

# **VAKIF FİNANSAL KİRALAMA A.Ş.**

## **FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT AT 31 DECEMBER 2023**

*(Convenience translation at publicly announced financial statements,  
related disclosures and audit report originally issued in Turkish)*

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

## INDEPENDENT AUDITOR’S REPORT

**To the Shareholders of Vakıf Finansal Kiralama Anonim Şirketi,**

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

#### **1) Opinion**

We have audited the accompanying financial statements of Vakıf Finansal Kiralama A.Ş. (“the Company”) which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in shareholders’ equity, statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vakıf Finansal Kiralama A.Ş. as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Communiqué on Financial Leasing, Factoring and Uniform chart of Accounts which shall be applied by Finance and Saving Finance Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communiqué and Circular on Accounting Policies of Financial Leasing, Factoring, Finance and Saving Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority (“BRSA”) together referred as “BRSA Accounting and Financial Reporting Legislation” which includes provisions of Turkish Financial Reporting Standards (“TFRS”) for the matters which are not regulated by the aforementioned regulations.

#### **2) Basis for Opinion**

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

#### **3) Key Audit Matters**

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

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

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

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

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

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

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

In an independent audit, as auditors our responsibilities are:

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

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

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

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

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

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

**B) Report on Other Legal and Regulatory Requirements**

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January 2023 - 31 December 2023 are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.
- 3) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of TCC is submitted to the Board of Directors of the Company on February 6, 2024.

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

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

Emre Çelik, SMMM  
Partner

6 February 2024  
Istanbul, Turkey

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**VAKIF FİNANSAL KİRALAMA A.Ş.**

**DECEMBER 31, 2023 AS AT  
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**

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

ASSETS		Note	Current Period 31 December 2023			Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>CASH, CASH EQUIVALENTS AND BALANCES AT CENTRAL BANK</b>	<b>4</b>	<b>1,605,681</b>	<b>1,131,496</b>	<b>2,737,177</b>	<b>1,585,535</b>	<b>1,156,604</b>	<b>2,742,139</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	<b>5</b>	<b>-</b>	<b>626,179</b>	<b>626,179</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>III.</b>	<b>DERIVATIVE FINANCIAL ASSETS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IV.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)</b>	<b>6</b>	<b>104,561</b>	<b>-</b>	<b>104,561</b>	<b>46,781</b>	<b>-</b>	<b>46,781</b>
<b>V.</b>	<b>FINANCIAL ASSETS AT AMORTISED COST (Net)</b>	<b>7</b>	<b>13,312,645</b>	<b>6,293,622</b>	<b>19,606,267</b>	<b>4,113,233</b>	<b>4,182,610</b>	<b>8,295,843</b>
5.1	Factoring Receivables		-	-	-	-	-	-
5.1.1	Discounted Factoring Receivables (Net)		-	-	-	-	-	-
5.1.2	Other Factoring Receivables		-	-	-	-	-	-
5.2	Savings Financing Receivables		-	-	-	-	-	-
5.2.1	Pooled Funds		-	-	-	-	-	-
5.2.2	Equity		-	-	-	-	-	-
5.3	Financing Loans		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	Lease Receivables (Net)	<b>7</b>	<b>13,269,897</b>	<b>6,264,053</b>	<b>19,533,950</b>	<b>4,096,795</b>	<b>4,106,488</b>	<b>8,203,283</b>
5.4.1	Finance Lease Receivables		<b>19,316,739</b>	<b>7,354,516</b>	<b>26,671,255</b>	<b>6,106,482</b>	<b>4,694,976</b>	<b>10,801,458</b>
5.4.2	Operational Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		<b>(6,046,842)</b>	<b>(1,090,463)</b>	<b>(7,137,305)</b>	<b>(2,009,687)</b>	<b>(588,488)</b>	<b>(2,598,175)</b>
5.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6	Non-Performing Loans	<b>7</b>	<b>82,178</b>	<b>137,539</b>	<b>219,717</b>	<b>46,157</b>	<b>174,537</b>	<b>220,694</b>
5.7	Expected Credit Loss (-) / Specific Provisions (-)	<b>7</b>	<b>(39,430)</b>	<b>(107,970)</b>	<b>(147,400)</b>	<b>(29,719)</b>	<b>(98,415)</b>	<b>(128,134)</b>
<b>VI.</b>	<b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Investments in Subsidiaries (Net)		-	-	-	-	-	-
6.3	Jointly Controlled Partnerships (Joint Ventures) (Net)		-	-	-	-	-	-
<b>VII.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>8</b>	<b>158,974</b>	<b>-</b>	<b>158,974</b>	<b>91,749</b>	<b>-</b>	<b>91,749</b>
<b>VIII.</b>	<b>INTANGIBLE ASSETS AND GOODWILL (Net)</b>	<b>9</b>	<b>1,121</b>	<b>-</b>	<b>1,121</b>	<b>1,063</b>	<b>-</b>	<b>1,063</b>
<b>IX.</b>	<b>INVESTMENT PROPERTY (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>X.</b>	<b>CURRENT TAX ASSETS</b>	<b>11</b>	<b>559,544</b>	<b>-</b>	<b>559,544</b>	<b>56,228</b>	<b>-</b>	<b>56,228</b>
<b>XI.</b>	<b>DEFERRED TAX ASSET</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XII.</b>	<b>OTHER ASSETS</b>	<b>12</b>	<b>477,754</b>	<b>1,911,495</b>	<b>2,389,249</b>	<b>802,752</b>	<b>1,054,816</b>	<b>1,857,568</b>
	<b>SUBTOTAL</b>		<b>16,220,280</b>	<b>9,962,792</b>	<b>26,183,072</b>	<b>6,697,341</b>	<b>6,394,030</b>	<b>13,091,371</b>
<b>XIII.</b>	<b>ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>10</b>	<b>49,500</b>	<b>-</b>	<b>49,500</b>	<b>128,480</b>	<b>-</b>	<b>128,480</b>
13.1	Held for Sale		<b>49,500</b>	<b>-</b>	<b>49,500</b>	<b>128,480</b>	<b>-</b>	<b>128,480</b>
13.2	Non-Current Assets From Discontinued Operations		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>			<b>16,269,780</b>	<b>9,962,792</b>	<b>26,232,572</b>	<b>6,825,821</b>	<b>6,394,030</b>	<b>13,219,851</b>

The accompanying notes set out on pages 10 to 56 from an integral part of these financial statements.

