant subject, except for information that is confidential and trade secret. Although there were no written requests for information received by the Investor Relations Unit in 2020, the necessary answers were given to the questions asked by phone. Stock transactions, capital increase, dividend transactions, general assembly meetings, financial reports, material event disclosures etc. that concern shareholders. Information and developments regarding the Company, such as the Company, are regularly communicated to the relevant parties either via the website, mail or telephone. In addition, information requests of domestic shareholders regarding the status of their stocks during the operating period, the conversion of their existing stocks and the distribution procedures of their stocks after death are answered in writing.

On the other hand, the request for the appointment of a special auditor has not been regulated as an individual right in the articles of association and there has been no request for the appointment of a special auditor during the period.

### 2.3 General Assembly Meetings

Extraordinary General Assembly;

Our Company's Extraordinary General Assembly Meeting was held on 12.01.2021, and the "Capital" article of the Company's Articles of Association was amended, and the registered capital ceiling was increased from TRY 300,000,000 to TRY 1,000,000,000.

Ordinary General Assembly;

The General Assembly meeting of our Company for the activity period of 2020 was held at the headquarter of the company with the participation of the representatives of the shareholders, the Ministry Representative of the Ministry of Trade of the Republic of Turkey and the holders of 74.36% shares on 31.03.2021.

The Company held the Ordinary General Assembly meeting for the year of 2021 in accordance with the provisions of the "Regulation on General Assemblies to be Held in Electronic Media in Joint Stock Companies" and "Communique on the General Assembly System to be Applicable in the General Assemblies of Joint Stock Companies". Thus, the stakeholders had the opportunity to participate in the General Assembly meeting in electronic environment, made suggestions, expressed their opinions and had the opportunity to vote.

Turkey Trade Registry Gazette, e-Enterprise Information Portal and E-General Meeting is announced to the public and share with relevant legislation annex located other documents Public Disclosure Platform, Turkey Trade Registry are made public through newspapers is also the company published documents also said on the website . For the e-General Assembly service, which enables the Company to attend the General Assembly Meeting electronically, to make suggestions, to express opinions and to vote, a General Assembly call is made at least 21 days before the

shareholders before the meeting, agenda, proxy form and the relevant legislation annex located other documents Public Disclosure Platform, Turkey Trade Registry are made public through newspapers is also the company published documents also said on the website . For the e-General Assembly service, which enables the Company to attend the General Assembly Meeting electronically, to make suggestions, to express opinions and to vote, a General Assembly call is made at least 21 days before the MKK system, excluding meeting and call days. In addition to these, the documents in question are also sent via mail to our shareholders whose address information is up-to-date in the Company records. To present the Company's Balance Sheet and Profit-Loss Tables for the 2020 accounting period, the 2020 Board of Directors Annual Report, the Financial Statements and Footnotes for the year 2020, including the Independent External Audit Firm Report, prepared for the General Assembly for information and examination of the Company shareholders before the General Assembly, are kept ready for the information of our shareholders at the Company Headquarters as well as the MKK system. In addition, if requested by the stakeholders, samples of the invitation, agenda and power of attorney related to the General Assembly can be

obtained. Partners who have the right to participate in the General Assembly and fulfilled the necessary procedures to participate, attended the Ordinary General Assembly Meeting in 2021. In the announcement and invitation letters published before the General Assembly;

- the day, time and place of the meeting,
- meeting agenda,
- By which body the invitation is made (Company Board of Directors),
- Addresses (General Directorate) where the Activity Report and balance sheet, profit and loss statements will be submitted to the examination of the partners in the ordinary meeting announcements
- For shareholders who cannot attend the meeting in person, samples of power of attorney are announced to the shareholders.

In the Annual Report prepared; Company activities, information about top management, Company balance sheets, balance sheet footnotes, Independent Audit Report, CORPORATE MANAGEMENT Principles Compliance Report, etc. information such as. An Annual Report is provided to the shareholders who request it by the Investor Relations Department before and after the General Assembly. At the Ordinary General Assemblies of the Company, all shareholders, regardless of their share percentage, have the right to speak, express their opinions and ask questions on the agenda. The questions asked, wishes and opinions expressed by the shareholders, who attended the Ordinary General Assembly meeting held on 31 March 2021.both physically and electronically, and the answers given by the Chairman of the Meeting and the Board of the Board regarding these matters are included in the minutes of the General Assembly in detail. General Assembly minutes and attachments in accordance with General Assembly following relevant legislation, the Public Disclosure Platform,

Shareholders, members of the board of directors, managers with administrative responsibility and their spouses and relatives by blood or affinity up to the second degree do not have any important transactions that may cause conflict of interest with the Company or its subsidiaries. In addition, it has been understood that the aforementioned persons do not carry out a commercial business transaction within the scope of the Company or its subsidiaries on their own account or on someone else's account, or they do not have any responsibilities as an unlimited partner in another partnership dealing with the same type of business.

### 2.4 Voting Rights and Minority Rights

The voting rights of the shareholders and the provisions regarding the use of these rights are explained in the Company's Articles of Association.

At the General Assembly meetings, every ten shareholder or one representing this amount of shares has one vote. Those who have more than ten shares have the right to vote without being subject to a certain number of limitations according to the above ratio.

There is no mutual participation relationship in the capital of the company. Exercise of minority rights is subject to the Turkish Commercial Code, Capital Market Law, relevant legislation and CMB's communiques and decisions. Our company does not make use of the cumulative voting method.

### 2.5 Divided Right

There is no privilege regarding participation in the profit of the company.

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



### According to this;

- In the decision of the Board of Directors for the distribution of profits; It makes recommendations to the General Assembly, taking into account the CMB legislation, market conditions and Company objectives. As a profit distribution policy, it is foreseen that at least 10% of the distributable profit will be distributed as cash and / or dematerialized shares, if there are no adverse events in the world and country economic conditions and the financial structure and capital adequacy ratios of the Company are at the foreseen levels.
- The distribution decision takes effect if it is approved at the General Assembly Meeting, and the decisions taken are announced to the public through the Public Disclosure Platform on the same day.
- The dividend per share of the stocks to be issued by the company is distributed equally to all shareholders. The company may consider distributing an advance dividend in accordance with the provisions of the current legislation.
- Cash dividend payments are made no later than the end of the second month following the General Assembly meeting when the profit distribution decision is made. Dividend distribution in the form of bonus shares is carried out after obtaining legal permissions.
- There is no privileged share in terms of getting a share from the profit.
- If the profit is not distributed, the Board of Directors informs the shareholders why it has not been distributed and where the undistributed profit is used.
- In profit distributions, the Company's Articles of Association, the Capital Market Law, the provisions of the Capital Markets Board's communique and the Turkish Commercial Code are complied with.

The Company's Board of Directors submits its proposal for dividend distribution to the General Assembly and to the information of the shareholders through the annual report before the General Assembly. The proposal of the Board of Directors regarding profit distribution is discussed and resolved in the General Assembly. The decision taken in 2021 regarding the distribution of profits for 2020 has been implemented, and the necessary notifications have been made to the official authorities. In addition, the relevant decision was announced to the public on the same day through the Public Disclosure Platform.

#### 2.6 Transfer of Shares

Şirketimizin Ana Sözleşmesi'nde pay devrini kısıtlayan hükümler bulunmamaktadır. Ana sözleşmenin 7. maddesine göre Şirketimiz paylarının tamamı nama yazılı olup, devri mevzuat hükümlerine uyulmak sureti ile mümkündür.

### PUBLIC DISCLOSURE AND TRANSPARENCY

### 3.1 Company Website and Its Content

The company's Turkish and English websites; It can be reached at www.vakifleasing.com.tr. Company's website; It is in compliance with the principles of (2.1.1) , (2.1.2) and (2.1.3) regarding the corporate website from the Principles of CORPORATE MANAGEMENT Communique (II-17.1) published by the CMB on 03.01.2014.

### 3.2 Activity Report

Company's Annual Report; It is in compliance with the principles (2.2.1) and (2.2.2) related to the activity report from the Principles of CORPORATE MANAGEMENT Communique (II-17.1) published by the CMB on 03.01.2014.

#### **STAKEHOLDERS**

### 4.1 Informing Stakeholders

Vakıf Leasing's stakeholders are regularly informed on issues deemed necessary through annual reports, news on the website, and explanations. In order to ensure accurate and reliable information flow, information on financial statements announced every quarter is shared with investors via the website and announced on PDP. All questions and requests by investors are answered by phone and e-mail.



### 4.2 Participation of Stakeholders in Management

In our company, two different models have been created regarding the participation of stakeholders in management.

Committee Meeting: The decisions taken in the regular committee meetings are implemented by our company.

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

In addition, "Weekly General Assessment Meetings" are held to inform the employees about the general activities and progress of the company and to get their suggestions, and the financial structure and performance data of the company are evaluated together with the employees.

#### 4.3 Human Resources Policy

Our company's human resources policy is carried out within the framework of the "Human Resources Regulation". In addition, our work on career planning continues. Our company plays an important role in the success and development of the sector. Vakıf Leasing places special emphasis on providing and developing the necessary equipment for efficient work, especially training, and sees its employees as its most important capital. It employs researchers, visionary, creative, problem solving employees within its structure.

All of the employees in our company have the understanding of working with a team spirit and their power to create innovation is at a high level.

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

### 4.4 Ethical Rules and Social Responsibility

- Full compliance with laws enacted regulations
- Honesty, transparency and reliability in customer-vendor-creditor relations
- To operate by taking into account the reasons for economic development as well as profitability.
- Respecting information and confidentiality and keeping secrets
- Not creating unfair competition by considering the common interest of the sector.

Vakif Leasing is aware of its social responsibilities towards its customers, employees and society and endeavors to fulfill these responsibilities in the best way. It complies with all legislation related to business life, stands behind its public commitments and gives confidence in its service, encourages its employees to conduct honest and ethical behavior, takes all precautions regarding the safety of the workplace, does not mislead its customers, does not engage in deceptive advertising and marketing activities, complies with and supports the rules prohibiting discrimination. It tries to resolve customer problems quickly, covers most of the healthcare costs of its employees, and constantly tries to improve its service quality.

#### 4.5 Sustainability Policy

In accordance with the provisions of the Communique on Amendment of the Capital Markets Board Corporate Governance Communique (II-17.1) (II-17.1.a), in order to comply with the principles of sustainability based on voluntarism and to establish an environmental and social risk management policy, with the approval of the Board of Directors of our company and the Social Policy Text and the Environmental and Social Impacts Working Group have been created and the relevant text has been published under the corporate communication tab of our website.

With the working group under the directorship of the relevant Assistant General Manager, our company makes the utmost effort to comply with sustainability principles, while determining its strategies, it takes into account the environmental and social impacts of its activities as required by its policy.





#### **BOARD OF DIRECTORS**

#### 5.1 Structure and Formation of the Board of Directors

ŞiAccording to the 8th article of the company's articles of association, the structure of the Board of Directors is defined as follows. "The business and administration of the company is carried out by a board of directors consisting of at least 5 members including the general manager. The board of directors elects a chairman and a deputy chairman to act in his absence from among the members. The duties of general manager and chairman of the board of directors cannot be combined in the same person. Members other than the general manager are elected by the shareholders by the general assembly in accordance with the provisions of the Turkish Commercial Code. The majority of the members of the board of directors consist of non executive members. Among the members of the board of directors who do not have executive duties, there are independent members who are capable of performing their duties without being under any influence, whose number and qualifications are determined in accordance with the regulations of the Capital Markets Board on CORPO-RATE MANAGEMENT and the provisions of the relevant legislation. The general manager of the company, in his absence, his deputy is a natural member of the Board of Directors. General manager and his deputy must have a bachelor's degree and have at least seven years of professional knowledge and experience in the field of finance or business administration. In the implementation of the provisions of this article, the provisions of the Financial Leasing Factoring and Financing Companies Law No. 6361 and the relevant legislation are reserved."

		STARTING	
NAME and			
SURNAME		DATE OF	
		THIS	
		POSITION	
Hazım AKYOL	Chairman Of the Board	26/06/2019	
	Deputy Chairman - Independent Member	26/06/2019	
Halil ÇELİK	Chairman of the Audit Committee	05/04/2021	
3	Chairman of CORPORATE MANAGEMENT	05/04/2024	
	Committee	05/04/2021	
	Member of the Board	26/06/2019	
Şeref YAROĞLU	Member of CORPORATE MANAGEMENT	05/04/2021	
Şelel TAROGLO	Committee	03/04/2021	
	Early Identification of Risk Committee-Member	05.04.2021	
Emine UYUMAZ	Member of the Board	03/04/2018	
Eren SÜZEN	Member of the Board	25/06/2020	
	Member of the Board - Independent Member	01/04/2021	
Savaş Atanur KAZAZ	Early Identification of Risk Committee - Chairman	05/04/2021	
	Member of Governance Committee	0=10.110.001	
	iviember of Governance Committee	05/04/2021	
Mustafa ERDİN	Member of the Board - General Manager	05/05/2021	

The Chairman of the Board of Directors does not have an executive duty. Mustafa Erdin, General Manager, is an executive member of the Board of Directors.

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

The number of independent members has been determined as two in accordance with the provisions of the CMB's Communique on the Determination and Implementation of CORPORATE MANAGEMENT Principles Serial: IV No: 56. Independence declarations of Halil ÇELİK and Savaş Atanur KAZAZ and those who fulfill the independence criteria specified in principles 4.3.6 and 4.3.7 of the CMB Corporate Governance Principles within the framework of the legislation, articles of association and the criteria included in the relevant communique are included in . Independent members were presented to the Board of Directors.

There is no situation that eliminates the declarations of the independent members of the Board of Directors regarding their independence and as of the relevant activity period.



- Issues related to the invitation and organization of the Ordinary /Extraordinary General Assembly,
- Finalizing the annual activity report to be submitted to the General Assembly,
- Election of the Chairman of the Board of Directors, Vice Chairman and appointment of a new member,
- Establishing administrative units or terminating their activities,
- Appointment or dismissal of the Chief Executive Officer / General Manager,
- Establishing committees,
- Merger, division, restructuring, selling 10% of the whole company or fixed assets or investing more than 10%, making expenses more than 10% of the total assets,
- Determining the dividend policy of the company and the profit to be distributed,
- All members actually attend the meetings held on issues such as capital increase or decrease.

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

In accordance with the CORPORATE MANAGEMENT Communique, which our Company's Board of Directors asks for public companies to fulfill its duties and responsibilities, the Audit Committee, consisting of two members (Chairman- Halil Çelik, Member- Savaş Atanur Kazaz), consists of three members (Chairman - Halil Çelik, Member — Şeref Yaroğlu, Member — Mehmet İlkay COŞKUN) The Corporate Management Committee and the Early Detection of Risk Committee (Chairman- Savaş Atanur Kazaz, Member- Şeref Yaroğlu), also consisting of two members, have been established. The number of members of the Board of Directors of the Company is 6 and the number of members of the committees affiliated to the Board of Directors is higher than the number of members of the Board of Directors in accordance with the principles specified in the CMB Corporate Management principles and BRSA; members serve on more than one committee.

#### 5.4 Risk Management and Internal Control Mechanism

#### - Internal Control:

The internal control unit, operating under the Audit Committee within the Board of Directors, within the control points established specifically for the company; It is responsible for identifying the risks that may occur - to ensure that preventive - mitigation measures are taken for these risks and to report the results of the results to the Audit Committee periodically (at least twice a year).

Partnerships in which the members of the Board of Directors are assigned outside the Company and their duties:

NAME/SURNAME	GROUP COMPANIES	POSITIO N
	THAT HAS ROLE	
Hazım AKYOL	T. Vakıflar Bankası T.A.O.	Deputy General Manager
Emine UYUMAZ	T. Vakıflar Bankası T.A.O.	Head of Commercial Loans
Emine Of OWAZ	1. Vakillai balikasi 1.A.U.	Allocation Management
Eren SÜZEN	T. Vakıflar Bankası T.A.O.	SME and Local Governments
Eleli SUZEN	1. Vakillai balikasi 1.A.U.	Head of Loans Allocation Management
Şeref YAROĞLU	T. Vakıflar Bankası T.A.O.	Chief Legal Advisers

### 5.2 Operating Principles of the Board of Directors

Whenever necessary, the board of directors is held at the location of the company headquarters or where the majority of board members request. However, it must meet at least once a month. Even if the meeting has not been duly held, the presence of all members at the meeting place on a certain day and time does not harm the validity of the meeting. Those who have the right to attend the meeting of the board of directors of the company can attend these meetings electronically in accordance with article 1527 of the Turkish Commercial Code. The company may set up an electronic meeting system that will allow right holders to attend and vote in electronic media in accordance with the provisions of the Communique on General Assemblies to be Held in Electronic Environment, in addition to joint stock company general assemblies, as well as purchasing services from systems established for this purpose. In the meetings to be held, it is ensured that the right holders can exercise their rights specified in the relevant legislation, within the framework of the provisions of the notification, through the system established in accordance with this provision of the Company's articles of association or the system from which support services will be received. The provisions of the Turkish Commercial Code are applied regarding the meeting quorum and decision quorum of the Board of Directors. The agendas of the Board of Directors meetings are determined according to the issues and authorities specified in the articles of association. 43 Board of Directors meetings were held in the period 01.01.2021 -31.12.2021. Whenever necessary, the Board of Directors is held at the location of the company headquarters or where the majority of the members of the Board of Directors request. However, it must meet at least once a month. The provisions of the Turkish Commercial Code are applied regarding the Board of Directors meeting quorum and decision quorum. The duty of informing and communication of the members of the board of directors is the secretary of the General Manager. Decisions that need to be disclosed to the public are made public immediately after the end of the meeting.-



# 2021

### VAKIF FINANCIAL LEASING INC. CORPORATE GOVERNANCE PRACTICES

Company activities, systems and processes; Whether it is carried out in accordance with legal regulations, management strategies and policies and Financial Leasing practices; A systematic and disciplined approach is demonstrated regarding the compliance of directives, work flows and powers and responsibilities of employees, and recommendations are made to take measures to prevent and / or reduce risks by identifying them. It is aimed to create an internal control system to identify, evaluate, monitor, manage and use the results to be used in decision-making mechanisms to identify, evaluate, monitor, and manage potential credit, market and operational risk factors that may affect the Company's assets in order to prevent damages that may affect the achievement of the Company's goals. As of 2021, within the scope of the "Communique on Management and Audit of Information Systems of Financial Leasing, Factoring and Financing Companies" published by the BRSA in the Official Gazette dated 06.04.2019 and numbered 30737, the preparation of a "Compliance Report" for Internal Control Units, and submitting it to the Board of Directors. Again in the same paper; It was also emphasized that although external services may be obtained in the preparation of the "Risk Assessment Report" and "Security Violations Report", the reports should be submitted to the management by the internal control unit or other units of the Company. The Internal Control Manager, as the Compliance Officer, also performs the duties of taking the necessary measures throughout the Company regarding compliance with the legal regulations of the Financial Crimes Investigation Board, carrying out training and control activities and communicating with the Board.

#### - Risk Management:

It operates under the Early Detection of Risk Committee within the Board of Directors. In line with the general strategies and short-long term targets of the company, the risks to be exposed and the strategies to be followed for these risks are determined and the Early Detection of Risk Committee is periodically (recommendations - suggestions; at least 6 times a year - report; annually). reports as once).

Risk management process; It is a cycle where the risks that prevent or are likely to be in the realization of the strategic objectives of the institution are identified, identified, classified, priorities are determined as a result of risk assessment, evaluated and monitored.

#### 5.5 Strategic Goals of the Company

The strategic goals set by our managers are evaluated at the end of the previous year and the goals for the next year are approved at the end of each year. In addition, our Board of Directors makes an evaluation regarding the achievement of the determined goals.

### 5.6 Financial Rights

At the Ordinary General Assembly Meeting dated 31 March 2021, it was decided to pay a monthly net amount of TRY 6,325 to the members of the Board of Directors.

There is no other fee or right given to the Members of the Board of Directors. The salaries and benefits that the Members of the Board of Directors are entitled to are not determined according to their performances. Losses that may be caused by the faults of the members of the board of directors during their duties are not insured.

The Company has not made loans or loans to any Board Member, nor does it have any guarantees or guarantees, such as compensation, for the benefit of a person to whom it has lent personally through a third party and for the third party.

In accordance with the Corporate Management Principles, the remuneration and all other benefits provided to senior executives as well as the members of the Board of Directors are also disclosed to the public through the annual report. However, the explanation made is not on an individual basis, but in a way that separates the board of directors and senior executives. Our company; In 2021, the gross wages of TRY 775 thousand were paid to the members of the Board of Directors, and TRY 1,897 thousand to the General Manager and Assistant General Managers.



DECLARATIONS OF INDEPENDENCY UNDER SCOPE OF THE NOTIFICATION ON DETERMINATION AND IMPLEMENTATION OF CORPORATE GOVERNANCE PRINCIPLES

VAKIF LEASING INC. ISTANBUL

### HERE IS MY DECLARATION OF INDEPENDENCE WITHIN THE SCOPE OF THE COMMUNIQUE ON CORPORATE GOVERNANCE

- a) The company is the management control of the company or the partnerships in which it has a significant influence, the partners who have the management control of the company or have significant influence in the company, and the legal entities that these partners have management control and themselves, their spouses and their relatives by blood and affinity up to the second degree I have complied with the principle that there is no employment principle in the managerial position that will undertake important duties and responsibilities in the last five years, that more than 5% of the capital or voting rights or privileged shares are not owned together or alone, or that a significant commercial relationship has not been established,
- b) In the last five years, partners in companies from which the company purchases or sells services or products to a significant extent, during the periods of service or product sales, within the framework of the agreements made in the last five years, including the audit, rating and consultancy of the company (including tax audit, legal audit, internal audit) (5% and above) that I comply with the principle of being an employee or a member of the Board of Directors to assume important duties and responsibilities,
- c) I have the professional education, knowledge and experience to properly fulfill the duties that I will undertake due to being an independent board member,
- ç) I am not working full-time in public institutions and organizations after being elected as a member, except as a university lecturer, provided that they comply with the legislation they are affiliated with,
- d) of the Income Tax Law No. 193 dated 31.12.1960 (G.V.Rodicheva.) is according to me would be settled in Turkey,
- e) I have strong ethical standards, professional reputation and experience that can contribute positively to the activities of the company, maintain impartiality in conflicts of interest between the company and shareholders, and decide freely by taking into account the rights of the stakeholders.
- f) I am able to devote enough time to the company's business to be able to follow the operation of the company activities and to fully fulfill the requirements of the duties I have undertaken,
- g) I have not been a member of the Board of Directors of the company for more than six years in the last ten years,
- ğ) I am not an independent member of the Board of Directors in more than three of the companies controlled by the same person, the company or the shareholders holding the management control of the company, and in more than five of the companies listed on the stock exchange in total,
- h) I have not been registered and announced on behalf of the legal person elected as a member of the Board of Directors,

In the event of a situation that destroys my independence, I will immediately forward the change to the board of directors to be announced to the public, in this case, I will resign from my board of directors membership and duties in principle because I lost my independence,

I declare, accept and undertake 01.04.2021



VAKIF LEASING INC. ISTANBUL

### HERE IS MY DECLARATION OF INDEPENDENCE WITHIN THE SCOPE OF THE COMMUNIQUE ON CORPORATE GOVERNANCE

- a) The company is the management control of the company or the partnerships in which it has a significant influence, the partners who have the management control of the company or have significant influence in the company, and the legal entities that these partners have management control and themselves, their spouses and their relatives by blood and affinity up to the second degree I have complied with the principle that there is no employment principle in the managerial position that will undertake important duties and responsibilities in the last five years, that more than 5% of the capital or voting rights or privileged shares are not owned together or alone, or that a significant commercial relationship has not been established,
- b) In the last five years, partners in companies from which the company purchases or sells services or products to a significant extent, during the periods of service or product sales, within the framework of the agreements made in the last five years, including the audit, rating and consultancy of the company (including tax audit, legal audit, internal audit) (5% and above) that I comply with the principle of being an employee or a member of the Board of Directors to assume important duties and responsibilities,
- c) I have the professional education, knowledge and experience to properly fulfill the duties that I will undertake due to being an independent board member,
- ç) I am not working full-time in public institutions and organizations after being elected as a member, except as a university lecturer, provided that they comply with the legislation they are affiliated with,
- d) of the Income Tax Law No. 193 dated 31.12.1960 (G.V.Rodicheva.) is according to me would be settled in Turkey,
- e) I have strong ethical standards, professional reputation and experience that can contribute positively to the activities of the company, maintain impartiality in conflicts of interest between the company and shareholders, and decide freely by taking into account the rights of the stakeholders.
- f) I am able to devote enough time to the company's business to be able to follow the operation of the company activities and to fully fulfill the requirements of the duties I have undertaken,
- g) I have not been a member of the Board of Directors of the company for more than six years in the last ten years,
- g) I am not an independent member of the Board of Directors in more than three of the companies controlled by the same person, the company or the shareholders holding the management control of the company, and in more than five of the companies listed on the stock exchange in total,
- h) I have not been registered and announced on behalf of the legal person elected as a member of the Board of Directors,

In the event of a situation that destroys my independence, I will immediately forward the change to the board of directors to be announced to the public, in this case, I will resign from my board of directors membership and duties in principle because I lost my independence,

I declare, accept and undertake 01.04.2021

### **AFFILIATION REPORT 2021**

# 2021

### Türk Ticaret Kanunu'nun 199'uncu Maddesi Kapsamında Hazırlanan Bağlı Şirket Raporu

Affiliate Company Report Prepared within the Scope of Article 199 of the Turkish Commercial Code

In accordance with Article 199 of the Turkish Commercial Code No. 6102, which entered into force on 1 July 2012, the report on the relations between Vakıflar Bankası TAO, the controlling partner of Vakıf Financial and its subsidiaries in the previous operating year, has been evaluated.

Within the framework of the information submitted to our Board of Directors, in all transactions made by Vakıf Finansal Kiralama A.Ş. with the controlling partner and the subsidiaries of the controlling partner in 2021, in accordance with the circumstances and conditions known to us at the time the transaction was made or the measure was taken or avoided.. It was concluded, that a counter action was provided and there were no measures taken or avoided to cause damage to the company, and that there was no action or measure that would require offsetting within this framework.



#### **EXPLANATIONS MADE WITHIN THE CORPORATE MANAGEMENT COMMUNIQUE**

- The Company increased its paid-up capital from TRY 200,000 to TRY 500,000 thousand within the year of 2021. The part valued at TRY 25,000 of the increased amount was covered from the profit for 2020. The part valued at TRY 250,000 thousand, on the other hand, is capital increase in cash. The part valued at TRY 218.895 thousand of the capital increased in cash was reflected to the balance sheet for 2021 and the remaining part was completed in 2022. There occurred a change in the organizational chart.
- There is no research and development activity in 2021.
- In the accounting period of 2021, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş was conducted a limited independent audit on 30.06.2021 and an independent audit was performed on 31.12.2021. In addition, within the scope of full corporate tax certification, the Company's financial statements Vezin YMM A.Ş. has been subjected to tax audits on a quarterly basis.
- There are no ongoing lawsuits or legal proceedings brought against the Company that may have a negative impact on the Company's financial condition and results of operations.
- There are no administrative and judicial sanctions imposed on the company and the members of the management body due to practices contrary to the provisions of the legislation.
- The extraordinary general assembly meeting was held in relation to the increase of the authorized share capital within the year of 2021.
- The company has not acquired its own shares.
- Vakıf Leasing's turnover increased by 54% in 2021 compared to the previous year, from USD 172.655 thousand to USD 265,618 thousand. The number of transactions, which was 546 in 2020, increased by 39% to 758 in 2021.
- Vakıf Leasing's capitalized contract amount increased by 30% in 2021 compared to the previous year and reached USD 212,222 thousand. The amount of contracts capitalized in 2020 was realized as USD 163,767 thousand. The number of contracts capitalized, which was 590 in 2020, increased by 11% to 652 in 2021.
- Aiming for disciplined growth, the Company has been selective in its growth in order to manage the increased profit margin pressure as a result of competition in an effective and balanced manner, while not compromising its strategy of creating a broad base and high quality portfolio in the transaction volume it carries out.
- As of the end of 2021, the Company's paid-in capital is TRY 468,895 Thousand, and there is no finding or opinion that the capital is unrequited and the Company is deeply in debt.







# ✓ 2020 GLOBAL ECONOMY IN THE WORLD AND TURKEY

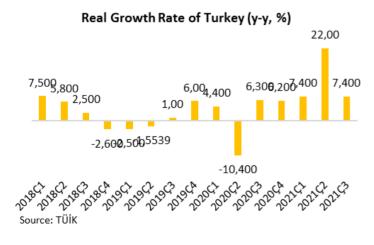
# 2021

### What did happen in 2021?

The health crisis which started in 2020 and of which the economic effects we continued to observe in 2021 as well remained in the agenda of the global markets during 2021. However, the new variants emerging such as Delta and Omicron raised the concerns and caused new lockdown decisions to be taken even though the concerns started to decrease by the realization of the gradual normalization practices with the effect of the vaccination starting in January and increasing throughout the world. Nevertheless, the global markets generally followed a fluctuating course in the year of 2021 within which the normalization was dominant. The statements of the central banks of the developed countries, notably Fed, in respect of the purchase of assets and the increase of interest were followed. Although the year of 2020 was a year during which interest discounts were decided at the extraordinary general assembly meetings due to the reason that the pandemic adversely affected the economy, the year of 2021 was a year during which successive increases of interest were declared with the concern of increased inflation particularly within the second half of the year. The developments in China, being the second largest economy of the world, were also closely followed in 2021. While the default of Evergrande, being one of the largest real estate companies of China in paying its debts caused severe losses in its shares, such default had a long-term influence on the markets with the concerns such as whether it would lead to a new crisis which started in China and which would extend to the World.

Turkey maintained its high growth ratios in 2021, but the developments that occurred in the exchange rate and the harsh increase in the inflation became prior topic in the agenda within the last quarter of the year. The economy and agenda of Turkey were also affected by the fires that occurred in August as well as the Covid-19 Crisis in 2021 during which the new economical precautions were put into practice. In our report of this week, we discuss the important developments dominant the domestic and global markets in 2021.

### The economy of Turkey achieved growth at record level within the second quarter of the year.



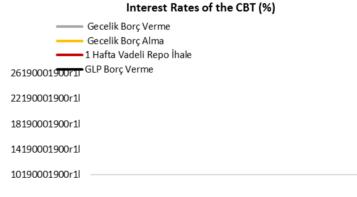
The economy of Turkey grew positively with the contribution of the base effect and the inventories within the first year of 2021 following the positive growth that occurred within the second half of 2020 as compared to the same quarter of the last year. The base effect caused by the quick deceleration in the economy as a result of the lockdowns that occurred after the start of the pandemic within the second quarter of the last year, on the other hand, ensured that the growth within the second quarter of 2021 occurred as double-digit on a yearly basis. Deceleration occurred in the growth rate within the third quarter as compared to the second quarter of the year both with the base effect and with the influence of the problems arising from raw materials and supply chain throughout the world on a yearly basis and the economy of Turkey grew below the market expectations. The increased consumer demand with the effect of the distortion arising in the inflation expectations both on a global basis and in the country may support the growth within the last quarter of the year.

It is taken for granted that the economy of Turkey would end the year of 2021 with a double-digit growth figure because of the positive performance that it showed within the first three quarters of the year.

# The international corporations increased their expectations for the growth of Turkey in respect of 2021 within the year.

Turkey 2021 Growth Expectations (%)						
	IMF	<b>World Bank</b>	OECD	Fitch	S&P	Moody's
Expectation at the beginning of the year	5	4.5	2.6	5.7	6.1	6
Expectation at the end of the year	8.9	5	9	10.5	8.6	11

### The CBT proceeded with interest discount within the last months of the year.



Source: CBT

The Central Bank of Turkey (CBT) did not proceed with a change in the interest rates within the first two months of the year under the presidency of Naci Agbal.

The CBT, at its meeting held in March, increased the policy interest to 19% by an increase of interest by 100 base score. In March, Prof. Dr. Sahap Kavcioglu was appointed as the Head of the CBT. While the CBT did not proceed with a change in the interest rates from April until September under the presidency of Sahap Kavcioglu, it has decreased the policy interest to 14% by proceeding with interest discount by 500 hundred base score since September.

# 2021

### 2020 GLOBAL ECONOMY IN THE WORLD AND TURKEY

In September, it is stated that the developments regarding the core inflation were evaluated in the decision text of the CBT and the expression "decisive firm position" was removed from the decision text. In October, it was stated that "a limited area has remained until the end of the year" for the downward correction by 200 base score which was made in the policy interest as a result of the supply-oriented incidental factors. As the reason for the interest discount by 100 base score which was made in November, on the other hand, it was stated that the analyses for the separation of the effects caused by the demand factors which the monetary policy could affect, the developments in core inflation and supply shocks were evaluated. In December, the policy interest was reduced by 100 base score more and it was stated that it was decided to complete the usage of the area implied by the transitive effects caused by the incidental factors that are supply-oriented and out of the impact area of the monetary policy on the price increases.

### The CBT proceeded with a change in the required reserve ratios within the year.

The initial required reserve decision for the year of 2021 was taken by the CBT in February. The Bank decided to increase the required reserve ratios in Turkish Lira by 200 base score in all maturity segments and liability types, to reduce the maximum ratio of the opportunity for the required reserves in Turkish Lira to be established in foreign currency from 30% to 20% and to reduce the maximum ratio of the opportunity for the required reserves in Turkish Lira to be established in standard gold from 20% to 15%. In July, on the other hand, the maximum ratio of the opportunity for the required reserves in Turkish Lira to be established in foreign currency was reduced from 20% to 10% for the purpose of increasing the effectivity of the monetary transfer mechanism. The opportunity was completely ended as of 1 October 2021 which was the date of establishment. In November, on the other hand, the CBT reduced the maximum ratio of the opportunity for the required reserves in Turkish Lira to be established in standard gold from 15% to 10%.

REQUIRED RESERVE RATIOS IN TRY (%)				
Deposit and Participation Fund (excluding Foreign banks deposit /participation fund )	Former Ratios	New Ratios (February 2021)		
- Irredeemable, callable, up to 1 month and 3 months (1 month and 3 months included) vadeli	6	8		
- with a term up to 6 months (6 months included)	4	6		
-with a term up to 1 year	2	4		
-with a term of 1 year and longer	1	3		
Funds of Borrowers	6	8		
Other Liabilities (including Foreign banks deposit /participation fund)				
- with a term up to 1 year (1 year included)	6	8		
- with a term up to 3 years (3 years included)	3.5	5.5		
- with a term longer than 3 years	1	3		

In July, the required reserve ratios applied to the deposit/participation fund in foreign currency were increased by 200 base score in all maturity segments. One more increase by 200 base score was made for each of November and December. The CBT also decided that the amounts which were available in the foreign currency deposit/participation fund accounts on 25 June 2021 and which were converted into deposit/participation fund in Turkish Lira after such date would be exempted from the required reserve liability and additional interest/accretion would be applied to the required reserves established in Turkish Lira for increasing the share of Turkish Lira in the total deposit/participation fund in the banking system.