VAKIF FİNANSAL KİRALAMA A.Ş.

**DECEMBER 31, 2023 AS AT  
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)**

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

LIABILITIES		Note	Current Period 31 December 2023			Prior Period 31 December 2022		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>LOANS RECEIVED</b>	<b>13</b>	<b>12,024,426</b>	<b>8,119,287</b>	<b>20,143,713</b>	<b>6,612,885</b>	<b>4,237,718</b>	<b>10,850,603</b>
<b>II.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>III.</b>	<b>LIABILITIES FROM THE SAVING FUND POOL</b>		-	-	-	-	-	-
<b>IV.</b>	<b>LEASE PAYABLES</b>	<b>14</b>	<b>6,666</b>	-	<b>6,666</b>	<b>180</b>	-	<b>180</b>
<b>V.</b>	<b>MARKETABLE SECURITIES (Net)</b>	<b>15</b>	<b>730,473</b>	-	<b>730,473</b>	-	-	-
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>		-	-	-	-	-	-
<b>VIII.</b>	<b>PROVISIONS</b>	<b>17</b>	<b>28,199</b>	<b>11,497</b>	<b>39,696</b>	<b>25,185</b>	<b>107</b>	<b>25,292</b>
8.1	Provision for Restructuring		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		24,522	-	24,522	15,927	-	15,927
8.3	General Loan Loss Provisions	<b>7</b>	<b>3,677</b>	<b>11,497</b>	<b>15,174</b>	<b>9,258</b>	<b>107</b>	<b>9,365</b>
8.4	Other provisions		-	-	-	-	-	-
<b>IX.</b>	<b>CURRENT TAX LIABILITIES</b>	<b>11</b>	<b>127,131</b>	-	<b>127,131</b>	<b>30,331</b>	-	<b>30,331</b>
<b>X.</b>	<b>DEFERRED TAX LIABILITY</b>	<b>11</b>	<b>171,447</b>	-	<b>171,447</b>	<b>95,931</b>	-	<b>95,931</b>
<b>XI.</b>	<b>SUBORDINATED DEBT</b>		-	-	-	-	-	-
<b>XII.</b>	<b>OTHER LIABILITIES</b>	<b>18</b>	<b>1,668,092</b>	<b>482,413</b>	<b>2,150,505</b>	<b>328,415</b>	<b>564,160</b>	<b>892,575</b>
	<b>SUBTOTAL</b>		<b>14,756,434</b>	<b>8,613,197</b>	<b>23,369,631</b>	<b>7,092,927</b>	<b>4,801,985</b>	<b>11,894,912</b>
<b>XIII.</b>	<b>LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XIII.</b>	<b>EQUITY</b>	<b>19</b>	<b>2,862,941</b>	-	<b>2,862,941</b>	<b>1,324,939</b>	-	<b>1,324,939</b>
14.1	Issued capital		1,000,000	-	1,000,000	600,000	-	600,000
14.2	Capital Reserves		13,310	-	13,310	1,662	-	1,662
14.2.1	Equity Share Premiums		1,366	-	1,366	1,366	-	1,366
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		11,944	-	11,944	296	-	296
14.3	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit or Loss		195,294	-	195,294	112,029	-	112,029
14.4	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		-	-	-	-	-	-
14.5	Profit Reserves		211,248	-	211,248	92,682	-	92,682
14.5.1	Legal Reserves		46,665	-	46,665	20,737	-	20,737
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		164,583	-	164,583	71,945	-	71,945
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		1,443,089	-	1,443,089	518,566	-	518,566
14.6.1	Prior Years' Profit or Loss		-	-	-	-	-	-
14.6.2	Current Period Net Profit or Loss		1,443,089	-	1,443,089	518,566	-	518,566
<b>TOTAL LIABILITIES</b>			<b>17,619,375</b>	<b>8,613,197</b>	<b>26,232,572</b>	<b>8,417,866</b>	<b>4,801,985</b>	<b>13,219,851</b>

The accompanying notes set out on pages 10 to 56 from an integral part of these financial statements.

**DECEMBER 31, 2023 AS AT  
OFF-BALANCE SHEET ITEMS**

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

OFF-BALANCE SHEET ITEMS		Current Period			Prior Period		
		31 December 2023			31 December 2022		
	Note	TL	FC	Total	TL	FC	Total
I.	IRREVOCABLE FACTORING TRANSACTIONS	-	-	-	-	-	-
II.	REVOCABLE FACTORING TRANSACTIONS	-	-	-	-	-	-
III.	COLLATERALS RECEIVED	24	98,567,184	141,127,170	239,694,354	42,472,094	88,963,889
IV.	COLLATERALS GIVEN	-	-	-	-	-	-
V.	COMMITMENTS	24	2,812,044	2,395,088	5,207,132	1,969,956	1,856,110
6.1	Irrevocable Commitments		1,681,795	456,767	2,138,562	731,183	595,389
6.2	Revocable Commitments		1,130,249	1,938,321	3,068,570	1,238,773	1,260,721
6.2.1	Lease Commitments		1,130,249	1,938,321	3,068,570	1,238,773	1,260,721
6.2.1.1	Finance Lease Commitments		1,130,249	1,938,321	3,068,570	1,238,773	1,260,721
6.2.1.2	Operational Lease Commitments		-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-
VI.	DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-
7.1	Derivative Financial Instruments Held For Hedging		-	-	-	-	-
7.1.1	Fair Value Hedges		-	-	-	-	-
7.1.2	Cash Flow Hedges		-	-	-	-	-
7.1.3	Hedges of Net Investment in Foreign Operations		-	-	-	-	-
7.2	Derivative Financial Instruments Held For Trading		-	-	-	-	-
7.2.1	Forward Buy or Sell Transactions		-	-	-	-	-
7.2.2	Swap Purchases/Sales		-	-	-	-	-
7.2.3	Option Purchases or Sales		-	-	-	-	-
7.2.4	Futures purchases/sales		-	-	-	-	-
7.2.5	Others		-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY		39,114,497	47,792,664	86,907,161	15,720,236	26,245,263
TOTAL OFF-BALANCE SHEET ITEMS			140,493,725	191,314,922	331,808,647	60,162,286	117,065,262
							177,227,548

The accompanying notes set out on pages 10 to 56 from an integral part of these financial statements.