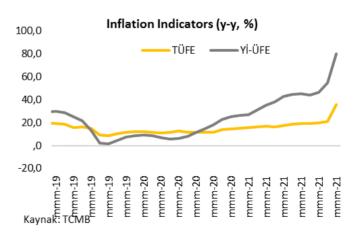
Foreign Currency Required Reserve Ratios (%) Deposit and Participation Fund (excluding foreign banks/participation fund and precious metal deposit accounts)	Former Ratios	July 2021	November 2021	2021
Irredeemable, callable, with a term up to 1 month, up to 3 months, up to 6 months and up to 1 year $$	19	21	23	25
with a term of 1 year and longer than 1 year	13	15	17	19
Precious Metal Deposit Accounts - I/redeemage, callable, with a term up to 1 month, up to 3 months, up to 6 months and up to 1 yest.	22	22	24	26
with a term of 1 year and longer than 1 year	18	18	20	22
Other Liabilities (including foreign banks deposit/participation fund)		Î	ĺ	ĺ
with a term up to 1 year (1 year included)	21	21	21	21
with a term up to 2 years (2 years included)	16	16	16	16
with a term up to 3 years (3 years included)	11	11	11	11
with a term up to 5 years (5 years included)	7	7	7	7
with a term longer than 5 years	5	5	5	5

In November, the CBT reduced the interest/accretion ratio applied to the required reserves established in TRY from 12.5% to 10.5%. Within the scope of the application for conversion from foreign currency deposit/participation fund into TRY deposit/participation fund, on the other hand, the ratio applied as 18% was reduced to 16%. In December, however, the CBT reduced the interest/accretion ratio applied to the required reserves in TRY to 8.5% with a decrease by 100 base score by means of a technical adjustment.

### Monetary and Exchange Rate Policy of the CBT for 2022 was published.

The Central Bank of Turkey (CBT) published the text of the Monetary and Exchange Rate Policy for 2022. In the text, the financial stability was emphasized while the medium-term inflation target was maintained at the level of 5%. Furthermore, it was stated that the swap amount realized by the CBT would be gradually reduced. It was also stated that the negotiations for signing swap agreements with the central banks of other countries in 2022 would be continued.

### Inflation increased at record level.





### 2020 GLOBAL ECONOMY IN THE WORLD AND TURKEY

The inflation being at double-digit levels throughout 2020 started to 2021 with an increase. Historical high levels were observed in both the consumer inflation and the manufacturer inflation with the effect of the developments in the exchange rate within the year, the price pressure caused by the global supply problems, and natural disasters such as fires that occurred in the summer months in particular. The Consumer Price Index (CPI) following an ascending course within the first four months of the year decreased on a yearly basis for the first time after seven months in May. The decrease that occurred was affected by the lockdown especially in the service sector in May. Following the full lockdown period, an inflation-wide increase occurred with the effect of the increase in the exchange rate as well as the start of the openings in June. The inflation which increased to 18.95% in July reached to the highest level of the last 26 months. In the continuation of the increase in the inflation in August, this increase caused a pressure on the prices of fresh fruits and vegetables in particular following the fire disasters that occurred in Antalya and Mugla and led to the reflection of such pressure to the prices in the service groups such as restaurants and hotels. While the maximum increase occurred in the education group with the effect of the start of the new academic period in September, the CPI increased to 19.89% from 19.58% for September in October. Thus, the inflation reached to the highest level after January 2019. The inflation which increased by 3.5% on a monthly basis in November increased to 21.31% on a yearly basis and reached to the highest level after November 2018. At the end of the year, on the other hand, the inflation increased to 36.08% on a yearly basis. Hence, the CPI was at the highest level of the series based on 2003. The core inflation (C index) which does not include the no controllable items such as food and power and which indicates the primary tendency in the inflation was at the highest level of the series based on 2003 with a rate of 31.88% on a yearly basis at the end of the year. The Domestic Producer Price Index (D-PPI) increased to the highest level since December 2001 with a rate of 79.89% on a yearly basis at the end of the year.

The current account balance started to have a surplus in August.



The current deficit which was declared as 1.9 billion dollars above the expectations in January 2021 pointed out that the economical activity was still buoyant even if it was on the decline despite the restriction in the financial conditions. The course of decrease in the service incomes, notably tourism sector, despite the positive performance in the export in February continued to be determinant in the increase of the current deficit reaching up to 2.6 billion dollars. While the increase in import more than the export caused expansion in the foreign trade network in March, a limited increase arising from the service incomes occurred and the current deficit was declared as 3.3 billion dollars below the expectations.

The critical increase of 110% on a yearly basis in export despite the increase of 58% per year in import was determinant in the recession of the current deficit to 1.7 billion dollars in April with the base effect caused by April, being the first month in which the effect of the pandemic was observed, in the last year. It was observed that the base effect caused by the pandemic in April also continued during May, June and July. The significant recession of the current deficit for May, June and July of 2020 during which the pandemic occurred within the same period of 2021 was affected by the recovery expected in respect of the tourism sector. The increases above 100% in both tourism and net service incomes as well as the recession at the rate of 49% on a yearly basis in the foreign trade deficit were determinant in having a current account surplus in August 2021 for the first time after October 2020, which was the only month in which current account surplus was had during the pandemic period. The current account balance continued to have a surplus also in September and October with the effect of the decrease in the gold import as compared to the last year as well as the continuation of the positive performance of export in the foreign trade deficit. It seems possible for the current deficit/GDP ratio to be at the level of 1.5% below 3% as expected at the beginning of the year in 2021 with the effect of the mentioned developments.

The budget balance recovered with the base effect in this year

### Budget Deficit/Gdp (%)



Source: CBT

# 2021

# 2020 GLOBAL ECONOMY IN THE WORLD AND TURKEY

The budget balance which had a deficit with the effect of the pandemic in January had a surplus with the effect of the significant effect in the tax incomes in February. In March, a significant increase was observed and the budget balance had a surplus with the base effect arising from March 2020 as well as the profit of 30.2 billion liras which was transferred from the CBT to the Ministry of Treasury and Finance in March. In April, May and June, the budget balance had a deficit with the effect of the continuation of the increase in the current transfers as well as the increase in the interest and noninterest expenses despite the indications for economic recovery. The increase over 100% that occurred in the interest expenses along with the increase in the interests after November 2020 was also effective for the budget balance to have a deficit in July. The deceleration in the interest expenses as well as the increase that occurred especially in the tax incomes with the mitigation of the restrictions related to the Pandemic was effective for the budget balance to have a surplus in August after four months. The budget balance had a deficit with the effect of the substantial increase in the current transfers in September and in the interest expenses in October. In November, the budget balance had a surplus with the effect of the increase mostly arising from the inflationary and exchange rate-based effects in the tax incomes despite the increase in the interest expenses. In December, however, the fact that the interests were relatively higher than the last year and that the internal debt payments in December were higher than November would affect the increase of the interest expenses. It is expected that the budget deficit/GDP ratio would be lower than 3% in 2021 with the effect of the positive performance achieved in the budget.

### Economic Reforms were declared.

The President of the Republic, Recep Tayyip Erdoğan, declared "Economic Reforms" in 12th March. These reforms are divided into two, namely macroeconomic and structural policies. The macroeconomic policies, on the other hand, were considered under the sub-headings of public finance, inflation, financial sector, current deficit and employment. It was stated that a substantial financial policy would be established against the risks. The exemption of approximately 850 thousand artisans subject to taxation by simple entry was given priority. It was expressed that structural measures would be taken for reinforcing the price stability. Within the framework of mitigating the current deficit, the issues such as focusing on the structural current deficit, increasing the competitive capacity of the exporters by extending the export over the base, establishing "the Precious Metals and Stones Market" in accordance with the international standards, increasing the energy efficiency, ensuring the capacity increase in the industry were set forth. Within the framework of increasing employment and mitigating unemployment, it was agreed to update the employment incentives and to give priority to the issues increasing the youth employment and the quality of the labour force. The structural policies, on the other hand, were discussed under the sub-headings of reinforcing the corporate structure, promoting the investments, facilitating the internal trade, competition policies, and market surveillance and inspection.yapının güçlendirilmesi, yatırımların teşvik edilmesi, iç ticaretin kolaylaştırılması, rekabet politikaları, piyasa gözetimi ve denetimi alt başlıkları altında değerlendirildi.

## Within the framework of the decision of the President of the Republic, the economical practices were realized.

The President of the Republic, Recep Tayyip Erdoğan, declared that the deposit in TRY protected by foreign currency was put into use so as to procure that the potential revenue of the foreign currency could be achieved by remaining in the assets in Turkish Lira on 20th December. Accordingly, it was stated that if the deposit earning is higher than the exchange rate increase at the end of a specific term in return for the assets in TRY in the bank, the depositors would acquire such revenue; if the exchange rate income is higher than the deposit earning, the difference would be directly paid and the depositors who acquired such revenue would be exempted from the withholding tax. It was declared that forward exchange rate number would be given to the exporter companies which have difficulty in quotation due to the fluctuation in the foreign exchange rate within the scope of the new precautions directly via the Central Bank. Furthermore, in order to increase the attraction of the individual pension system, the ratio of the state subsidy was increased to 30% with an increase of 5% more.

	TRY Deposit Protected by Exchange Rate	Aid to Return from foreign exchange accounts to TRY deposit
Term	3, 6, 9,12 months	3, 6,12 months
Money subjecting to the account	Turkish Lira	USD, Euro, British Pound Sterling
Person	Real persons residing in the country	Real persons residing in the country
Income	The higher of the end-of-term interest and exchange rate change is paid	The higher of the end-of-term interest and exchange rate change is paid .
If the term cancelled	Aid is not benefited in drawing money before the maturity. Account balance is updated according to the lower of the exchange rate on the date when the account is opened and on the date when the account is closed.	DTH account must be opened before 20 December 2021. This transaction is for only once. Aid is not benefited in drawing money before the maturity, the principal is paid.
Opposite Party	Ministry of Treasury and Finance	CBT

# The international credit rating agency, Fitch, re-reduced the credit note appearance of Turkey, which it increased at the beginning of the year, at the end of the year.

While the international credit rating agency, Fitch Ratings, confirmed the credit note of Turkey as "BB-" on 20th February, it turned the credit note appearance from "negative" to "constant". In the declaration, it was reminded that the CBT proceeded with a simplification in the monetary policy, and it was reported that the change in the competition sensitivity and the local players led Turkish Lira to gain significant value, the risk premium to decrease and certain net capital inputs.

Fitch declared that it confirmed its credit note as "BB-" and its appearance as "constant" on 14th August. It expressed that the note reflects the high finance requirements, weak monetary policy on the side of the geopolitical risks, high inflation and low external liquidity and the appearance reflects the uncertainty depending on inflation, lack of the independency of the central bank and the distortion potential of the stability before the general elections to be made by 2023.

Having reported with the assessment that it published on 3rd December that the monetary relaxation that it characterized as "early" caused distortion in the domestic trust, Fitch stated that the credit note of Turkey was confirmed as "BB-" while reducing its appearance to "negative".



# 2020 GLOBAL ECONOMY IN THE WORLD AND TURKEY

# 2021

#### S&P confirmed the credit note of Turkey.

The international credit rating agency Standard & Poor's (S&P), in its assessment dated 23rd January, confirmed the credit note of Turkey at "B+" and did not change its credit note appearance and determined as "constant".

In the assessment dated 22nd October, S&P, confirmed Turkey's credit note in foreign currency as "B+", and the credit note in local currency as "BB-" and its credit note appearance as "constant". It declared that despite the recent developments that occurred in the national economy, the monetary policy is unforeseeable and they still consider the position of the payments balance as weak. In the assessment dated 11th December, it confirmed Turkey's credit note in foreign currency as "B+" and the credit note in local currency as "BB-". The agency turned Turkey's credit note appearance from "constant" to "negative". In the declaration, it was reported that the appearance could be revised as "constant" if it is observed that the predictability of the public policy and the effectiveness of the monetary policy are sustainable and developed. While pointing out the decrease in lira and the increased inflation, S&P considered that these factors "constitute a risk against the externally leveraged economy" of the country.

#### Moody's confirmed Turkey's credit note.

The international credit rating agency Moody's confirmed Turkey's credit note on December 3rd. The agency confirmed the credit note as "B2" and left the credit note appearance as "negative".

In the declaration of Moody's, it was pointed out that independently from the current pressure on Turkish Lira, Turkey's basic external vulnerability risk was mitigated due to the low current deficit supporting the gradual restructuring of the gross and net foreign currency reserves. In the declaration in which it was stated that the private sector in Turkey exhibited a relative flexibility against the currency fluctuations, it was expressed that the public finance of Turkey is expected to remain relatively strong. In the declaration, it was reported that exportation is likely to provide more powerful contribution to the growth in 2022 by taking advantage of the loss of value in Turkish Lira instead of internal demand.

# The year of 2021 became the year of recovery for the global economy with the start of the vaccination.

In 2021, the gradual normalization was realized with the start of the application of the vaccines developed against coronavirus. In addition, this was accompanied by recovery also in the global markets.

First of all, while the recovery was observed in the stock markets reflecting the development in the markets at rashest, the significant effects of normalization occurred also in the macroeconomic data over time. Although there occurred an imbalance in the markets with the concerns about the new variant of the virus emerging within the year and the increased inflation, it became a year of recovery in general sense. The lockdowns were became the main topic once more especially in Europe with the effect of the variants which have emerged recently.

# The USA declared a new incentive package in line with the measures taken for the pandemic.

The Covid-19 aid package proposal of the President of the USA Joe Biden, which was valued at 1.9 trillion dollars was approved at the Council of Representatives in February and at the Senate in March. In this draft financial incentive, the unemployment benefit was defined as 300 dollars per week. On the other hand, it was declared that cash money benefit valued at 1.400 dollars would be provided to the persons who meet the criteria. The President of the USA Joe Biden also signed the package of 1.9 trillion dollars planned to be realized against the pandemic.

Biden stated that this package refers to rebuilding the backbone of this country and provides a chance of war to the people, employees, people from middle class, and people building the country. Furthermore, he declared that the economic benefit package would create new job areas for 7 million people.

#### Inflation in the USA increased to historical high levels.

As a result of the pressure caused by the global supply problems on the prices, the increase in the energy costs and the increase of the consumer demand, an increase occurred in the inflation and the inflation exceeded 2% that is the target level in 2021 in the USA. Although the movement in the inflation was initially qualified as temporary by the members of the Central Bank of the USA (Fed), the clarifications that the increase in the inflation might not be temporary following the continuation of the increase in the inflation started to be made. While the expression "inflation is not permanent" was amended as "it is not expected to be permanent" at the meeting of Fed in November, the expression "inflation is temporary" was completely removed from the statements of Fed at the meeting in December. According to the recently disclosed data, the inflation in the USA increased to 6.8% that is the highest level of 39 years in November.

# While not proceeding with any change in the interest, the Central Bank of USA (Fed) decided to make reduction in the asset purchases from November.

In the economy of USA, having started to the year of 2021 with the new incentive package of the President of USA Biden, caused the start of the discussions about the increased inflation, asset reduction and interest increase within the year. Thus, Fed declared its asset reduction decision as expected at the meeting that it held in November. Fed notified that it would start to reduce the asset purchases as of November with 15 billion dollars per month. Fed declared that it would purchase treasury securities valued at 70 billion dollars, mortgage-based securities valued at 35 billion dollars in November and treasury securities valued at 30 billion dollars in December.

Fed, in December, increased the asset purchase reduction amount to 30 billion dollars from 15 billion dollars per month. Accordingly, the Committee decided to reduce the monthly rate of the net asset purchases by 20 billion dollars for treasury bonds and by 10 billion dollars for mortgage-based securities. In the decision text, it was stated that the inflation was increased due to the pandemic and the problems in the supply chain. The expressions stating that the inflation is transitive were removed from the text.

The Chairman of Fed Powell warned that if Fed sees that the threat in the inflation would increase in the next period despite the fact that Fed observed the full employment target, it may, if required, early proceed with the interest increase.



# 2020 GLOBAL ECONOMY IN THE WORLD AND TURKEY

# The ECB declared that it would complete the net asset purchase with PEPP in December at the end of March as planned.

The European Central Bank (ECB) held the last meeting of the year on 16 December. The ECB did not make any change in the interests as parallel to the expectation and kept the policy interest at 0%, the marginal toning interest at 0,25% and the deposit interest at -0.50%.

The ECB decided to increase the bond purchase amount, which was 20 billion euro per month, to 40 billion euro within the framework of the Asset Purchase Program (APP) with April following the termination of the Pandemic Emergency Purchase Program (PEPP) in March 2022. According to the declaration, the monthly asset purchase would be 30 billion euro within the third quarter of the year with the APP. The ECB stated that the monthly asset purchase would decrees to 20 billion euro per month in October 2022. The ECB, in its declaration, stated "In the case of the occurrence of negative shocks related to the Pandemic, the net purchases can continue within the scope of the PEPP".

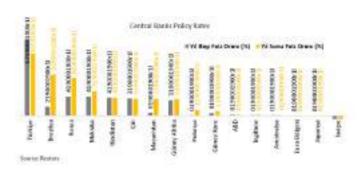
The President of the ECB Christine Lagarde gave the signal that it is not possible for them to increase the interests in 2022 while stating that the inflation would remain high for the short-run.

#### The ECB disclosed the results of the strategy review.

The European Central Bank (ECB) disclosed the results of its review of the monetary policy strategy made for the first time since 2003. Accordingly, the ECB confirmed that the inflation target would increase to 2% and the symmetrical 2% target was agreed for the medium-run. According to the strategy assessment, the ECB could get beyond the inflation target at a mild level within a temporary period. In the declaration made by the ECB, it was reported that "the target being symmetrical means that negative and positive deviations are equally undesired". In the assessment, it was highlighted that the fundamental monetary policy of the set of interest rates would remain as an instrument. In addition, it was also expressed that the verbal directives, asset purchases and long-term financial operations would become the fundamental instruments of the policy set.

#### The year of 2021 became the year of high interest.

The central banks of many developed and developing countries proceeded with interest discount and monetary expansion in 2020 for the purpose of supporting the national economy due to the coronavirus crisis. In 2021, on the other hand, the monetary policy applied by the central banks was closely followed. The fear of high inflation caused by the increased costs in a global sense caused many central banks such as Brazil, Mexico, Hungary, Russia.



# The central banks of the developed countries carried out procedures for the digital money application.

Due to the reason that the crypto monies became more than being an alternative investment instrument and started to be used as a payment instrument in certain places and countries and that the physical transactions and the use of cash money decreased with the effect of the Covid-19 crisis, many central banks started to digital money procedures. In 2020, 60% of the central banks in the world declared that they started to digital money trials. The Central Bank of China started to digital Renminbi procedures. The Central Bank of England (BoE) started to "Britcoin" researches. The Central Bank of the USA (Fed) and the Central Bank of Japan (BoJ) are also carrying out studies on digital currencies.

#### Petroleum prices realized the best closing of 10 years.

Brent Petrol recovered its losses with the effect of the normalization as well as the vaccination starting in January 2021 following the "record low level" in 2020 due to the decreasing demand and the war of price discount depending on the coronavirus pandemic. The petroleum prices which decreased from time to time with the concerns that the coronavirus variants arising in 2021 would cause lockdowns and reduce the demand ended the year at the level of 78 dollars per barrel with the effect of the slowdown of the pandemic towards to the end of the year. It also closed the seventh quarter at high level successively by ensuring the recovery of the energy demand by means of the vaccines and completed this year with the best performance since 2009. Brent petrol recorded an increase of 50.15% on a yearly basis

			,	,	
CBRT Wholesale Calendar	CBRT CBRT Financial Inflation Report Stability Report	Turkey Growth Rate	J Fed Wholesale Calendar	ECB Wholesale Calendar	CBRT Wholesale Calendar
20 January	27 January			25-26 January	
17 February			28 February (fourth quarter of 2021)		3 February
17 March				15-16 March	10 March
14 April	28 April				14 April
26 May		27 May	31 May (first quarter of 2022	3-4 May	
23 June				14-15 June	9 June
21 July	28 July			26-27 July	21 July
18 August			31 August (second quarter of 2022)		
22 September				20-21 September	8 September
20 October	27 October				27 October
24 November		25 November	30 November (third quarter of 2022	1-2 November	
22 December				13-14 December	15 December



#### **VAKIF LEASING IN 2021**

The turnover of Vakif Leasing increased to USD 265.618 from USD 172.655 with an increase of 54% in 2021as compared to the previous year. The number of transactions, being 546 for 2020, reached to 758 with an increase of 39% in 2021.

The capitalized contract amount of Vakif Leasing was USD 212,222 thousand with an increase of 30% as compared to the previous year in 2021. The capitalized contract amount in 2020, on the other hand, was USD 163,767 thousand. The number of the capitalized contracts, being 590 for 2020, reached to 652 with an increase of 11% in 2021.

Thousand USD-VAKIF LEASING			
Period	2021	2020	Increase %
First 3-Month Term	57,177	43,946	30.1
Second Quarterly Period	30,126	45,646	-34,0
Third Quarterly Period	66,541	41,175	61.6
Fourth Quarterly Period	58,378	33,002	76,9
TOTAL	212,222	163,767	29,6
Number of Contracts	652	590	10,5



#### **GENERAL ASSESSMENT**

Vakıf Leasing, one of the oldest players in the Turkish financial leasing industry, has continued to play a leading role in the promotion and development of financial leasing since 1988.

Vakif Leasing, which intermediated in fixed asset investment of USD 266 million in 2021, has made serious contributions to the development of our country's economy by supporting SMEs in the first place.

Aiming to act as a financial intermediary for SMEs and investors in the commercial segment, which constitute a significant part of the customer portfolio, Vakif Leasing continues on its way by increasing its market share in the sector.

Providing alternative financing options with its 33 years of experience, sector knowledge and solution-oriented employees, Vakif Leasing has a transaction volume of USD 266 million in 2021, with a 70% increase compared to the previous year, its assets to TRY 6,297 million and its leasing receivables by 56%. with an increase of TRY 4,770 million and its equity to TRY 702 million with an increase of 98%, it continued its growth trend.

Vakıf Leasing aims to concentrate especially on production machines in line with its sustainable targets in the coming period, and aims to increase its market share by supporting investments regardless of scale and sector in 2022.

Our target for 2022 to increase the number of new customers, taking into account Turkey's domestic market growth and demand for commercial loans, our trading volume comes to grow in a healthy way.

Vakif Leasing, which is represented on the basis of branches in Ankara, İzmir, Adana, Bursa and Antalya in order to provide on-site service and fast response to investors, has been working towards achieving its targets with its wide customer portfolio and service network all over the country, backed by the corporate power of nearly a thousand branches of Vakifbank. will continue.

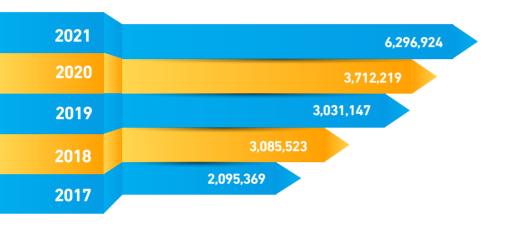




## PRIMARY FINANCIAL **INDICATORS** AND RATIOSR

#### PRIMARY FINANCIAL INDICATOR

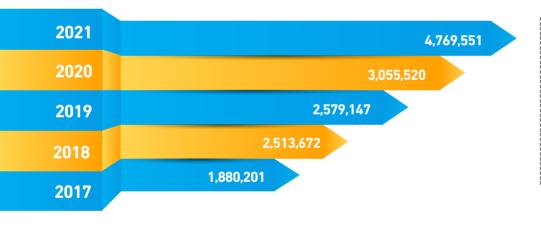
**TOTAL ASSETS (THOUSAND TRY)** 



+%69.6

Vakıf Leasina's total assets increased by 69.6% compared to the previous year, reaching TRY 6,296,924 thousand.

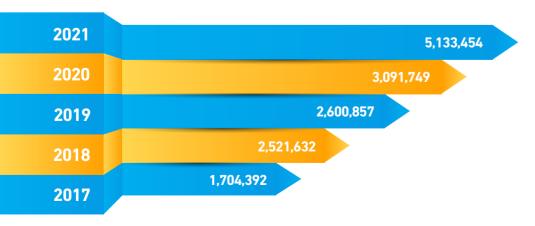
#### **LEASING RECEIVABLES (net) (THOUSAND TRY)**



+%56.1

Vakıf Leasing's total leasing transactions increased by 56.1% compared to the previous year and reached TRY 4,769,551 thousand.

#### **CREDITS OBTAINED**



+%66.0

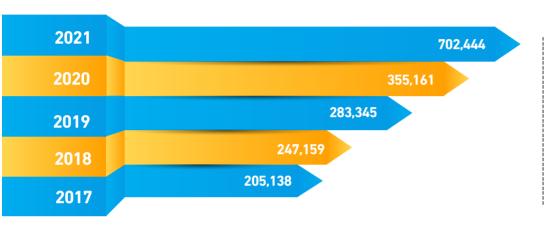
Vakıf Leasing's total borrowed loans increased by 66% compared to the previous year and reached TRY 5,133,454 thousand.



### PRIMARY FINANCIAL **INDICATORS AND RATIOS**

#### PRIMARY FINANCIAL INDICATOR

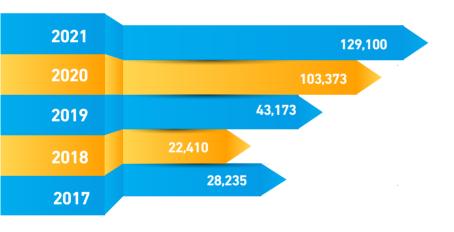
#### SHAREHOLDERS' EQUITY (THOUSAND TRY)



+%97.8

Vakıf Leasing's total equity rose to TRY 702,444 thousand with an increase of 97.8 % compared to the previous year.

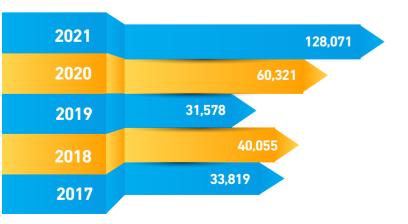
#### **GROSS PROFIT/LOSS (THOUSAND TRY)**



+%24.9

Vakıf Leasing's gross operating profit increased by 24.9 % compared to the previous year, reaching TRY 129,100 thousand.

#### **NET PROFIT (THOUSAND TRY)**



+%112.3

Vakıf Leasing's net profit increased by 112.3 % compared to the previous year, reaching TRY 128,071 thousand.

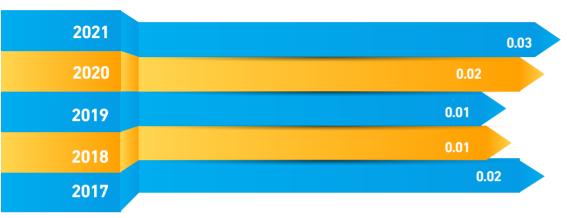


# PRIMARY FINANCIAL INDICATORS AND RATIOS

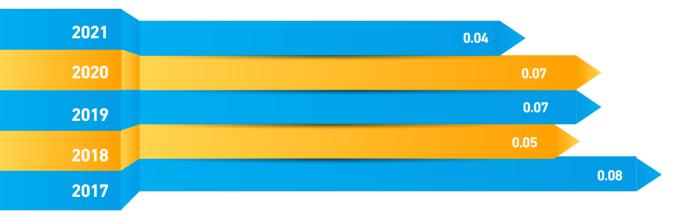
# 202

#### **PRIMARY RATIOS %**

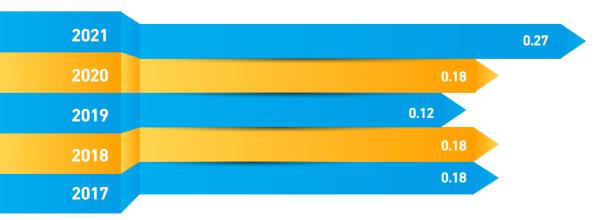
Active Profitability Ratio (ROA) (Period Profit - Loss / Average Active)



NPL Ratio - Receivables on the subordinate (gross) / (Receivables under the gross (+) Finance lease receivables



Equity Profitability Ratio (ROE) (Net Profit / (Loss) / (Average Equity)





### PRESS STATEMENT

2021



#### Vakıf Finansal Kiralama A.Ş.

The Rating Report of Vakif Finansal Kiralama A.Ş. was evaluated by us. In the formation of the notes, as the strengths and restrictions;

- Approximately double increase occurring in the net profit for the end of 2020
- · Effect of the improvement in the profitability indicators for supporting the creation of internal equity
- · Advantages of being a company associated with a bank
- High adaptation to the corporate management practices
- · Financial diversity assured by the effective use of the issued bills

#### were taken into account:

- Competitive and variable market conditions
- Environment of increased interest and foreign exchange rates
- Shrinkage ongoing in the global and local economy in 2021 due to the Covid-19 pandemic

were considered as restrictive factors. Accordingly, JCR Eurasia Rating revised upwards the Long-term National Note of the cash flows owned by Vakif Finansal Kiralama A.Ş and regarding the existing and potential issuance of bills as 'A (Trk)' and determined their appearance regarding the note as 'Stable'. On the other hand, it determined the 'BB+' appearances of the Long-term International Foreign Currency and Local Currency Notes as 'Negative.

Long-term International Foreign Currency	BB+	1	(ne	egative
Long-term International Local Currency Note	appea	rance)		
Long-term National Note	BB+	1	(ne	gative
Long-term Issuance Note	appea	rance)		
Short-term International Foreign Currency	A	(Trk)	70	stable
Short-term International Local Currency Note	appea	trance)		
Short-term National Note	A (Tr)	k)		
Short-term Issuance Note	B /( n	egative ap	реага	nce)
Build-up Note	B/(ne	gative ap	реагаг	ice)
Independency from Shareholders Note	A-I	(Trk)	/(	stable

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## INDEPENDENT AUDITOR'S REPORT

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

#### INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vakıf Finansal Kiralama Anonim Şirketi,

#### A) Report on the Audit of the Financial Statements

#### 1) Opinion

We have audited the accompanying financial statements of Vakif Finansal Kiralama A.Ş. ("the Company") which comprise the statement of financial position as at 31 December 2021 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vakif Financial Kiralama A.Ş. as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Communique on Financial Leasing, Factoring and Uniform chart of Accounts which shall be applied by Finance Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communique and Circular on Accounting Policies of Financial Leasing, Factoring and Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority ("BRSA") together referred as "BRSA Accounting and Financial Reporting Legislation" which includes provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by the aforementioned regulations.

#### 2) Basis for Opinion

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

#### 3) Key Audit Matters

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

### INDEPENDENT AUDITOR'S REPORT



Key Audit Matter	How the key audit matter addressed in the audit
Impairment of finance lease receivables	
leasing receivables and accounting of losses related to receivables is an important jurisdiction for management due to the importance and timing of balances and the complexity and subjectivity in determining the credit worthiness for receivables that do not comply with the timing specified in the BRSA Accounting and Financial Reporting Legislation. The mentioned risk is the inability to determine the financial leasing receivables	Park to manage and a superfer and superfer and the superf

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

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

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

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

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

In an independent audit, as auditors our responsibilities are:

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

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

#### INDEPENDENT AUDITOR'S REPORT

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

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

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

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

### ✓ INDEPENDENT AUDITOR'S REPORT



#### B) Other Matter

Financial statements of the Company as at 31 December 2020 were audited by another auditor who expressed an unqualified opinion in their report on 10 February 2021.

#### C) Report on Other Legal and Regulatory Requirements

- Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January 2021 - 31 December 2021 are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.
- Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of TCC is submitted to the Board of Directors of the Company on February 9, 2022.

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

#### Additional paragraph for convenience translation to English

As explained in detail in Note 2.1, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Emre Çelik; SMMM Partner

9 February 2022 Istanbul, Turkey

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#### VAKIF FİNANSAL KİRALAMA A.Ş.

#### **DECEMBER 31, 2021 AS AT** STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

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

	ASSETS			Current Perio December 20			Prior Perio December 2	
		Note	TL	FC	Total	TL	FC	Total
I.	CASH, CASH EQUIVALENTS AND BALANCES AT CENTRAL BANK	4	238,447	540,752	779,199	63,462	55,253	118,715
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH		,	,	,	· ·		,
	PROFIT OR LOSS (Net)		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL ASSETS		-	-	_	_	-	_
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH							
	OTHER COMPREHENSIVE INCOME (Net)	5	26,434	-	26,434	25,618	-	25,618
v.	FINANCIAL ASSETS AT AMORTISED COST (Net)	6	1,138,999	3,673,959	4,812,958	711,884	2,409,796	3,121,680
5.1	Factoring Receivables		-	-	-	-	-	-
5.1.1	Discounted Factoring Receivables (Net)		-	-	-	-	-	-
5.1.2	Other Factoring Receivables		-	-	-	-	-	-
5.2	Savings Financing Receivables		-	-	-	-	-	-
5.2.1	Pooled Funds		-	-	-	-	-	-
5.2.2	Equity		-	-	-	-	-	-
5.3	Financing Loans		-	-	-	-	-	-
5.3.1			-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		<del>.</del>	<del>.</del>	<del>-</del>	<del>-</del>	<del>.</del>	<del>-</del>
5.4	Lease Receivables (Net)	6	1,128,712	3,640,839	4,769,551		2,367,900	
5.4.1	Finance Lease Receivables		1,508,558	4,202,749	5,711,307	925,919	2,706,854	3,632,773
5.4.2	Opeerational Lease Receivables			-	-	-	-	
5.4.3			(379,846)	(561,910)	(941,756)	(238,299)	(338,954)	(577,253)
5.5	Other Financial Assets Measured at Amortised Cost							
5.6	Non-Performing Loans	6	49,697	162,083	211,780	64,028	151,462	215,490
5.7	Expected Credit Loss (-)/ Specific Provisions (-)	6	(39,410)	(128,963)	(168,373)	(39,764)	(109,566)	(149,330)
VI.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND							
	JOINT VENTURES		-	-	-	-	-	-
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Investments in Subsidiaries (Net)		-	-	-	-	-	-
6.3	Jointly Controlled Partnerships (Joint Ventures) (Net)	_		-	-	-		
	TANGIBLE ASSETS (Net)	7	28,990		-		28,990	24,603
	INTANGIBLE ASSETS AND GOODWILL (Net)	8	684	-	684	967	-	967
IX.	INVESTMENT PROPERTY (Net)			-	<del>-</del>	-	-	-
Χ.	CURRENT TAX ASSETS	10	8,862	-	8,862	-	-	-
XI.	DEFERRED TAX ASSET	10	-	-	-	-	-	-
XII.	OTHER ASSETS	11	134,401	505,396	639,797	72,325	348,311	420,636
	SUBTOTAL		1,567,817	4,720,107	6,296,924	898,859	2,813,360	3,712,219
XIII.	ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED							
	OPERATIONS (Net)	9	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Non-Current Assets From Discontinued Operations		-	-	-	-		
	TOTAL ASSETS		1,576,817	4,720,107	6,296,924	898,859	2,813,360	3,712,219