**VAKIF FİNANSAL KİRALAMA A.Ş.**

**DECEMBER 31, 2023 FOR THE YEAR OF  
STATEMENT OF PROFIT OR LOSS**

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

STATEMENT OF PROFIT OR LOSS		Note	Current Period 1 January - 31 December 2023	Prior Period 1 January - 31 December 2022
<b>I.</b>	<b>OPERATING INCOME</b>		<b>3,870,513</b>	<b>1,107,484</b>
	<b>FACTORING INCOME</b>		-	-
1.1	Factoring Interest Income		-	-
1.1.1	Discounted		-	-
1.1.2	Other		-	-
1.2	Factoring Fee and Commission Income		-	-
1.2.1	Discounted		-	-
1.2.2	Other		-	-
	<b>INCOME FROM FINANCING LOANS</b>		-	-
1.3	Interest Income From Financing Loans		-	-
1.4	Fee and Commission Income From Financing Loans		-	-
	<b>LEASE INCOME</b>		<b>3,870,513</b>	<b>1,107,484</b>
1.5	Finance Lease Income		3,809,540	1,082,375
1.6	Operational Lease Income		-	-
1.7	Fee and Commission Income From Lease Operations		60,973	25,109
	<b>SAVING FINANCE INCOME</b>		-	-
1.8	Dividends Received from Savings Financing Receivables		-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-
<b>II.</b>	<b>FINANCE COST (-)</b>		<b>(2,616,876)</b>	<b>(800,022)</b>
2.1	Dividends Given from the Savings Fund Pool		-	-
2.2	Interest Expenses on Funds Borrowed		(2,461,838)	(751,775)
2.3	Interest Expenses on Factoring Payables		-	-
2.4	Lease Interest Expenses		(764)	(46)
2.5	Interest Expenses on Securities Issued		(54,688)	-
2.6	Other Interest Expense		-	-
2.7	Fees and Commissions Paid		(99,586)	(48,201)
<b>III.</b>	<b>GROSS PROFIT (LOSS) (I+II)</b>		<b>1,253,637</b>	<b>307,462</b>
<b>IV.</b>	<b>OPERATING EXPENSES (-)</b>	<b>20</b>	<b>(176,639)</b>	<b>(80,169)</b>
4.1	Personnel Expenses		(107,528)	(47,792)
4.2	Provision Expense for Employment Termination Benefits		(2,871)	(1,406)
4.3	Research and development expense		-	-
4.4	General Operating Expenses		(66,240)	(30,971)
4.5	Other		-	-
<b>V.</b>	<b>GROSS OPERATING PROFIT (LOSS) (III+IV)</b>		<b>1,076,998</b>	<b>227,293</b>
<b>VI.</b>	<b>OTHER OPERATING INCOME</b>	<b>21</b>	<b>1,031,686</b>	<b>578,587</b>
6.1	Interest Income on Banks		564,868	130,416
6.2	Interest Income on Marketable Securities Portfolio		18,555	-
6.3	Dividend Income		375	250
6.4	Gains Arising from Capital Markets Transactions		-	-
6.5	Derivative Financial Transactions' Gains		2,465	1,360
6.6	Foreign Exchange Gains		343,178	347,466
6.7	Other		102,245	99,095
<b>VII.</b>	<b>PROVISION EXPENSES</b>	<b>7</b>	<b>(51,539)</b>	<b>(30,450)</b>
7.1	Specific Provisions		(40,149)	(26,197)
7.2	Allowances For Expected Credit Losses		-	-
7.3	General Loan Loss Provisions		(11,390)	(4,253)
7.4	Other		-	-
<b>VIII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>21</b>	<b>(754)</b>	<b>(83,620)</b>
8.1	Impairment in Value of Securities		-	(12,497)
8.2	Impairment in Value of Non-Current Assets		-	-
8.3	Capital Market Transactions Losses		-	-
8.4	Loss Arising from Derivative Financial Transaction		-	(70,973)
8.5	Foreign Exchange Losses		-	-
8.6	Other		(754)	(150)
<b>IX.</b>	<b>NET OPERATING PROFIT (LOSS) (V+...+VIII)</b>		<b>2,056,391</b>	<b>691,810</b>
<b>X.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XI.</b>	<b>PROFIT (LOSS) FROM COMPANIES ACCOUNTED FOR USING EQUITY METHOD</b>		-	-
<b>XII.</b>	<b>NET MONETARY POSITION GAIN (LOSS)</b>		-	-
<b>XIII.</b>	<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX (IX+X+XI+XII)</b>		<b>2,056,391</b>	<b>691,810</b>
<b>XIV.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (+/-)</b>	<b>10</b>	<b>(613,302)</b>	<b>(173,244)</b>
14.1	Current Tax Provision		(541,407)	(97,436)
14.2	Expense Effect of Deferred Tax		(71,895)	(75,808)
14.3	Income Effect of Deferred Tax		-	-
<b>XV.</b>	<b>NET PERIOD PROFIT (LOSS) FROM CONTINUING OPERATIONS (XIII±XIV)</b>		<b>1,443,089</b>	<b>518,566</b>
<b>XVI.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
16.1	Income on Assets Held for Sale		-	-
16.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
16.3	Other Income on Discontinued Operations		-	-
<b>XVII.</b>	<b>EXPENSES ON DISCONTINUED OPERATIONS (-)</b>		-	-
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		-	-
<b>XVIII.</b>	<b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX (XVI±XVII)</b>		-	-
<b>XIX.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (+/-)</b>		-	-
19.1	Current Tax Provision		-	-
19.2	Expense Effect of Deferred Tax		-	-
19.3	Income Effect of Deferred Tax		-	-
<b>XX.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)</b>		-	-
<b>XXI.</b>	<b>NET PROFIT OR LOSS FOR THE PERIOD (XV+XX)</b>		<b>1,443,089</b>	<b>518,566</b>
	Earnings (Loss) Per Share		1,443	0.519

The accompanying notes set out on pages 10 to 56 from an integral part of these financial statements.