# DECEMBER 31, 2021 AS AT STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

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

	LIABILITIES			Current Peri December 20			Prior Perio December 2	
		Note	TL	FC	Total	TL	FC	Total
I.	LOANS RECEIVED	12	957 605	4,175,849	5,133,454	457 722	2,634,027	3 001 740
II.	FACTORING PAYABLES		237,003		5,155,454	437,722	2,034,027	5,001,740
III.	LIABILITIES FROM THE SAVING FUND POOL		_	_	_	_	_	_
IV.	LEASE PAYABLES	13	171		171	42		42
V.	MARKETABLE SECURITIES (Net)	14	1/1	-	1/1	51,615	-	51,615
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	14	-		-	31,013	-	31,013
VII.	DERIVATIVE FINANCIAL LIABILITIES	15	21,516		21,516			_
VIII.	PROVISIONS	16	12,832	35,170	48,002	7,404	21,043	28,447
8.1	Provision for Restructuring	10	12,052	33,170	40,002	7,404	21,043	20,447
8.2	Reserves For Employee Benefits		7,720	-	7,720	5,058	-	5,058
8.3	General Loan Loss Provisions	6,16	5,112	35,170	40,282	2,346	21,043	23,389
		0,10	3,112	33,170		2,340		23,389
8.4	Other provisions	4.0	-	-	-	-	-	-
IX.	CURRENT TAX LIABILITIES	10	33,367	-	33,367	16,670	-	16,670
X.	DEFERRED TAX LIABILITY	10	11,742	-	11,742	8,299	-	8,299
XI.	SUBORDINATED DEBT		-	-	-	-	-	-
XII.	OTHER LIABILITIES	17	75,174	271,054	346,228	45,588	114,648	
	SUBTOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE AND		1,112,407	4,482,073	5,594,480	587,340	2,769,718	3,357,058
XIII.	DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIII.	EQUITY	18	702,444	-	702,444	355,161	-	355,161
14.1	Issued capital		468,895	-	468,895	200,000	-	200,000
14.2	Capital Reserves		513	-	513	244	-	244
14.2.1	Equity Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		513	-	513	244	-	244
14.3	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit or Loss		40,354	-	40,354	40,306	-	40,306
144	Other Accumulated Comprehensive Income That Will Be Reclassified In							
14.4	Profit Or Loss		-	-	-	-	-	-
14.5	Profit Reserves		64,611	-	64,611	54,290	-	54,290
14.5.1	Legal Reserves		14,333	-	14,333	11,317	-	11,317
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		50,278		50,278	42,973		42,973
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		128,071		128,071	60,321		60,321
14.6.1	Prior Years' Profit or Loss		-	-	-	-	-	-
14.6.2	Current Period Net Profit or Loss		128,071		128,071	60,321		60,321
	TOTAL LIABILITIES		1,814,851	4,482,073	6,296,924	942,501	2,769,718	3,712,219



#### VAKIF FİNANSAL KİRALAMA A.Ş.

# **DECEMBER 31, 2021 AS AT OFF-BALANCE SHEET ITEMS**

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

	OFF-BALANCE SHEET ITEMS			urrent Period December 202		31	Prior Period December 20	20
		Note	TL	FC	Total	TL	FC	Total
ī.	IRREVOCABLE FACTORING TRANSACTIONS							
II.	REVOCABLE FACTORING TRANSACTIONS		-	-	-	-	-	-
III.	COLLATERALS RECEIVED	23	11,757,031	67,207,941	78,964,972	6,683,957	40,943,684	47,627,641
IV.	COLLATERALS GIVEN		-	-		-	-	,02.,011
V.	COMMITMENTS	23	546,159	1,540,868	2,087,027	211,799	718,602	930,401
5.1	Irrevocable Commitments		211.496	452,487	663,983	86,402	216,024	302,426
5.2	Revocable Commitments		334,663	1,088,381	1.423.044	125,397	502,578	627,975
5.2.1	Lease Commitments		334,663	1,088,381	1.423.044	125,397	502,578	627,975
5.2.1.1	Finance Lease Commitments		334,663	1,088,381	1.423.044	125,397	502,578	627,975
5.2.1.2	Operational Lease Commitments		_	-	_	_	_	_
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL INSTRUMENTS		55,195	73,412	128,607	-	-	-
6.1	Derivative Financial Instruments Held For Hedging		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Hedges of Net Investment in Foreign Operations		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading		55,195	73,412	128,607	-	-	-
6.2.1	Forward Buy or Sell Transactions		-	-	-	-	-	-
6.2.2	Swap Purchases/Sales		55,195	73,412	128,607	-	-	-
6.2.3	Option Purchases or Sales		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY		4,703,562	17,305,946	22,009,508	2,830,374	8,241,818	11,072,192
	TOTAL OFF-BALANCE SHEET ITEMS		17,061,947	86,128,167	103,190,114	9,726,130	49,904,104	59,630,234



VAKIF FİNANSAL KİRALAMA A.Ş.

# DECEMBER 31, 2021 FOR THE YEAR OF STATEMENT OF PROFIT OR LOSS

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

	STATEMENT OF PROFIT OR LOSS	Note	Current Period 1 January - 31 December 2021	Prior Period 1 January - 31 December 2020
I.	OPERATING INCOME		368,946	267,259
	FACTORING INCOME		-	-
1.1 1.1.1	Factoring Interest Income Discounted		-	-
1.1.2	Other		-	-
1.2	Factoring Fee and Commission Income		-	-
1.2.1	Discounted		-	-
1.2.2	Other INCOME FROM FINANCING LOANS		-	-
1.3	Interest Income From Financing Loans		-	-
1.4	Fee and Commission Income From Financing Loans		-	-
	LEASE INCOME		368,946	267,259
1.5 1.6	Finance Lease Income Operational Lease Income		360,924	261,703
1.7	Fee and Commission Income From Lease Operations		8,022	5,556
	SAVING FINANCE INCOME			-
1.8	Dividends Received from Savings Financing Receivables		-	-
1.9 <b>II</b> .	Fees and Commissions Received from Savings Financing Activities FINANCE COST (-)		(201.094)	(134,714)
2.1	Dividends Given from the Savings Fund Pool		(201,984)	(134,/14)
2.2	Interest Expenses on Funds Borro wed		(183,147)	(125,708)
2.3	Interest Expenses on Factoring Payables		-	-
2.4	Lease Interest Expenses		(23)	(10)
2.5 2.6	Interest Expenses on Securities Issued Other Interest Expense		(5,952)	(1,644)
2.7	Fees and Commissions Paid		(12,862)	(7,352)
III.	GROSS PROFIT (LOSS)(I+II)		166,962	132,545
IV.	OPERATING EXPENSES (-)	19	(37,862)	(29,172)
4.1	Personnel Expenses		(21,983)	(18,857)
4.2 4.3	Provision Expense for Employment Termination Benefits Research and development expense		(782)	(754)
4.4	General Operating Expenses		(15,097)	(9,561)
4.5	Other		-	-
V.	GROSS OPERATING PROFIT (LOSS) (III+IV)	••	129,100	103,373
VI. 6.1	OTHER OPERATING INCOME Interest Income on Banks	20	101,615	<b>52,072</b> 5,203
6.2	Interest Income on Marketable Securities Portfolio		10,428	3,203
6.3	Dividend Income		250	-
6.4	Gains Arising from Capital Markets Transactions		-	-
6.5	Derivative Financial Transactions' Gains		1,437	1,415
6.6 6.7	Foreign Exchange Gains Other		56,503 32,997	25,178 20,276
VII.	PROVISION EXPENSES	6	(43,356)	(63,630)
7.1	Specific Provisions		(26,462)	(40,241)
7.2 7.3	Allowances For Expected Credit Losses		(1.6.00.4)	(22.280)
7.3 7.4	General Loan Loss Provisions Other		(16,894)	(23,389)
VIII.	OTHER OPERATING EXPENSES (-)	20	(22,270)	(5,165)
8.1	Impairment in Value of Securities			-
8.2	Impairment in Value of Non-Current Assets		-	-
8.3 8.4	Capital Market Transactions Losses Loss Arising from Derivative Financial Transaction		(21.772)	(4,930)
8.5	Foreign Exchange Losses		(21,772)	(4,930)
8.6	Other		(498)	(235)
IX.	NET OPERATING PROFIT (LOSS) (V++VIII)		165,089	86,650
X.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XI. XII.	PROFIT (LOSS) FROM COMPANIES ACCOUNTED FOR USING EQUITY METHOD NET MONETARY POSITION GAIN (LOSS)		-	-
XIII.	PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX (IX+X+XI+XII)		165,089	86,650
XIV.	TAX PROVISION FOR CONTINUING OPERATIONS (+/-)	10	(37,018)	(26,329)
14.1	Current Tax Provision		(33,433)	(12,802)
14.2 14.3	Expense Effect of Deferred Tax		(3,585)	(13,527)
XV.	Income Effect of Deferred Tax  NET PERIOD PROFIT (LOSS) FROM CONTINUING OPERATIONS (XIII±XIV)		128,071	60,321
XVI.	INCOME ON DISCONTINUED OPERATIONS		-	-
16.1	Income on Assets Held for Sale		-	-
16.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
16.3 <b>XVII.</b>	Other Income on Discontinued Operations  EXPENSES ON DISCONTINUED OPERATIONS (-)		-	=
17.1	Expense on Assets Held for Sale			-
17.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
17.3	Other Expenses on Discontinued Operations		-	-
	PROFIT (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII) TAX PROVISION FOR DISCONTINUED OPERATIONS (+/-)		-	-
XIX. 19.1	Current Tax Provision		-	-
19.2	Expense Effect of Deferred Tax		-	_
19.3	Income Effect of Deferred Tax		-	=
XX.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)			-
XXI.	NET PROFIT OR LOSS FOR THE PERIOD (XV+XX) Earnings (Loss) Per Share		128,071	60,321 0.241
	Lamings (Loss) for simic		0.509	0.241





# DECEMBER 31, 2021 FOR THE YEAR OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT		Current Period 1 January -	Prior Period 1 January -
		Note	31 December 2021	31 December 2020
I.	CURRENT PERIOD PROFIT/LOSS		128,071	60,321
ÎÌ.	OTHER COMPREHENSIVE INCOME		48	11,495
2.1	Items that may not be Reclassified subsequently to Profit or Loss		48	11,495
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	16	(910)	(286)
2.1.4	Other Comprehensive Income that will not be Reclassified to Profit or Loss		816	12,341
2.1.5	Taxes related with Comprehensive Income that will not be			
	Reclassified to Profit or Loss		142	(560)
2.2	Items that may be Reclassified subsequently to Profit or Loss		-	-
2.2.1	Foreign Exchange Differences for Foreign Currency Transactions		-	-
2.2.2	Financial Assets for Which the Fair Value Difference is Recognised			
	Through Other Comprehensive Income Valuation and/or Classification			
	Income/Expenses of Financial Assets		-	-
2.2.3	Cash Flow Hedge Income/Losses		-	-
2.2.4	Investment Risk Hedge Income/Expenses Related to the Overseas Company		-	-
2.2.5	Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		-	-
2.2.6	Taxes related with Comprehensive Income that may be Reclassified			
	subsequently to Profit or Loss			<u>-</u>
III.	TOTAL COMPREHENSIVE INCOME (I+II)		128,119	71,816

# DECEMBER 31, 2021 FOR THE YEAR OF STATEMENT OF CHANGES IN EQUITY

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

	Net Period 's Profit Total s) /(Loss) Equity		.1 - 355,161				1	- 128,071 128,119	- 218,895		(6		1		269	(1		(1		128 071 702 444
	Prior Period's Profit/(Loss)		60,321				60,321				(50,000)					(10,321)		(10,321)		
	Profit Reserves		54,290	1	1		54,290	1	•		•	1	1	•	•	10,321	•	10,321		64611
her e to be	9		1	1	1	,	1	1	1		1	1	1	1	1	1	•	•	•	1
Accumulated other comprehensive ncome or losses to be reclassified under profit or loss statement	ક			,	ı		,	,	ı		,	,	,	,	,					
Accumulated other comprehensive income or losses to be reclassified under profit or loss statement	4		1	,	1		,	,	ı		,	,	,	,		•				1
	3		22,304	1	1	•	22,304	176	1		•	•	ı	•	•	1				73.080
Accumulated other mprehensive income or loss not to be reclassified under profit or loss statement	2		(777)		1	•	(777)	(728)	1		1	•	1	1	•	1	•	•	•	(1 505)
Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement	1		18,779	1	•		18,779	1	•		1	1	1	•	•	1	٠	•		18 779
ı	Other Reserves		244	1	•		244	1	•		1	•	1	,	269	1	•	•	1	513
	Share Cancellation mium Profits		1		•	,	1	•	•		,	•	1	,	•	•				
	Share ( Premium		ı	1	1		i	1	ı		1	1	i	1	•	1	•	•	-	,
	Paid-in Capital		200,000	1	1		200,000	1	218,895		50,000	1	i	1	•	1	•	•	1	468 805
	STATEMENT OF CHANGES IN EQUITY	Current Period	Prior Year Period End Balance Changes in Accounting Policies according	to TAS 8	Effects of Correction of Errors	Effects of the Changes in Accounting Policies	New Balance (I+II)	Total Comprehensive Income	Increase in Paid-in Capital	Capital Increase From Internal	Resources	Adjustments to Paid-in Capital	Bonds Convertible to Shares	Subordinated Loans	Other Changes	Profit Distribution	Dividend Paid	Transfers to Reserves	Other	Period End Balance
	IATEM		-i ii		2.1	7	Ш.	IV.	ν.	VI.		VII.	VIII.	IX.	X		11.1	11.2	11.3	

The accumulated revaluation increases/losses on property and equipment.

The accumulated remeasurement gains/losses on defined benefit plans.

Other (Shares of investments valued by equity method that will not be classified in profit/loss and the accumulated amounts of other comprehensive income items that will not be reclassified as other profit or loss).

Foreign currency translation differences.
The accumulated revaluation increases/losses on financial assets at fair value through other comprehensive income.
Other (Cash flow hedge gains / losses, the shares of other comprehensive income of investments valued by the equity method to be classified in profit / loss and the accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).
On 7 October 2021, the Board of Directors decided to increase its paid-in capital by 100%, and as of 31 December 2021, 218,895 TL of the increased amount has been collected, and the remaining portion will be collected in 2022. The

registration process regarding the capital increase was completed as of 31 January 2022.



# DECEMBER 31, 2021 FOR THE YEAR OF STATEMENT OF CHANGES IN EQUITY

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

						Accum	Accumulated other		Accumul mprehen or loss recla	Accumulated other comprehensive income or losses to be reclassified	<b>1</b> e				
				5	ı	under profit or loss statement	nosses not to be reclassified nder profit or loss statemen	tement	state	under prontor 1058 statement	.		ĺ		
		Paid-in	Share	Share Cancellation	Other							Profit	Prior Period's	Net Period Profit	Total
STATE	STATEMENT OF CHANGES IN EQUITY	Capital	Premium	Profits	Reserves	1	2	3	4	œ	9	Reserves	Profit/(Loss)	/(Loss)	Equity
	Prior Period														
ï	Prior Year Period End Balance	175,000	1	1	244	18,779	(248)	10,580		,	ì	47,712	31,578	1	283,345
Ξ.	Changes in Accounting Policies														
	according to TAS 8	•	•	٠	•	1	٠	•		,	,	,		•	
2.1	Effects of Correction of Errors	1	1	1	1	1	•	ı		1	1	1	•	1	
2.2	Effects of the Changes in Accounting														
	Policies	•	1	1	•	1	•	1			,	1	•	1	
Ξ.	New Balance (I+II)	175,000	1	1	244	18,779	(248)	10,580		,	ı	47,712	31,578	1	283,345
IV.	Total Comprehensive Income	1	1	1	1	1	(229)	11,724			ì	1	•	60,321	71,816
۸.	Increase in Paid-in Capital	1	ı	i	1	1	ı	į	,	,	1	1	1	ı	1
VI.	Capital Increase From Internal														
	Resources	25,000	1	1	•	1	1	1	,	,	,	,	(25,000)	1	,
VII.	Adjustments to Paid-in Capital	1	ı	1	1	1	٠	1		,	,		•	1	
VIII.	Bonds Convertible to Shares	1	ı	1	1	1	1	1		1	1	1		1	1
ΙX	Subordinated Loans	1	1	•	•	1	•	1	,	,	,	1	•	1	
X	Other Changes	•	1	•	•	1	•	1		,	,	•	•	1	
XI.	Profit Distribution	1	1		•	1	ı	ı	,	,	,	6,578	(6,578)	1	
11.1	Dividend Paid	1	1	•	•	1		,		,	,				
11.2	Transfers to Reserves	1	1		•	1		,		,	,	6,578	(6,578)		
11.3	Other	1	1	1	1	1		1				1	i	1	1
	Donied End Delence														
	reflou End Balance	200 000			244	18 770	(777)	22 304				54 290		101	155 161
	(IIITIVTTAITAII)	700,007	'		117	10,117	(,,,)	*0C+77		1		04,470	1	175,00	101,666

The accumulated revaluation increases/losses on property and equipment.

The accumulated remeasurement gains/losses on defined benefit plans.

Other (Shares of investments valued by equity method that will not be classified in profit / loss and the accumulated amounts of other comprehensive income items that will not be reclassified as other profit or loss).

Foreign currency translation differences.
The accumulated revaluation increases/losses on financial assets at fair value through other comprehensive income.
Other (Cash flow hedge gains / losses, the shares of other comprehensive income of investments valued by the equity method to be classified in profit / loss and the accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).



# DECEMBER 31, 2021 FOR THE YEAR OF STATEMENT OF CASH FLOW

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

			Current Period 1 January -	Prior Period 1 January -
		Note	31 December 2021	31 December 2020
A.	CASH FLOWS FROM OPERATING ACTIVITIES			
1.1	Operating Profit before Changes in Operating Assets and Liabilities		(19,120)	54,334
1.1.1	Interests Received/ Leasing Income		336,340	220,601
1.1.2	Interest Paid/Leasing Expense		(180,010)	(159,928)
1.1.3	Dividend Received	19	250	-
1.1.4	Fees and Commissions Received		8,482	5,556
1.1.5	Other Revenue Gained		90,937	23,045
1.1.6	Collections from Priorly Written-off Doubtful Receivables	6	7,419	3,257
1.1.7	Payments to Personnel and Service Suppliers		(23,118)	(18,857)
1.1.8	Taxes Paid		(9,878)	(9,269)
1.1.9	Other		(249,542)	(10,071)
1.2	Changes in Operating Assets and Liabilities		305,299	(53,780)
1.2.1	Net (Increase)/Decrease in Factoring Receivables		-	-
1.2.1	Net (Increase)/Decrease in Finance Loans		-	-
1.2.1	Net (Increase)/Decrease in Lease Receivables		(1,699,621)	(611,242)
1.2.2	Net (Increase)/Decrease in Other Assets		(228,508)	(5,086)
1.2.3	Net Increase/(Decrease) in Factoring Payables		-	-
1.2.3	Net Increase/(Decrease) in Lease Payables		424	(124)
1.2.4	Net Increase/(Decrease) in Funds Borrowed		2,019,731	619,336
1.2.5	Net Increase/(Decrease) in Liabilities Due		-	-
1.2.6	Net Increase/(Decrease) in Other Liabilities		213,273	(56,664)
I.	Net Cash Provided from Operating Activities		286,179	544
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
2.1	Acquisition of Investments, Associates and Subsidiaries		-	-
2.2	Disposal of Investments, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment	7,8	(8,314)	(2,702)
2.4	Disposals of Property and Equipment		2,279	543
2.5	Purchase of financial assets at fair value through other comprehensive income		-	-
2.6	Sale of financial assets at fair value through other comprehensive income		-	-
2.7	Purchase of financial assets at amortized cost		-	-
2.8	Sale of financial assets at amortized cost		-	-
2.9	Other		-	-
II.	Net Cash (Used in)/Provided from Investing Activities		(6,035)	(2,159)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	53,259
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(51,615)	-
3.3	Issued Capital Instruments		-	(3,515)
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(318)	(10)
3.6	Other (*)		218,815	-
III.	Net Cash Provided from Financing Activities		166,882	49,734
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		213,369	3,548
V.	Net Increase/(Decrease) in Cash and Cash Equivalents		660,395	51,677
VI.	Cash and Cash Equivalents at Beginning of the Period	4	118,687	67,010
VII.	Cash and Cash Equivalents at End of the Period	4	779,082	118,687

<sup>(\*)</sup> On 7 October 2021, the Board of Directors decided to increase its paid-in capital by 100%, and as of 31 December 2021, 218,895 TL of the increased amount has been collected.



# DECEMBER 31, 2021 FOR THE YEAR OF STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD

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

		Audited Current period 31 December 2021(*)	Audited Prior period 31 December 2020
I.	DISTRIBUTION OF CURRENT PERIOD PROFIT (*)		
1.1	CURRENT PERIOD PROFIT	165.089	86,650
1.2	TAXES AND DUES PAYABLE (-)	(37,018)	(26,329)
1.2.1	Corporate Tax (Income Tax)	(33,433)	(12,802)
1.2.2 1.2.3	Witholding Tax Other taxes and dues	(3,585)	(13,527)
A.	NET PERIOD PROFIT (1.1 - 1.2)	128,071	60,321
1.3	PRIOR YEARS LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVE (-)	-	3,016
1.5	OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-)	-	-
В.	DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3+1.4+1.5)] (**)	128,071	57,305
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	50,000
1.6.1 1.6.2	To Owners of Ordinary Shares To Owners of Preferred Stocks	-	50,000
1.6.2	To Owners of Preferred Stocks (Pre-emptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	- -	-
1.6.5	To Owners of the profit /loss Sharing Certificates	-	-
1.7 1.8	DIVIDEND TO PERSONNEL (-) DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.8	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Pre-emptive Rights)	-	-
1.9.4 1.9.5	To Profit Sharing Bonds To Owners of the profit /loss Sharing Certificates	-	-
1.10	STATUS RESERVES (-)	-	-
1.11	EXTRAORDINARY RESERVES	-	7,305
1.12	OTHER RESERVES	-	-
1.13	SPECIAL FUNDS	-	-
II.	DISTRIBUTION FROM RESERVES	-	-
2.1	DISTRIBUTED RESERVES	-	-
2.2	SHARE TO SHAREHOLDERS (-)	-	-
2.2.1 2.2.2	To Owners of Ordinary Shares To Owners of Preferred Stocks	-	-
2.2.3	To Owners of Preferred Stocks (Pre-emptive Rights)	- -	-
2.2.4	To Profit Sharing Bonds	-	-
2.2.5	To Owners of the profit /loss Sharing Certificates	-	-
2.3	SHARE TO PERSONNEL (-) SHARE TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE	-	-
3.1	TO OWNERS OF STOCKS		
3.2	TO OWNERS OF STOCKS (%)		
3.3	TO OWNERS OF PREFERRED STOCKS	-	-
3.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV.	DIVIDEND PER SHARE	-	-
4.1	TO OWNERS OF STOCKS	-	=
4.2	TO OWNERS OF STOCKS (%)	-	-
4.3	TO OWNERS OF PREFERRED STOCKS	-	-
4.4 (*)	TO OWNERS OF PREFERRED STOCKS (%)  The Company's General Assembly has not been held yet and in the profit d	istribution table only distrib	nutable profits has been

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

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



VAKIF FİNANSAL KİRALAMA A.Ş.

# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

#### 1- ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

#### **Brief history**

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

The Company is a subsidiary of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("Vakıfbank") and the 25.64% of the outstanding shares of the Company are publicly traded at Istanbul Stock Exchange ("ISE"). The Company has no preferred stock.

As at 31 December 2021, the Company has 76 employees. (31 December 2020: 68).

The registered address of the Company is as follows:

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

#### **Ownership Structure**

The ultimate shareholder having direct or indirect control over the shares of the Company is Vakıfbank. As of 31 December 2021, and 2020, the share capital and ownership structure of the Company are as follows:

	3	31 December 2021		31 December 2020	
Shar	e Amount	Share P	Percentage	Share Amount	<b>Share Percentage</b>
Shareholder	(TL)		(%)	(TL)	(%)
Vakıfbank	29	3,562	62.61	117,424	58.71
Türkiye Sigorta Anonim Şirketi (**)	7	8,244	16.69	31,298	15.65
Public Shares (*)	9	7,089	20.70	51,278	25.64
Paid-in capital (***)	46	8,895	100	200,000	100

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

The shares of Güneş Sigorta A.Ş., which owns 15.65% of the company's capital, merger of Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. with all its assets and liabilities under Güneş Sigorta A.Ş. The "Announcement Text", the amendment text of the articles of association and the issue document regarding the merger were approved by the Capital Markets Board's ("CMB") decision dated 16 July 2020 and numbered 44/908. Güneş Sigorta A.Ş. continues its operations with the title as Türkiye Sigorta A.Ş. after the merger.

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



# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

#### 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis Of Presentation

#### 2.1.1 Accounting standards

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

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

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

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

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

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

#### 2.1.2 Additional paragraph for convenience translation into English

As explained in detail in Note 2.1, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.



VAKIF FİNANSAL KİRALAMA A.Ş.

# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 2.1 Basis of Presentation (Continued)

#### 2.1.3 Netting/Offset

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

#### 2.1.4 Going concern

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

#### 2.1.5 Currency used

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

#### 2.1.6 Critical Accounting evaluations, estimates and assumptions

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

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

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

#### Allowances for impairment of lease receivables

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

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



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#### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 2.1 Basis of Presentation (Continued)

According to the Communiqué, specific provisions are set in the following proportions: minimum 20% after deducting the effect of collaterals for lease receivables that are overdue between 151 and 240 days, minimum 50% after deducting the effect of collaterals for lease receivables that are overdue between 240 and 365 days and 100% after deducting the effect of collaterals for lease receivables that are overdue for more than one year. Due to economic recession caused by Covid-19 pandemic, considering notice period of 60 days, given time for leasing receivables are rearranged from 90 days to 240 days according to article 6 clause (a) on BRSA Communiqué on Procedures Regarding Provisions to be provided for Loans of Leasing, Factoring and Consumer Finance Companies by the decision of BRSA dated 19 March 2020 and letter numbered 24049440-010.03. As of 19 March 2020, the company takes this regulation into account as the number of delay days in the calculation of special provisions. These regulations, which were made according to the BRSA's decision dated 17 June 2021 and numbered 9624, ended on 1 October 2021. However, as of October 1, 2021, the said application will continue for loans whose delay period has exceeded 150 days.

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

#### Recognition of deferred tax asset

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

#### Fair value measurements of the share certificates

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

#### 2.2 Changes in Accounting Policies

#### 2.2.1 Comparatives and restatement of prior year financial statements

The Company's financial statements are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. As of 31 December 2021, the company has prepared the financial statement, off-balance sheet, profit or loss statement, cash flow statement and changes in equity statement in comparison with the financial statements dated 31 December 2020. The Company has rearranged the previous period cash flow statement in order to comply with the presentation of the current period financial statements.

#### 2.2.2 Changes in accounting policies

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



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#### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 2.2 Changes in Accounting Policies (Continued)

#### 2.2.3 Change in Accounting Estimates and Errors

The effect of a change in an accounting estimate is recognised prospectively in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. There has not been any significant change in the accounting estimates of the Company in the current year. Material prior year errors are corrected retrospectively by restating the comparative amounts for the prior periods.

#### 2.2.4 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2021 and thereafter. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

# Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

# Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.



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# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 2.2.4 The new standards, amendments and interpretations (Continued)

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

#### Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

#### Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments did not have a significant impact on the financial position or performance of the Company. Company management is working on the transition to IBOR.



# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 2.2.4 The new standards, amendments and interpretations (Continued)

# Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

Overall, the Company expects no significant impact on its balance sheet and equity.

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

#### Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version).

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



# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 2.2.4 The new standards, amendments and interpretations (Continued)

#### Amendments to TAS 16 - Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters.

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

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

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

#### TFRS 17 - The new Standard for insurance contracts

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

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



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# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 2.2.4 The new standards, amendments and interpretations (Continued)

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

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

#### **Amendments to TAS 8 - Definition of Accounting Estimates**

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

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

#### Amendments to TAS 1 - Disclosure of Accounting Policies

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

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



# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 2.2.4 The new standards, amendments and interpretations (Continued)

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

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

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

#### Annual Improvements – 2018–2020 Cycle

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

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

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

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

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

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



# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### 2.3 Summary of significant accounting policies

#### Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions and monetary assets and liabilities denominated in foreign currencies translated by using year-end exchange rates of Central Bank of the Republic of Turkey's bid rates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign currency exchange rates used on 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	<b>31 December 2020</b>
US Dolar	12.9775	7.3405
Euro	14.6823	9.0079
GBP	17.4530	9.9438
CHF	14.1207	8.2841

#### Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, deposits at banks and highly liquid and insignificant risk of change in the value of the investments with maturity periods of less than three months.

#### Financial leasing transactions

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

#### (i) As lessor

Assets which are subject to leasing transactions are presented as a receivable which equals to the investment amount made for the related leasing transactions. Lease income is recognised over the term of the lease using the net investment method, which reflects a periodic constant rate of return. The leasing payments received are deducted from the gross leasing investments by reducing the principal and unearned finance income.



# DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

#### (ii) As lessee

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

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

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

#### Allowances for impairment of lease receivables

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

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

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

#### **Explanations on the write-off policy:**

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



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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### **Financial instruments**

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

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

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

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

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

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

### Property and equipment

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

The Company decided to pursue the properties for use according to their fair values by separating the land and buildings within the context of TAS 16 "Turkish Accounting Standard on Property, Plant and Equipment". As a result of the valuation performed by an independent appraisal company, revaluation difference of TL 18,779 (31 December 2020: TL 18,779) after deferred tax effect is accounted under the accumulated other comprehensive income that will not be reclassified to profit or loss.



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

As of 31 December, 2021, the conformity between net book value that was calculated based on the cost of properties for use and revaluated values are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Fair Value	24,055	24,055
Net book value calculated on cost value	3,190	3,190
Before tax revaluation differences	20,865	20,865
Calculated deferred tax liability (-)	(2,086)	(2,086)
Revaluation differences, net	18,779	18,779

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

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

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

The estimated useful lives of tangible assets are as follows:

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

### **Intangible assets**

The Company's intangible assets consist of software.

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

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



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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### Assets held for resale

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

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

### Non-financial assets

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

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

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

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



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### **Employee benefits**

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of 31 December 2021 is full TL 10,596.74 (31 December 2020: full TL 7,638.96). The Company provided reserve for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the TAS 19.

As of 31 December 2021, and 2020, the actuarial assumptions are as follows:

31 Dec	ember 2021	31 Dec	ember 2020
31 Dec	enner zuzi	31 Dec	ennoer zuzu

Discount rate	3.00%	3.00%
Expected rate of salary/ceiling increase	18.45%	18.45%

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

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

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

### Provisions, contingent assets and liabilities

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



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### Provisions, contingent assets and liabilities (Continued)

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

### Income and expense recognition

### Finance lease income

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

### Interest income and expenses

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

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

### Fees and commissions

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

### **Dividend**

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

### Other income and expenses

Other income and expenses are recognized on an accrual basis.



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### **Taxation**

Corporate taxes

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

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

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings. Under the Turkish taxation system, tax losses can be carried forward up to five years. As of 31 December 2021, the Company has no deductible tax losses (31 December 2020: None).

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

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

### Deferred taxes

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

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

In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of July 1, 2021 and being valid for the taxation period starting from January 1, 2021., this rate will be applied as 23% for the taxation period of 2022, and it will be applied as 20% in the following years.



VAKIF FİNANSAL KİRALAMA A.S.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### **Taxation (Continued)**

Deferred taxes (Continued)

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

### Transfer pricing

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

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

### Investment incentive

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

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



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### **Taxation (Continued)**

Investment incentive (Continued)

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

In accordance with the decision taken by the Turkish Constitutional Court on 15 October 2009, "2006, 2007 and 2008" clause of the provisional Articleno. 69 of Income Tax Law mentioned above, is repealed and time limitation for the use of investment incentive is removed. The repeal related to investment incentive is enacted and issued in the 8 January 2010 dated and 27456 numbered Official Gazette.

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

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

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

### Related party

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

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



VAKIF FİNANSAL KİRALAMA A.S.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

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

### Earnings per share

Earnings per share disclosed in the statements of income is determined by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings to shareholders' equity. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the period in which they were issued and for each earlier period.

### **Subsequent events**

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

### Statement of cash flows

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

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

As at 31 December 2021 and 2020, for the purposes of the statement of cash flows, cash and cash equivalents are presented below:

	<b>31 December 2021</b>	<b>31 December 2020</b>	
Cash and cash equivalents in the statement of cash flows	779,199	118,715	
Interest income accruals on cash and cash equivalents  Total in the cash flow statement	(117)	(28)	
cash and cash equivalents	779,082	118,687	

TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT AT 31 DECEMBER 2021



VAKIF FİNANSAL KİRALAMA A.Ş.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 3 - SEGMENT REPORTING

### Segment reporting of financial information

Turkey, there is no segment reporting.

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

### 4 - CASH AND CASH EQUIVALENTS AND THE CENTRAL BANK

### Cash and cash equivalents and the Central Bank

As at 31 December 2021 and 31 December 2020, details of bank balances are as follow

	31 December 2021	31 December 2020
Banks	779,199	118,715
Demand deposit	761,506	114,040
Time deposit	17,693	4,675
Total	779,199	118,715

As at 31 December 2020, time deposits consist of bank placements with maturity less than three months and with interest rates average 0.70% for foreign currency and 17.06% for TL time deposits. (31 December 2020: 17.68% for TL and 1.58% for foreign).

### 5 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	31 December 2021		31 December 2020		
	Carrying		Carrying		
	value (*)	Share (%)	value	Share (%)	
Not Traded at Stock Market:					
Vakıf Faktoring A.Ş.	22,288	3.79	21,445	3.79	
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	2,646	3.27	2,680	3.27	
Vakıf Yatırım Menkul Değerler A.Ş.	1,500	0.25	1,493	0.25	
Financial assets for which fair value difference is recognised					
through other comprehensive income	26,434		25,618		

<sup>(\*)</sup> Financial assets at fair value through other comprehensive income that are monitored at Level 3 include fair values of marketable securities representing fair market value held by independent appraisers.
Within the scope of possible negative effects of Covid-19, the fair values of the above assets were reviewed by the company and evaluated whether there was a possible loss in value.



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 6 - LEASING TRANSACTIONS AND IMPAIRED RECEIVABLES

As at 31 December 2021 and 31 December 2020, financial assets at fair value through other comprehensive income are as follow:

	<b>31 December 2021</b>		31 Decer	nber 2020
	TL	FC	TL	FC
Lease receivables	1,458,309	3,967,664	877,564	2,550,771
Invoiced lease receivables	50,249	235,085	48,355	156,083
Subtotal	1,508,558	4,202,749	925,919	2,706,854
Uneamed interest income	(379,846)	(561,910)	(238,299)	(338,954)
Finance lease receivables,				
net of unearned income	1,128,712	3,640,839	687,620	2,367,900
Impaired lease receivables	49,697	162,083	64,028	151,462
Specific provision	(39,410)	(128,963)	(39,764)	(109,566)
Impaired lease receivables, net	10,287	33,120	24,264	41,896
Finance lease receivables, net	1,138,999	3,673,959	711,884	2,409,796

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

					4 year and	
31 December 2021	Up to 1 year	1-2 year	2-3 year	3-4 year	over	Total
Lease receivables	2,323,286	1,487,039	833,106	586,500	481,376	5,711,307
Unearned interest in come	(383,738)	(238,236)	(148,299)	(92,504)	(78,979)	(941,756)
Finance lease receivables, Net	1,939,548	1,248,8	03 684,807	493,996	402,397	4,769,551
					4 year and	
31 December 2020	Up to 1 year	1-2 year	2-3 year	3-4 year	over	Total
Lease receivables	1,437,349	953,789	764,834	283,159	193.641	3,632,773
Unearned interest in come	(263,854)	(155,868)	(75,886)	(25,081)	(56,563)	(577,253)

As of 31 December 2021, the average compounded interest rates for finance lease receivables are 18.04% for TL, 8.80% for USD and 6.61% for EUR (31 December 2020: 18.54% for TL, 8.51% and 6.71% for EUR).