**DECEMBER 31, 2023 FOR THE YEAR OF  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

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

PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT		Current Period 1 January - 31 December 2023	Prior Period 1 January - 31 December 2022
	Note		
<b>I. CURRENT PERIOD PROFIT/LOSS</b>		<b>1,443,089</b>	<b>518,566</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>		<b>83,265</b>	<b>71,675</b>
<b>2.1 Items that may not be Reclassified subsequently to Profit or Loss</b>		<b>83,265</b>	<b>71,675</b>
2.1.1 Tangible Assets Revaluation Increases/Decreases		39,368	66,003
2.1.2 Intangible Assets Revaluation Increases/Decreases		-	-
2.1.3 Employee Benefits Re-Measuring Loss/Income	17	(3,728)	(4,014)
2.1.4 Other Comprehensive Income that will not be Reclassified to Profit or Loss		51,246	18,067
2.1.5 Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss		(3,621)	(8,381)
<b>2.2 Items that may be Reclassified subsequently to Profit or Loss</b>		<b>-</b>	<b>-</b>
2.2.1 Foreign Exchange Differences for Foreign Currency Transactions		-	-
2.2.2 Financial Assets for Which the Fair Value Difference is Recognised Through Other Comprehensive Income Valuation and/or Classification		-	-
2.2.3 Cash Flow Hedge Income/Losses		-	-
2.2.4 Investment Risk Hedge Income/Expenses Related to the Overseas Company		-	-
2.2.5 Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		-	-
2.2.6 Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss		-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>		<b>1,526,354</b>	<b>590,241</b>

The accompanying notes set out on pages 10 to 56 from an integral part of these financial statements.

VAKIF FİNANSAL KİRALAMA A.Ş.

**DECEMBER 31, 2023 FOR THE YEAR OF  
STATEMENT OF CHANGES IN EQUITY**

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

		Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement					Accumulated other comprehensive income or losses to be reclassified under profit or loss statement								
STATEMENT OF CHANGES IN EQUITY		Paid-in Capital	Share Premium	Share Cancellation Profits	Other Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period's Profit/(Loss)	Net Period Profit/(Loss)	Total Equity
I.	Current Period														
II.	Prior Year Period End Balance	600,000	-	-	1,662	76,531	(4,520)	40,018	-	-	-	92,682	518,566	-	1,324,939
	Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	600,000	-	-	1,662	76,531	(4,520)	40,018	-	-	-	92,682	518,566	-	1,324,939
IV.	Total Comprehensive Income	-	-	-	-	32,284	(2,610)	53,591	-	-	-	-	-	1,443,089	1,526,354
V.	Increase in Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase From Internal Resources	400,000	-	-	-	-	-	-	-	-	-	-	(400,000)	-	-
VII.	Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Bonds Convertible to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Other Changes	-	-	-	11,648	-	-	-	-	-	-	-	-	-	11,648
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	118,566	(118,566)	-	-
11.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	118,566	(118,566)	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (III+IV+.....+XI+XII)	1,000,000	-	-	13,310	108,815	(7,130)	93,609	-	-	-	211,248	-	1,443,089	2,862,941

1. The accumulated revaluation increases/losses on property and equipment.

2. The accumulated remeasurement gains/losses on defined benefit plans.

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

4. Foreign currency translation differences.

5. The accumulated revaluation increases/losses on financial assets at fair value through other comprehensive income.

6. Other (Cash flow hedge gains / losses, the shares of other comprehensive income of investments valued by the equity method to be classified in profit / loss and the accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).

The accompanying notes set out on pages 10 to 56 from an integral part of these financial statements.

						Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement		Accumulated other comprehensive income or losses to be reclassified under profit or loss statement						Net Period Profit/(Loss)		Total Equity	
STATEMENT OF CHANGES IN EQUITY		Paid-in Capital	Share Premium	Share Cancellation Profits	Other Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period's Profit/(Loss)	Net Period Profit/(Loss)			
I.	Prior Period																
II.	Prior Year Period End Balance	468,895	-	-	513	18,779	(1,505)	23,080	-	-	-	64,611	128,071	-		702,444	
	Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-		-	
2.1	Effects of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-		-	
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-		-	
III.	New Balance (I+II)	468,895	-	-	513	18,779	(1,505)	23,080	-	-	-	64,611	128,071	-		702,444	
IV.	Total Comprehensive Income	-	-	-	-	57,752	(3,015)	16,938	-	-	-	-	-	518,566		590,241	
V.	Increase in Paid-in Capital	31,105	-	-	-	-	-	-	-	-	-	-	-	-		31,105	
VI.	Capital Increase From Internal Resources	100,000	-	-	-	-	-	-	-	-	-	-	(100,000)	-		-	
VII.	Adjustments to Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-	-		-	
VIII.	Bonds Convertible to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-		-	
IX.	Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-		-	
X.	Other Changes	-	-	-	1,149	-	-	-	-	-	-	-	-	-		1,149	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	28,071	(28,071)	-		-	
11.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-		-	
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	28,071	(28,071)	-		-	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-		-	
	Period End Balance (III+IV+.....+XI+XII)	600,000	-	-	1,662	76,531	(4,520)	40,018	-	-	-	92,682	-	518,566		1,324,939	
1.	The accumulated revaluation increases/losses on property and equipment.																
2.	The accumulated remeasurement gains/losses on defined benefit plans.																
3.	Other (Shares of investments valued by equity method that will not be classified in profit / loss and the accumulated amounts of other comprehensive income items that will not be reclassified as other profit or loss).																
4.	Foreign currency translation differences.																
5.	The accumulated revaluation increases/losses on financial assets at fair value through other comprehensive income.																
6.	Other (Cash flow hedge gains / losses, the shares of other comprehensive income of investments valued by the equity method to be classified in profit / loss and the accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).																
7.	With the decision taken on October 7, 2021, the Company's Board of Directors decided to increase its paid-in capital by 100%, and as of December 31, 2021, 218,895 TL of the increased amount has been collected. The collection of the remaining part was completed in 2022. The registration process for the capital increase was completed as of January 31, 2022.																