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 6 - LEASING TRANSACTIONS AND IMPAIRED RECEIVABLES (Continued)

As at 31 December 2021 and 2020, the aging of the lease receivables and related specific provisions are as follows:

	<b>31 December 2021</b>	31 December 2020
Neither past due nor impaired	4,484,217	2,851,082
Past due but not impaired	285,334	204,438
Impaired	211,780	215,490
Allowances for impairment	(168,373)	(149,330)
Finance lease receivables, net	4,812,958	3,121,680
	31 December 2021	31 December 2020
151-240 days	9,940	26,875
241-1 year	3,632	5,322
1 year and over	198,208	183,293
Impaired lease receivables, net	211,780	215,490

As of 31 December 2021, and 2020, details of the impaired lease receivables and related specific provisions are as follows:

	31 December 2021		31 Decen	<u>ıber 2020</u>
	TL	FC	TL	FC
Impaired lease receivables Specific provisions	49,697 (39,410)	162,083 (128,963)	64,028 (39,764)	151,462
Specific provisions	(39,410)	(128,903)	(39,764)	(109,566)
Impaired lease receivables, net	10,287	33,120	24,264	41,896

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
Specific provisions at the beginning of the year	172,719	112,345
Provision for the year	26,462	40,241
General loan loss provisions for the year (Note 16)	16,894	23,389
Collections during the year	(7,419)	(3,256)
Specific provisions at the end of the year	208,656	172,719

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

	31 December 2021	<b>31 December 2020</b>
Mortgage	31,570	23,294
Other	5,865	8,457
Total collateral	37,435	31,751

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



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 7 - TANGIBLE ASSETS

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

	1 January 2021	Additions	Disposals	31 December 2021
Cost:				
Buildings	24,940	-	-	24,940
Motor vehicles	3,188	7,361	(2,026)	8,523
Furniture and fixture	1,773	438	(122)	2,089
Other tangible assets	692	4	-	696
Right of use tangible assets(*)	85	245	(131)	199
	30,678	8,048	(2,279)	36,447
Accumulated depreciation:				
Buildings	(3.985)	(632)	-	(4,617)
Motor vehicles	(723)	(1,121)	703	(1,141)
Furniture and fixture	(723)	(330)	100	(1,003)
Other tangible assets	(546)	(113)	_	(659)
Right of use tangible assets(*)	(48)	(56)	67	(37)
	(6,075)	(2,252)	870	(7,457)
Net Book Value	24,603	5,796	(1,409)	28,990

<sup>(\*)</sup> The balance consists of includes the lease contracts made within the scope of TFRS16.

Movement in tangible assets in the period from 1 January to 31 December 2020:

	1 January			31 December
	2021	Additions	Disposals	2021
Cost:				
Buildings	24,940	-	-	24,940
Motor vehicles	2,253	1,162	(227)	3,188
Furniture and fixture	993	824	(44)	1,773
Other tangible assets	684	61	(53)	692
Right of use tangible assets (*)	93	30	(38)	85
Right of use intangible assets (*)	179	-	(179)	-
	29,142	2,077	(541)	30,678
Accumulated depreciation:				
Buildings	(3,353)	(632)	-	(3,985)
Motor vehicles	(388)	(425)	90	(723)
Furniture and fixture	(534)	(259)	20	(773)
Other tangible assets	(502)	(44)	=	(546)
Right of use tangible assets (*)	(27)	(50)	29	(48)
Right of use intangible assets (*)	(98)	(81)	179	-
	(4,902)	(1,491)	318	(6,075)
Net book value	24,240	, , , ,		24,603
(*)			0 mm c 4 4	•

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

As 31 December 2021 and 31 December 2020, there is no mortgage on the tangible assets of the Company.

As of 31 December 2021, total insurance coverage for tangible assets of the Company is TL 34,301 (31 December 2020: TL 25,514).



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 8 - INTANGIBLE ASSETS

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

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

Movement in intangible assets in the period from 1 January to 31 December 2020 is as follows:

	1 January 2020	Additions	Disposals	31 December 2020
Cost:				
Software	3,322	624	(2)	3,944
	3,322	624	(2)	3,944
Accumulated amortization:				
Software	(2,414)	(563)	-	(2,977)
	(2,414)	(563)	-	(2,977)
Net book value	908			967

### 9 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (31 December 2020: None).

### 10 - TAX ASSETS AND LIABILITIES

	<b>31 December 2021</b>	<b>31 December 2020</b>
Social Security Premiums	403	295
Income tax	289	294
VAT payable	129	3,890
Stamp tax	10	9
	831	4,488
	31 December 2021	31 December 2020
Tax provision	31 December 2021 33,433	31 December 2020
Tax provision Less: Prepaid taxes		



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 10 - TAX ASSETS AND LIABILITIES (Continued)

Tax expense	31 December 2021 3	31 December 2020
Corporate tax expense for the period Deferred tax income/(expense) effect	(33,43 (3,58	, , ,
	(37,01	8) (26,329)

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

	31 December 2021	31 December 2020
Profit before taxes	165,089	86,650
Theoretical tax expense with 25% tax rate	(41,272)	(19,063)
General loan loss provision not subjected to deferred tax	(4,224)	(4,678)
Other (*)	8,478	(2,588)
Current year tax expense	(37,018)	(26,329)

<sup>(\*)</sup> Investment tax credits used by the Company consist of non-deductible expenses and other expenses.

### **Deferred taxes**

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

In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of July 1, 2021 and being valid for the taxation period starting from January 1, 2021, this rate will be applied as 23% for the taxation period of 2022.

The company takes into account the periods when deferred tax assets are realized or deferred tax liabilities are fulfilled in the calculation of deferred tax (31 December 2020: 22%).

As mentioned above, as of 31 December 2021, the Company's management recorded deferred tax asset amounting to TL 36,609 from unused investment according to constitutional court decision (31 December 2020: TL 150,852).



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 10 - TAX ASSETS AND LIABILITIES (Continued)

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

	T	otal	Deferred	Deferred tax assets/		
	<b>Temporar</b>	y differences_	(liabilities)			
	31 December	31 December	31 December	31 December		
	2021	2020	2021	2020		
Lease Asset Receivable Impairment	67,617	69,981	15,552	13,996		
Unused investment incentives- with		150,852	1,171	302		
Derivative financial assets	21,516	, <u>-</u>	4,949	_		
Provision for employee termination	benefit 4,792	3,405	958	681		
Other short term employee benefits	2,371	1,139	545	228		
Provision for unused vacations	557	514	128	103		
Total lease liabilities	171	-	39	<u>-</u>		
Deferred tax assets	133,633	225,891	23,342	15,310		
Finance lease income accruals	(134,436)	(99,424)	(30,920)	(19,885)		
Tangible and intangible assets						
revaluation difference	(20,865)	(20,865)	(2,086)	(2,086)		
Subsidiary revaluation fund	(24,294)	(23,478)	(1,214)	(1,174)		
Others	(3,758)	(2,315)	(864)	(464)		
Deferred tax liabilities	(183,353)	(146,0	82) (35,084)	(23,609)		
Deferred tax assets, (net)	(49,720)	79,8	09 (11,742)	(8,299)		

The movement for deferred tax assets is as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
1 January	(8,299)	5,788
Current year deferred tax income/(expense)  Deferred tax in Equity income/(expense)	(3,585) 142	(13,527) 560
31 December	(11,742)	(8,299)

### 11 - OTHER ASSETS

As at 31 December 2021 and 31 December 2020, details of other assets are as follows:

	31 December 2021		31 Decen	<u>aber 2020</u>
	TL	FC	TL	FC
Advances given for leasing transactions	12,925	359,852	13,493	266,221
Investments under lease	112,884	118,759	52,061	63,897
Prepaid expenses	2,921	13,259	1,079	9,659
Other receivables regarding leasing transactions	4,544	3,680	5,069	2,403
Checks received	-	7,601	-	6,062
Other	1,127	2,245	623	69
Total other assets	134,401	505,396	72,325	348,311



### **DECEMBER 31, 2021 FOR THE YEAR OF** NOTES TO THE FINANCIAL STATEMENTS

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

### 12 - BORROWINGS

As at 31 December 2021, details of the borrowings are as follows:

		31 December 2021			31 Decemb	er 2020
		TL	F	C	TL	FC
Domestic banks		957,605	3,196,93	11 45	57,722	2,104,684
		757,005	978,93		77,722	529,343
Foreign banks		-	970,9	90		329,343
Total Borrowings		957,605	4,175,8	19 45	57,722	2,634,027
			Carrying	value		
31 December 2021	Amount in original currencies	Average interest rates (%)	Up to 3 months	3 months to 1 year	Over 1 year	Total
Borrowings from domestic ban	ks:					
Fixed rate borrowings						
TL	957,605	13.06	474,671	258,601	224,333	957,605
EUR (thousand)	115,217	2.42	873,391	204,049	614,213	1,691,653
USD (thousand)	40,818	3.13	379,361	139,033	11,328	529,722
Floating rate borrowings:						
EUR (thousand)	66,443	2.92	95,390	297,560	582,586	975,536
Total borrowing from domestic	banks		4,154,516	1,822,813	899,243	1,432,460
Borrowings from foreign banks	s:					
Fixed rate borrowings:						
EUR (thousand)	34,430	3.69	74,154	79,731	351,626	505,511
Floating rate borrowings						
EUR (thousand)	18,969	1.76	36,899	35,694	205,916	278,509
USD (thousand)	15,020	3.08	,	,	194,918	194,918
Total borrowings from foreign	banks		111,053	115,425	752,460	978,938
Total borrowings			5,133,454	1,933,866	1,014,668	2,184,920



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 12 - BORROWINGS (Continued)

	Carrying value					
31 December 2020	Amount in original currencies	Average interest rates (%)	Up to 3 months	3 months to 1 year	Over 1 year	Total
Borrowings from domestic bank	xs:					
Fixed rate borrowings						
TL	457,722	9.95	35,824	178,913	242,985	457,722
EUR (thousand)	116,168	2.44	385,454	623,361	37,613	1,046,428
USD (thousand)	42,268	3.35	25,501	267,914	16,850	310,265
Floating rate borrowings:						
EUR (thousand)	83,037	2.99	59,759	183,013	505,220	747,992
Total borrowing from domestic	banks		506,538	1,253,201	802,668	2,562,407
Borrowings from foreign banks	:					
Fixed rate borrowings:						
EUR (thousand)	17,902	3.59	54,844	12,016	94,396	161,256
USD (thousand)	8,013	6.60	-	58,820	-	58,820
Floating rate borrowings						
EUR (thousand)	34,333	2.06	18,163	120,555	170,548	309,266
Total borrowings from foreign b	anks		73,007	191,391	264,944	529,342
Total borrowings			579,545	1,444,592	1,067,612	3,091,749

### 13 - LEASE LIABILITIES

As at 31 December 2021 details of lease liabilities are as follows:

	31 December	<b>31 December 2021</b>		er 2020
	TL	FC	TL	FC
Right of use tangibles	171	-	42	
Total lease liabilities	171	-	42	_



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 14 - SECURITIES ISSUED

As at 31 December 2021 details of securities issued are as follows:

	31 December	<b>31 December 2021</b>		31 December 2020	
	TL	FC	TL	FC	
Bill (*)	-	_	50,000	_	
Interest accruals on securities issued	-	-	1,615		
Total securities issued	-	-	51,615	_	

<sup>(\*)</sup> The company made a 1-year term financing bond with a nominal value of TL 50,000 on October 9, 2020, by selling to qualified investors method. The maturity date of the bond is 9 October 2020, and the redemption date is 8 October 2021. The annual simple interest rate of this financing bill is 15.00%.

### 15 - DERIVATIVE FINANCIAL ASSETS

As of 31 December 2021, derivative financial liabilities held for trading consist of the fair value difference arising from the Company's cross currency swap transactions, amounting to TL 21,516 (31 December 2020: None).

### 16-PROVISIONS

As at 31 December 2021 details of provisions for liabilities and charges are as follows:

	31 December 2021		31 Decem	<u>ber 2020                                  </u>
	TL	FC	TL	FC
General loan loss provisions for financial				
lease receivables (Note 6)	5,112	35,170	2,346	21,043
Reserve for employee benefits	7,720	· -	5,058	-
Reserve for employee termination benefit	4,792	-	3,405	-
Provision for unused vacations	557	-	514	-
Reserve for bonuses	851	-	583	-
Provisions for other employee rights	1,520	-	556	
Total provisions	12,832	35,170	7,404	21,043

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
At the beginning of the year	3,405	2,644
Interest rate cost	436	405
Service cost	345	349
Payments during the year	(304)	(279)
Actuarial difference (*)	910	286
At the end of the year	4,792	3,405

<sup>(\*)</sup> Actuarial (loss)/profit is accounted under other comprehensive income since 1 January 2013.



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 17 - OTHER LIABLITIES

As of 31 December 2021, details of miscellaneous payables are as follows:

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	TL	FC	TL	FC
Advances received (*)	65,843	176,062	38,719	87,846
Other trade payables	7,613	90,641	5,611	24,094
Deferred income	1,718	4,351	1,258	2,708
Total Other Liabilities	75,174	271,054	45,588	114,648

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

### 18 - EQUITY

### Share capital

As at 31 December 2021, the share in capital of the Company amounts to TL 1,000,000 and composed of 50.000.000.000 shares with a face value of TL 0.01 each (31 December 2020: capital shares TL 200,000, nominal value: 20.000.000.000 shares).

As at 31 December 2021 and 31 December 2020, the share capital and ownership structure of the Company is as follows:

	31 Dec	<u>31 December 2021</u>		<u>mber 2020</u>
	Amount of Share (TL)	Share Percentage (%)	Amount of Share (TL)	Share Percentage (%)
Vakıfbank	293,562	62.61	117,424	58.71
Türkiye Sigorta A.Ş.	78,244	16.69	31,298	15.65
Publicly traded (*)	97,089	20.70	51,278	25.64
Pain-in capital (**)	468,895	100%	200,000	100%

The ratio is calculated from the shares of the Company registered at Takasbank.

### Capital reserves

As of 31 December 2021, capital reserves amounted to TL 513 consists of inflation adjustment differences of paid-in capital of the Company (31 December 2020: TL 244).

As of 31 December 2021, revaluation difference on tangible assets amounting to TL 18,779 (31 December 2020: TL 18,823) is accounted directly in equity. As at 31 December 2021 the marketable securities valuation differences amounts to TL 23,080 (31 December 2020: TL 22,304).

### **Profit reserves**

As of 31 December 2021, profit reserves of the Company consist of first legal reserves amounting to TL 14,333 (31 December 2020: TL 11,317) and extraordinary reserves amounting to TL 50,278 (31 December 2020: TL 42,973).

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



VAKIF FİNANSAL KİRALAMA A.S.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 18 - EQUITY (Continued)

### **Profit distribution**

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

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

According to the Ordinary General Assembly decision of 2020 dated March 31, 2021; Vakıf Finansal Kiralama A.Ş. TL 3,016 corresponding to 5% of the net profit for the period, TL 60,321, will be set aside as the first legal reserve, TL 50,000 will be added to the capital by issuing bonus shares over the remaining net distributable profit for the period, and TL 7,305 will be added to the extraordinary reserve. decided to separate.

### 19 - OPERATING EXPENSES

For the years ended 31 December 2021, general administrative expenses included in the operating expenses are as follow:

	<b>31 December 2021</b>	31 December 2020
Advertising expenses	3,551	206
General administration expenses	3,176	2,923
Depreciation and amortization expenses	2,801	2,054
Consultancy expenses	1,116	900
Court expenses	1,022	1,385
Notary expenses	683	596
Transportation expenses	542	304
Add-back	524	163
Taxes, duties and charges expenses	223	206
Marketing expenses	154	144
Printing, stationery and office expenses	143	92
Registration expenses	42	45
Other operating expenses	1,120	543
Total general administrative expenses	15,097	9,561

For the years ended 31 December 2021, personnel expenses included in the operating expenses are as follows:

	<b>31 December 2021</b>	31 December 2020
Salaries	17,214	14,619
Social security premiums and other contributions	2,463	1,987
Personnel insurance expenses	1,206	1,348
Other personnel expenses	1,100	903
Total personnel expenses	21,983	18,857



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 20 - OTHER OPERATING INCOME/EXPENSE

For the years ended 31 December 2021, personnel expenses included in the operating expenses are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Foreign exchange gains	56,503	25,179
Default interest income	10,802	4,319
Interest income from bank deposits	10,428	5,203
Provisions reversed during the year	7,723	4,248
Interest income from non-performing loans	6,031	6,970
Income from sales of fixed assets and assets held for sale	3,423	857
Gains on derivative financial transactions	1,437	1,415
Dividend income	250	-
Rentincome	21	18
Other income	4,997	3,863
Total other operating income	101,615	52,072
Other operating expenses:		
	31 December 2021	31 December 2020
Loss on derivative financial transactions	21,772	4,930
Other expense	498	235
Total other operating expenses	22,270	5,165
21 - EARNINGS PER SHARE		
ZI ZIMONINGSI ZIKOMINE	31 December 2021	31 December 2020
At the beginning of the year		
Total number of outstanding shares	25,000,000,000	25,000,000,000
At the beginning of the year		
Total number of outstanding shares	46,894,556,000	25,000,000,000(*)
	<b>31 December 2021</b>	31 December 2020
Net income for the period	60,321	31,578
Number of outstanding shares with a nominal value of TL 0.01	25,184,102,600(**)	25,000,000,000
with a nominal value of TE 0.01		

<sup>(\*)</sup> The company has increased its capital amounting to TL 50,000 from internal resources, and the number of shares in previous years has been adjusted in line with the current period.

<sup>(\*\*)</sup> Company realized the cash capital increase between 23 December 2021 and 31 December 2021, the weighted average number of shares is calculated based on these dates.



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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 22-TRANSACTIONS AND BALANCES WITH RELATED PARTIES

As of 31 December 2021, details of related party balances are as follows:

	31 Decem	ber 2021	31 Decemb	per 2020
	TL	FC	TL	FC
Türkiye Vakıflar Bankası T.A.O.	207,431	538,956	120,506	1,352
Bank Deposits	207,431	538,956	120,506	1,352
Vakıf Faktoring A.Ş.	22,288	-	21,445	-
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	2,646	-	2,680	-
Vakıf Yatırım Menkul Değerler A.Ş.	1,500	-	1,493	-
Financial assets for which fair value difference is recognised				
through other comprehensive income	26,434	-	25,618	-
Türkiye Vakıflar Bankası T.A.O.	720,048	481,386	253,744	59,262
Vakıfbank International AG		4,953		26,436
Borrowings	720,048	486,339	253,744	85,698
Türkiye Sigorta A.Ş.	10,181	<del>-</del>	4,770	-
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	32	-	27	_
Payables to related parties	10,213	-	4,797	-
		31 December	· 2021 31 Dece	ember 2020
Türkiye Vakıflar Bankası T.A.O.			8,710	4,538
Interest income from related parties			8,710	4,538
			C (20	22.525
Türkiye Vakıflar Bankası T.A.O interest		6	6,620	23,737
Vakıfbank International AG- interest exper	nse		514	1,376
Finance expenses of related parties		6	7,134	25,113
Türkiye Sigorta A.Ş.		(	3,783	41
Vakıf Faktoring A.Ş.			30	26
Other incomes of related parties			3,813	67
Türkiye Vakıflar Bankası T.A.O.			7,415	2,911
Türkiye Sigorta A.Ş.			886	1,024
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.			385	307
Vakıf Yatırım Menkul Değerler A.Ş.			80	144
Türkiye Hayat ve Emeklilik A.Ş.			16	9
Vakıf Faktoring A.Ş.			10	6
Other expenses of related parties			8,792	4,401
Vakıf Yatırım Menkul Değerler A.Ş.			250	_
Devidend incomes from related parties			250 250	
Devidend incomes from related parties			200	



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 22-TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

### **Executive management compensations**

As at 31 December 2021, Company's executive management compensations are as follows:

	<b>31 December 2021</b>	31 December 2020
Compensation to the executive management	2,672	2,500
Total	2,672	2,500

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

### 23 - CONTINGENT ASSETS AND LIABILITIES

### Collaterals received

As of 31 December 2021, the collaterals obtained by the Company against finance lease receivables are as follows:

	31 Decem	ber 2021	31 Decem	ber 2020
	TL	FC	TL	FC
Received guarantees	8,719,610	60,928,050	5,616,857	38,062,933
Mortgages	976,212	3,799,781	412,108	1,851,462
Assignment of claims	837,778	1,829,615	239,036	741,332
Company share pledge	1,074,588	55,154	301,700	31,197
Cash blockage	860	5,915	467	2,216
Letters of guarantee	4,001	10	5,034	
Others	143,982	589,416	108,775	254,544
Total	11,757,031	67,207,941	6,683,957	40,943,684

### **Commitments**

As of 31 December 2021, the Company has irrevocable commitments amounted to TL 663,983 (31 December 2020 TL 302,426) 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 2021	<b>31 December 2020</b>
EUR	400,899	192,305
TL	211,496	86,402
USD	51,588	23,719
GBP	-	<del>_</del>
Total	663,983	302,426



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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 23 - CONTINGENT ASSETS AND LIABILITIES

### Collaterals received (Continued)

Revocable Commitments

As of 31 December 2021, Company's financial lease commitments amounts to TL 1,423,044 (31 December 2020: TL 627,975).

	31 Decer	nber 2021	31 Decem	<u>ıber 2020</u>
	TL	FC	TL	FC
Financial lease commitment	334,663	1,088,381	125,397	502,578
Total	334,663	1,088,381	125,397	502,578

### **Derivative financial instruments**

	31 Decem	ber 2021	31 December	er 2020
	TL	FC	TL	FC
Swap purchases	55,195	-	_	_
Swap sales		73,412	-	
Total	55,195	73,412	-	

### 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Credit Risk

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

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

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

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

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## VAKIF FİNANSAL KİRALAMA A.Ş.

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# 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Credit Risk (Continued)

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

	Receivables	vables				
	Finance					
	Lease	Other	Banks	Financial		
31 December 2021	Receivables	Receivables	Deposits	Investments	Other	Total
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	4.812.958	19.198	779.199	1		5,611.355
- The portion of maximum risk covered by guarantees	1,964,123	-	-	-	-	1,964,123
A Net carroing value of financial assets which are neither						
imminated age extending	710 101 1	10.100	001.022			117 000 3
Inpair ed not over due	4,484,21/	19,198	1/9,199	•	,	5,282,014
- The portion covered by guarantees	1,926,688	•	•			1,926,688
B. Net carrying value of financial assets that are restructured,						
otherwise which will be classified as overdue or impaired	•	•			,	
C. Net carrying value of financial assets which are overdue but not impaired	285,334	•			,	285,334
- The portion covered by guarantees	•	•	•	•		•
D. Net carrying value of impaired assets	43,407	1	•	•	•	43,407
- Overdue (gross)	211,780	•	•	•	•	211,780
- Impairment (-)	(168,373)	•	•	•	•	(168,373)
- Net book value covered by guarantees	37,435	•	•	•	•	37,435
- Not past due (gross)	•	i	•	•		ı
- Impairment (-)	•	•				
- Net book value covered by guarantees	•	•	•	•	•	•
E. Off balance sheet exposures with credit risks	•	•	•	•		•

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VAKIF FİNANSAL KİRALAMA A.Ş.

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# 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Credit Risk (Continued)

As at 31 December 2021 and 31 December 2020, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables	ables				
	Finance Lease	Other	Banks	Financial		
31 December 2020	Receivables	Receivables	Deposits	Investments	Other	Total
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	3,121,681	14,225	118,715	1	1	3,254,621
- The portion of maximum risk covered by guarantees	907,202				-	907,202
A. Net carrying value of financial assets which are neither						
impaired nor overdue	2,851,082	14,225	118,715	•		2,984,022
- The portion covered by guarantees	875,451	•	•		•	875,451
B. Net carrying value of financial assets that are restructured,						
otherwise which will be classified as overdue or impaired	•	•		•	•	•
C. Net carrying value of financial assets which are overdue but not impaired	204,438	•	•	•	•	204,438
- The portion covered by guarantees	•					
D. Net carrying value of impaired assets	66,161	•		•	•	66,161
- Overdue (gross)	215,491	•			•	215,491
- Impairment (-)	(149,330)	•	•	•	•	(149,330)
- Net book value covered by guarantees	31,751	•		•	1	31,751
- Not past due (gross)	•	•		•	1	•
- Impairment (-)	•		•			•
- Net book value covered by guarantees	•	•	•	•	•	•
E. Off balance sheet exposures with credit risks	-	•	•	•	•	•



### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

### 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2021, sectoral distribution of finance lease receivables which are not under impaired is as follows:

	31 Decemb	er 2021	31 December	er 2020
	Amount	(%)	Amount	(%)
Manufacturing	2,357,136	49.42	1,443,882	47.25
Construction	1,038,426	21.77	731,786	23.95
Wholesale, retail and trading	685,307	14.37	308,574	10.10
Real estate	188,787	3,96	139,698	4.57
Education	101,327	2.12	66,330	2.17
Mining	97,238	2.04	110,861	3.63
Health and social services	93,709	1.96	69,852	2.29
Transportation, warehousing				
and communication	69,288	1.45	12,287	0.40
Hotels and restaurants	63,598	1.33	119,077	3.90
Agriculture	54,980	1.15	41,721	1.37
Other social and individual services	9,780	0.21	7,372	0.24
Financial intermediary services	6,297	0.13	2,116	0.07
Others	3,678	0.09	1,964	0.06
Total	4,769,551	100	3,055,520	100

### Liquidity risk

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

Management of liquidity risk

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

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

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



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### 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2020	Carrying Amount	Total Contractual/ expected maturity cash in/out flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowin gs	3,091,749	3,208,641	1,211,522	890,309	676,526	430,284	_
Securities issued	51,615	51,615	51,615	-	· -	· -	-
Other liabilities	160,236	160,236	160,236	-	-	-	-
Total	3,303,600	3,420,492	1,423,373	890,309	676,526	430,284	-

### Market risk

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

### Currency risk

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

As of 31 December 2021, the Company's foreign currency assets and liabilities with their TL equivalents are as follows:

31 December 2021	US Dollar	Euro	GBP	CHF	Total
Cash and Cash Equivalents	91,472	449,279	1	-	540,752
Financial Assets at Fair Value					
through Profit or Loss (1)	693,390	2,947,449	-	-	3,640,839
Other Assets	83,941	421,320	122	13	505,396
Total assets	868,803	3,818,048	123	13	4,686,987
Borrowing	724,641	3,451,208	-	-	4,175,849
Provisions	· <u>-</u>	35,170	-	_	35,170
Other liabilities	33,392	237,604	53	5	271,054
Total liabilities	758,033	3,723,982	53	5	4,482,073
Net financial statement position	110,770	94,066	70	8	204,914
Net off-balance sheet items positi	ion -	(73,412)	-	-	(73,412)
Net foreign currency position	110,770	20,654	70	8	131,502

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

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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Currency risk (Continued)

31 December 2020	US Dollar	Euro	GBP	CHF	Total
Banks	5,631	49,569	12	41	55,253
Finance lease receivables, net (1)	347,013	2,020,887	-	-	2,367,900
Other Assets	34,619	313,558	43	91	348,311
<b>Total assets</b>	387,263	2,384,014	55	132	2,771,464
Borrowing	369,085	2,264,942	-	-	2,634,027
Provisions	313	20,730	-	-	21,043
Other liabilities	26,253	87,283	50	1,062	114,648
Total liabilities	395,651	2,372,955	50	1,062	2,769,718
Net financial statement position	(8,388)	11,059	5	(930)	1,746
Net off-balance sheet items positi	ion -	-	-	-	_
Net foreign currency position	(8,388)	11,059	5	(930)	1,746

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

Foreign currency sensitivity analysis

The effects of 10 percent change of the TL against the following currencies on the statement of income and equity for the years ended 31 December 2021 and 31 December 2020 are shown below.

D. . . C. 4 / (T . . . . . )

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

	Profit /	(Loss)	Equity (*)		
31 December 2021	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	
10% change of the US Dollar against TL					
1-Net USD asset/liability	11,077	(11,077)	11,077	(11,077)	
2-Hedged portion of TL against USD (-)	11,077	(11,077)	11,077	(11,077)	
3-Net effect of US Dollar (1+2)	11,077	(11,077)	11,077	(11,077)	
10% change of the Euro against TL	11,077	(11,077)	11,077	(11,077)	
4-Net Euro asset/liability	2,065	(2,065)	2,065	(2,065)	
5-Hedged portion of TL against Euro (-)	2,003	(2,003)	2,003	(2,003)	
6-Net effect of Euro (4+5)	2,065	(2,065)	2,065	(2,065)	
· · ·	2,003	(2,003)	2,003	(2,003)	
10% change of the CHF against TL	1	(1)	1	(1)	
7-Net CHF asset/liability	1	(1)	1	(1)	
8-Hedged portion of TL against CHF (-)	-	-	-	-	
9-Net effect of CHF (7+8)	1	(1)	1	(1)	
10% change of the GBP against TL					
10-Net GBP asset/liability	7	(7)	7	(7)	
11-Hedged portion of TL against GBP (-)	-	-	-	-	
12-Net effect of GBP (10+11)	7	(7)	7	(7)	
TOTAL (3+6+9+12)	13,150	(13,150)	13,150	(13,150)	



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### 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

Profit / (Loss)			Equity (*)		
	Appreciation of foreign	Depreciation of foreign	Appreciation of foreign	Depreciation of foreign	
31 December 2020	currency	currency	currency	currency	
10% change of the US Dollar against TL					
1-Net USD asset/liability	(839)	839	(839)	839	
2-Hedged portion of TL against USD (-)	-	-	-	-	
3-Net effect of US Dollar (1+2)	(839)	839	(839)	839	
10% change of the Euro against TL					
4-Net Euro asset/liability	1,106	(1,106)	1,106	(1,106)	
5-Hedged portion of TL against Euro (-)	-	-	-	-	
6-Net effect of Euro (4+5)	1,106	(1,106)	1,106	(1,106)	
10% change of the CHF against TL					
7-Net CHF asset/liability	(93)	93	(93)	93	
8-Hedged portion of TL against CHF (-)	-	-	-	-	
9-Net effect of CHF (7+8)	(93)	93	(93)	93	
10% change of the GBP against TL					
10-Net GBP asset/liability	1	(1)	1	(1)	
11-Hedged portion of TL against GBP (-)	_	-	-	-	
12-Net effect of GBP (10+11)	1	(1)	1	(1)	
TOTAL (3+6+9+12)	175	(175)	175	(175)	

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

### Exposure to interest rate risk

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

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

As of 31 December 2021, and 2020, the interest sensitive financial instruments of the Company are as follows:

31 December 2021 31 December 2020

Financial assets and liabilities with fixed interest rate		
Time deposits	761,506	114,040
Finance lease receivables, net	4,769,551	3,055,520
Borrowing	3,178,980	2,034,491
Securities issued	-	51,615
Financial assets and liabilities with floating rate		
Borrowing	1,954,474	1,057,256



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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

### Interest rate sensitivity

Interest rate sensitivity of profit or loss is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss held as at 31 December 2021 and effect on net interest income of floating rate non-trading financial assets and financial liabilities held.

	Profit	t or Loss	Equity (*)	
	100 bp	100 bp	100 bp	100 bp
31 December 2021	increase	decrease	increase	decrease
Floating rate financial liabilities	(195)	195	(195)	195
Total, net	(195)	195	(195)	195
	Profit	t or Loss	Equity (*)	
	100 bp	100 bp	100 bp	100 bp
31 December 2020	increase	decrease	increase	decrease
Floating rate financial liabilities	(106)	106	(106)	106
Total, net	(106)	106	(106)	106

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

### Capital management

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

Along with no change in the strategy of the Company in 2021, the ratio of the equities to the debts is 13% (31 December 2020: 11%). As of 31 December 2021 and 31 December 2020, the debt to equity ratio is as follows:

	31 December 2021	<b>31 December 2020</b>
Borrowing	5,133,454	3,091,749
Securities issued	<u>-</u>	51,615
Other liabilities	346,228	160,236
Total Liabilities	5,479,682	3,303,600
Total Equity	702,444	355,161
Equity/Debt ratio	13%	11%



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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 25 - FINANCIAL INSTRUMENTS

Fair values of financial instruments

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

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

	<b>31 December 2021</b>		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Finance lease receivables, net	4,769,551	4,361,756	3,055,520	2,929,220
Banks	779,199	779,199	118,715	118,715
Financial liabilities				
Borrowings	5,133,454	5,169,549	3,091,749	3,174,548
Securities issued	-	-	51,615	51,615
Other liabilities	346,228	346,228	160,236	160,236

### Classification of Fair Value Measurement

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

TOGETHER WITH INDEPENDENT

AUDITOR'S REPORT AT 31 DECEMBER 2021



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### **DECEMBER 31, 2021 FOR THE YEAR OF** NOTES TO THE FINANCIAL STATEMENTS

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### 25 - FINANCIAL INSTRUMENTS (Continued)

### Classification of Fair Value Measurement (Continued)

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows at 31 December 2021 and 31 December 2020:

<b>31 December 2021</b>	1. Level	2. Level	3. Level	Total
Figure and a spectra of fair walks of housely				
Financial assets at fair value through				
Other comprehensive income:	-	-	-	-
Investments in equity participations (*)	-	-	26,434	26,434
Financial assets at fair value through			,	Í
profit or loss:	_	-	-	-
Financial derivative liabilities	-	-	-	_
Total Financial Assets/Liabilities			26,434	26,434

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

<b>31 December 2020</b>	1. Level	2. Level	3. Level	Total
Financial assets at fair value through				
Other comprehensive income:	-	-	-	-
Investments in equity participations (*)	-	-	25,618	25,618
Financial assets at fair value through			•	•
profit or loss:	-	-	-	-
Financial derivative liabilities	-	-	-	
Total Financial Assets/Liabilities			25,618	25,618

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

	<b>31 December 2021</b>	<b>31 December 2020</b>
Balance at the beginning of the period	25,618	13,277
Total gains for the period recognized under equity	816	12,341
Balance at the end of the period	26,434	25,618

### 26 - OTHER EXPLANATIONS

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

	Current Period	Prior Period
Independent audit fee for the reporting period	148	130
Total	148	130



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### 27 - SUBSEQUENT EVENTS

The collection of the remaining portion of the Company's capital increase collections was completed in 2022, and the registration process regarding the capital increase was completed as of 31 January 2022.

Share	31 January 202 e Amount Share F		31 December 2021 Share AmountShare Percentage		
Shareholder	(TL)	(%)	(TL)	(%)	
Vakıfbank	293,562	58.71	293,562	62.61	
Türkiye Sigorta Anonim Şirketi	78,244	15.65	78,244	16.69	
Public Shares	128,194	25.64	97,089	20.70	
Paid-in capital	500,000	100	468,895	100	