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**DECEMBER 31, 2023 FOR THE YEAR OF  
STATEMENT OF CASH FLOW**

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

	Note	Current Period 1 January - 31 December 2023	Prior Period 1 January - 31 December 2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities</b>		<b>1,371,995</b>	<b>220,281</b>
1.1.1 Interests Received/ Leasing Income		4,114,175	965,984
1.1.2 Interest Paid/Leasing Expense		(2,250,498)	(657,156)
1.1.3 Dividend Received		375	250
1.1.4 Fees and Commissions Received		61,001	25,126
1.1.5 Other Revenue Gained		104,710	100,455
1.1.6 Collections from Priorly Written-off Doubtful Receivables	7	21,966	9,575
1.1.7 Payments to Personnel and Service Suppliers		(117,868)	(52,140)
1.1.8 Taxes Paid		(447,515)	(102,137)
1.1.9 Other		(114,351)	(69,576)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(1,777,040)</b>	<b>1,491,318</b>
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		(11,080,193)	(3,231,258)
1.2.2 Net (Increase)/Decrease in Other Assets		(615,674)	(1,395,393)
1.2.3 Net Increase/(Decrease) in Factoring Payables		-	-
1.2.3 Net Increase/(Decrease) in Lease Payables		15,683	363
1.2.4 Net Increase/(Decrease) in Funds Borrowed		8,926,732	5,574,283
1.2.5 Net Increase/(Decrease) in Liabilities Due		-	-
1.2.6 Net Increase/(Decrease) in Other Liabilities		976,412	543,323
<b>I. Net Cash Provided from Operating Activities</b>		<b>(405,045)</b>	<b>1,711,599</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment	8,9	(78,810)	(67,226)
2.4 Disposals of Property and Equipment	8,9	5,314	1,358
2.5 Purchase of financial assets at fair value through other comprehensive income		(57,780)	(20,347)
2.6 Sale of financial assets at fair value through other comprehensive income		-	-
2.7 Purchase of financial assets at amortized cost		-	-
2.8 Sale of financial assets at amortized cost		-	-
2.9 Other		(623,580)	-
<b>II. Net Cash (Used in)/Provided from Investing Activities</b>		<b>(754,856)</b>	<b>(86,215)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash Obtained from Funds Borrowed and Securities Issued		730,473	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(9,197)	(354)
3.6 Other	19	-	31,105
<b>III. Net Cash Provided from Financing Activities</b>		<b>721,276</b>	<b>30,751</b>
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>428,628</b>	<b>305,029</b>
<b>V. Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(9,997)</b>	<b>1,961,164</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	2.3	<b>2,740,246</b>	<b>779,082</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	2.3	<b>2,730,249</b>	<b>2,740,246</b>

The accompanying notes set out on pages 10 to 56 from an integral part of these financial statements.

**DECEMBER 31, 2023 FOR THE YEAR OF  
STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD**

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

		Audited Current period 31 December 2023(*)	Audited Prior period 31 December 2022
<b>I.</b>	<b>DISTRIBUTION OF CURRENT PERIOD PROFIT (*)</b>		
1.1	CURRENT PERIOD PROFIT	2,056,391	691,810
1.2	TAXES AND DUES PAYABLE (-)	(613,302)	(173,244)
1.2.1	Corporate Tax (Income Tax)	(541,407)	(97,436)
1.2.2	Withholding Tax	-	-
1.2.3	Other taxes and dues	(71,895)	(75,808)
<b>A.</b>	<b>NET PERIOD PROFIT (1.1 - 1.2)</b>	<b>1,443,089</b>	<b>518,566</b>
1.3	PRIOR YEARS LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVE (-)	-	(25,928)
1.5	OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-)	-	-
<b>B.</b>	<b>DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3+1.4+1.5)] (**)</b>	<b>1,443,089</b>	<b>492,637</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Owners of Preferred Stocks (Pre-emptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit /loss Sharing Certificates	-	-
1.7	DIVIDEND TO PERSONNEL (-)	-	-
1.8	DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Pre-emptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit /loss Sharing Certificates	-	-
1.10	STATUS RESERVES (-)	-	-
1.11	EXTRAORDINARY RESERVES	-	-
1.12	OTHER RESERVES	-	-
1.13	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION FROM RESERVES</b>		
2.1	DISTRIBUTED RESERVES	-	-
2.2	SHARE TO SHAREHOLDERS (-)	-	-
2.2.1	To Owners of Ordinary Shares	-	-
2.2.2	To Owners of Preferred Stocks	-	-
2.2.3	To Owners of Preferred Stocks (Pre-emptive Rights)	-	-
2.2.4	To Profit Sharing Bonds	-	-
2.2.5	To Owners of the profit /loss Sharing Certificates	-	-
2.3	SHARE TO PERSONNEL (-)	-	-
2.4	SHARE TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
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 (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF STOCKS	-	-
4.2	TO OWNERS OF STOCKS (%)	-	-
4.3	TO OWNERS OF PREFERRED STOCKS	-	-
4.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-

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

(\*\*) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore the part of the period profit arising from these assets should not be subject to profit distribution and capital increase. As of 31 December 2023, the Company has no deferred tax income arising from deferred tax assets (31 December 2022: no deferred tax income arising from deferred tax assets).

The accompanying notes set out on pages 10 to 56 from an integral part of these financial statements.

## DECEMBER 31, 2023 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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

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

#### Brief history

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

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

As at 31 December 2023, the Company has 82 employees. (31 December 2022: 76).

The registered address of the Company is as follows:

İnkılap Mahallesi Dr. Adnan Büyükdeniz Caddesi  
No:7A İç Kapı No:9  
Ümraniye/İstanbul  
Türkiye

#### Ownership Structure

The ultimate shareholder having direct or indirect control over the shares of the Company is Vakıfbank. As of 31 December 2023, and 2022, the share capital and ownership structure of the Company are as follows:

Shareholder	31 December 2023		31 December 2022	
	Share Amount (TL)	Share Percentage (%)	Share Amount (TL)	Share Percentage (%)
Vakıfbank	620,456	62.05	372,274	62.05
Public Shares (*)	379,544	37.95	227,726	37.95
<b>Paid-in capital (***)</b>	<b>1,000,000</b>	<b>100</b>	<b>600,000</b>	<b>100</b>

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

(\*\*) With the decision taken on December 14, 2023, the Board of Directors of the Company decided to increase its paid-in capital by 100% rights issue. For this purpose, the Company applied to CMB on January 5, 2024. As of the report date, the application has not been approved yet.

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**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 2023 are approved by the Board of Directors of the Company and authorized for issue as at 6 February 2024. 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.

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to “TAS 29 Financial Reporting in Hyperinflation Economies”. Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after 31 December 2023, in accordance with the accounting principles specified in TAS 29. In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting, and in this context, Banking Regulation and Supervision Agency (BRSA) announced that financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies as of 31 December 2023 would not be subject to the inflation adjustment in accordance with BRSA Board decision on 12 December 2023.

Accordingly, "TAS 29 Financial Reporting Standard in High Inflation Economies" is not applied in the financial statements of the Company/Group/Bank as of 31 December 2023.

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

**2.1 Basis Of Presentation (Continued)**

**2.1.2 Netting/Offset**

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

**2.1.3 Going concern**

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

**2.1.4 Currency used**

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

**2.1.5 Critical Accounting evaluations, estimates and assumptions**

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

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

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

**Allowances for impairment of lease receivables**

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

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

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

**2.1 Basis of Presentation (Continued)**

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

**Recognition of deferred tax asset**

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

**Fair value measurements of the share certificates**

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

**2.2 Changes in Accounting Policies**

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

The Company has presented its balance sheet prepared as of December 31, 2023 in comparison with its balance sheet prepared as of December 31, 2022. The Company has presented its profit or loss statement, profit or loss and other comprehensive statement of income, statement of change in equity and statement of cash flows for the accounting period from January 1 to December 31, 2023 in comparison with the accounting period from January 1 to December 31, 2022.

**2.2.2 Changes in accounting policies**

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

**2.2.3 Change in Accounting Estimates and Errors**

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

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

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

**The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the financial statements as at December 31, 2023 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, 2023 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, 2023 are as follows:**

**Amendments to TMS 8 – Definition of Accounting Estimates**

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of “accounting estimates”. The amendments 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.

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

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

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. 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 amendment on financial position or performance of the Company.

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

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

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

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

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

**Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules**

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023.

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

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

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

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

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

**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 assess the impact of these amendments when the standards are finalized.

**TFRS 17 - New Insurance Contracts Standard**

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. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA.

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

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

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

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

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

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

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

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

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

**Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements**

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

Overall, the Company does not expect a significant impact on the financial statements.

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

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

**iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)**

The following amendments to IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

**Amendments to IAS 21 - Lack of exchangeability**

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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

**2.3 Summary of significant accounting policies**

**Foreign exchange transactions**

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

Foreign currency exchange rates used on 31 December 2023 and 31 December 2022 are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
US Dolar	29.4382	18.6983
Euro	32.5739	19.9349
GBP	37.4417	22.4892
CHF	34.9666	20.2019

**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

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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.

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

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

**(i) As lessor**

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

**(ii) As lessee**

In accordance with the ‘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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**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 108,815 (31 December 2022: TL 76,531) after deferred tax effect is accounted under the accumulated other comprehensive income that will not be reclassified to profit or loss.

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

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

**Property and equipment (Continued)**

As of 31 December, 2023, the conformity between net book value that was calculated based on the cost of properties for use and revaluated values are as follows:

	31 December 2023	31 December 2022
Fair Value	24,055	24,055
Net book value calculated on cost value	102,182	62,813
<b>Before tax revaluation differences</b>	<b>126,237</b>	<b>86,868</b>
Calculated deferred tax liability (-)	(17,422)	(10,337)
<b>Revaluation differences, net</b>	<b>108,815</b>	<b>76,531</b>

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:

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

**Intangible assets**

The Company's intangible assets consist of software.

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

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

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

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

**Assets held for resale**

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

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

**Non-financial assets**

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

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

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

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

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

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

**Employee benefits**

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of 31 December 2023 is full TL 35,058.58 (31 December 2022: full TL 15,371.40) 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 2023, and 2022, the actuarial assumptions are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Discount rate	%3.00	3.00%
Expected rate of salary/ceiling increase	%28.24	18.45%

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

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

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

**Provisions, contingent assets and liabilities**

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

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

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

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

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

**Income and expense recognition**

**Finance lease income**

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

**Interest income and expenses**

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

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

**Fees and commissions**

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

**Dividend**

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

**Other income and expenses**

*Other income and expenses are recognized on an accrual basis.*

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

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

**Taxation**

*Corporate taxes*

As of 31 December 2023, the corporate tax rate is 30% (31 December 2022: 25%). With the Law proposed to the Turkish Grand National Assembly on July 5, 2023 and published in the Official Gazette dated July 15, 2023, amendments were made to the Corporate Tax Law No. 5520. According to this; starting from the declarations that must be submitted as of October 1, 2023, the corporate tax rate is 30% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. It was increased from 25% to 30%. This regulation starts with the declarations that must be submitted as of October 1, 2023; It entered into force on July 15, 2023, to be applied to the earnings of institutions in the 2023 and subsequent taxation periods, and to the earnings of institutions subject to the special accounting period in the special account taxation periods starting in the 2023 calendar year.

In accordance with the provisions of the duplicate 298th article of the Tax Procedure Law, it has been legislated that financial statements will be subject to inflation adjustment in the event that the increase in the producer price index exceeds 100% in the last 3 accounting periods, including the current period, and exceeds 10% in the current accounting period. The transition to inflation accounting will be made on the financial statements dated 31 December 2023. According to Article 17 of Law No. 7491 on Some Amendments to Some Laws and Decrees Having the Force of Law, published in the Official Gazette No. 32413 on 28 December 2023, it has become law that the profit/loss differences resulting from the inflation adjustment to be made in the 2024 and 2025 accounting periods, including provisional tax periods, by banks, companies covered by the Financial Leasing, Factoring, Financing and Savings Finance Companies Law No. 6361 dated 21 November 2012, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies, will not be taken into account in determining the profit.

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.

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

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

**Taxation (Continued)**

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 2023, the Company has no deductible tax losses (31 December 2022: 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.

*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 the financial statements dated 31 December 2023, deferred tax assets and liabilities are calculated with 30% rates for the parts of temporary differences that will have tax effects in 2023 and the following periods. (December 31, 2022: 25%.)

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

*Transfer pricing*

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

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

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

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

**Related party**

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

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

**Earnings per share**

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

**Subsequent events**

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

**Statement of cash flows**

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

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

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

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

**Statement of cash flows (Continued)**

As at 31 December 2023 and 2022, for the purposes of the statement of cash flows, cash and cash equivalents are presented below:

	31 December 2023	31 December 2022
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>2,737,177</b>	<b>2,742,139</b>
Interest income accruals on cash and cash equivalents	(6,928)	(1,893)
<b>Total in the cash flow statement cash and cash equivalents</b>	<b>2,730,249</b>	<b>2,740,246</b>

**3 - SEGMENT REPORTING**

**Segment reporting of financial information**

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

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

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

**Cash and cash equivalents and the Central Bank**

As at 31 December 2023 and 31 December 2022, details of bank balances are as follow

	31 December 2023	31 December 2022
Banks	2,737,177	2,742,139
Demand deposit	2,217,416	2,727,690
Time deposit	519,761	14,449
<b>Total</b>	<b>2,737,177</b>	<b>2,742,139</b>

As at 31 December 2023, time deposits consist of bank placements with maturity less than three months and with interest rates average 3.80% for foreign currency and 41.80% for TL time deposits. (31 December 2022: 15.69% for TL and 1.35% for foreign).

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**5 - FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS**

The details of the Company's financial assets at fair value through profit or loss as of December 31, 2023 and December 31, 2022 are as follows.

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TP</b>	<b>YP</b>	<b>TP</b>	<b>YP</b>
Government debt securities	-	626,179	-	-
<b>Total fair value through profit or loss</b>	<b>-</b>	<b>626,179</b>		

**6 - 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:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Carrying value <sup>(*)</sup></b>	<b>Share (%)</b>	<b>Carrying value</b>	<b>Share (%)</b>
<b><i>Not Traded at Stock Market:</i></b>				
Vakıf Faktoring A.Ş.	81,552	3.79	38,781	3.79
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	17,411	3.27	5,902	3.27
Vakıf Yatırım Menkul Değerler A.Ş.	5,598	0.25	2,098	0.25

**Financial assets for which fair value  
difference is recognised**

<b>through other comprehensive income</b>	<b>104,561</b>	<b>46,781</b>
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(\*) 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.

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**7 - LEASING TRANSACTIONS AND IMPAIRED RECEIVABLES**

As at 31 December 2023 and 31 December 2022, financial assets at fair value through other comprehensive income are as follow:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Lease receivables	19,273,231	7,239,008	6,077,456	4,576,591
Invoiced lease receivables	43,508	115,508	29,026	118,385
<b>Subtotal</b>	<b>19,316,739</b>	<b>7,354,516</b>	<b>6,106,482</b>	<b>4,694,976</b>
Unearned interest income	(6,046,842)	(1,090,463)	(2,009,687)	(588,488)
<b>Finance lease receivables, net of unearned income</b>	<b>13,269,897</b>	<b>6,264,053</b>	<b>4,096,795</b>	<b>4,106,488</b>
Impaired lease receivables	82,178	137,539	46,157	174,537
Specific provision	(39,430)	(107,970)	(29,719)	(98,415)
<b>Impaired lease receivables, net</b>	<b>42,748</b>	<b>29,569</b>	<b>16,438</b>	<b>76,122</b>
<b>Finance lease receivables, net</b>	<b>13,312,645</b>	<b>6,293,622</b>	<b>4,113,233</b>	<b>4,182,610</b>

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**7 – LEASING TRANSACTIONS AND IMPAIRED RECEIVABLES (Continued)**

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

<b>31 December 2023</b>	<b>Up to 1 year</b>	<b>1-2 year</b>	<b>2-3 year</b>	<b>3-4 year</b>	<b>4 year and over</b>	<b>Total</b>
Lease receivables	14,207,432	7,670,418	3,680,751	762,495	350,159	26,671,255
Unearned interest income	(4,478,211)	(1,989,351)	(564,490)	(71,468)	(33,785)	(7,137,305)
<b>Net finansal kiralama alacakları</b>	<b>9,729,221</b>	<b>5,681,067</b>	<b>3,116,261</b>	<b>691,027</b>	<b>316,374</b>	<b>19,533,950</b>

  

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

As of 31 December 2023, the average compounded interest rates for finance lease receivables are 32.27% for TL, 9.59% for USD and 8.18% for EUR (31 December 2022: 27.09% for TL, 8.45% for USD and 7.00% for EUR).

As at 31 December 2023 and 2022, the aging of the lease receivables and related specific provisions are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Neither past due nor impaired	19,374,934	8,055,872
Past due but not impaired	159,016	147,411
Impaired	219,717	220,694
Allowances for impairment	(147,400)	(128,134)
<b>Finance lease receivables, net</b>	<b>19,606,267</b>	<b>8,295,843</b>

  

	<b>31 December 2023</b>	<b>31 December 2022</b>
151-240 days	37,877	33,793
241-1 year	3,528	40,430
1 year and over	178,312	146,471
<b>Impaired lease receivables, net</b>	<b>219,717</b>	<b>220,694</b>

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**7 – LEASING TRANSACTIONS AND IMPAIRED RECEIVABLES (Continued)**

As of 31 December 2023, and 2022, details of the impaired lease receivables and related specific provisions are as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Impaired lease receivables	82,178	137,539	46,157	174,537
Specific provisions	(39,430)	(107,970)	(29,719)	(98,415)
<b>Impaired lease receivables, net</b>	<b>42,748</b>	<b>29,569</b>	<b>16,438</b>	<b>76,122</b>

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Specific provisions at the beginning of the year</b>	<b>137,499</b>	<b>208,655</b>
Provision for the year	40,149	26,197
General loan loss provisions for the year (Note 16)	11,390	4,253
Amount deleted from the asset during the period(*)	(4,498)	(92,081)
Collections during the year	(21,966)	(9,575)
<b>Specific provisions at the end of the year</b>	<b>162,574</b>	<b>137,499</b>

(\*) Due to the amount written off from assets, the NPL Ratio was 1.11% instead of 1.13%.

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Mortgage	40,761	36,359
Other	1,993	561
<b>Total collateral</b>	<b>42,754</b>	<b>36,920</b>

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

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**8 - TANGIBLE ASSETS**

Movement in tangible assets in the period from 1 January to 31 December 2023:

	<b>1 January</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December</b>
<b>Cost:</b>				
Buildings	90,943	39,368	-	130,311
Motor vehicles	7,231	26,220	(4,643)	28,808
"Furniture and fixture	2,341	5,214	(535)	7,020
Other tangible assets	755	103	-	858
Right of use tangible assets (*)	220	7,298	(136)	7,382
	<b>101,490</b>	<b>78,203</b>	<b>(5,314)</b>	<b>174,379</b>
<b>Accumulated depreciation:</b>				
Buildings	(5,249)	(3,257)	-	(8,506)
Motor vehicles	(2,329)	(2,577)	1,750	(3,156)
Furniture and fixture	(1,322)	(244)	221	(1,345)
Other tangible assets	(782)	(585)	-	(1,367)
Right of use tangible assets (*)	(59)	(1,082)	110	(1,031)
	<b>(9,741)</b>	<b>(7,745)</b>	<b>2,081</b>	<b>(15,405)</b>
<b>Net defter değeri</b>	<b>91,749</b>			<b>158,974</b>

(\*) 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 2022:

	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2022</b>
<b>Cost:</b>				
Buildings	24,940	66,003	-	90,943
Motor vehicles	8,523	-	(1,292)	7,231
"Furniture and fixture	2,089	265	(13)	2,341
Other tangible assets	696	59	-	755
Right of use tangible assets (*)	199	74	(53)	220
	<b>36,447</b>	<b>66,401</b>	<b>(1,358)</b>	<b>101,490</b>
<b>Accumulated depreciation:</b>				
Buildings	(4,617)	(632)	-	(5,249)
Motor vehicles	(1,141)	(1,446)	258	(2,329)
Furniture and fixture	(1,003)	(325)	6	(1,322)
Other tangible assets	(659)	(123)	-	(782)
Right of use tangible assets (*)	(37)	(75)	53	(59)
	<b>(7,457)</b>	<b>(2,601)</b>	<b>317</b>	<b>(9,741)</b>
<b>Net book value</b>	<b>28,990</b>	<b>63,800</b>	<b>(1,041)</b>	<b>91,749</b>

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

As 31 December 2023 and 31 December 2022, there is no mortgage on the tangible assets of the Company.

As of 31 December 2023, total insurance coverage for tangible assets of the Company is TL 96,507 (31 December 2022: TL 68,851).

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**9 - INTANGIBLE ASSETS**

Movement in intangible assets in the period from 1 January to 31 December 2023 is as follows:

	1 January 2023	Additions	Disposals	31 December 2023
<b>Cost:</b>				
Software	5,035	607	-	5,642
	<b>5,035</b>	<b>607</b>	<b>-</b>	<b>5,642</b>
<b>Accumulated amortization:</b>				
Software	(3,972)	(549)	-	(4,521)
	<b>(3,972)</b>	<b>(549)</b>	<b>-</b>	<b>(4,521)</b>
<b>Net book value</b>	<b>1,063</b>			<b>1,121</b>

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

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

**10 - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

As of December 31, 2023, the Company's fixed assets held for sale consist of real estate that the Company has included in its assets as a result of legal proceedings related to non-performing receivables, the details of which are as follows:

	31 December 2023	31 December 2022
Real estate held for sale	49,500	128,480
<b>Total</b>	<b>49,500</b>	<b>128,480</b>

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**11 - TAX ASSETS AND LIABILITIES**

	<b>31 December 2023</b>	<b>31 December 2022</b>
Social Security Premiums	3,916	1,622
Income tax	1,268	564
VAT payable	178	295
Stamp tax	42	15
	<b>5,404</b>	<b>2,496</b>

	<b>31 December 2023</b>	<b>31 December 2022</b>
Tax provision	541,407	97,436
Less: Prepaid taxes	(419,680)	(69,601)
<b>Current income tax liabilities, net</b>	<b>121,727</b>	<b>27,835</b>

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Tax expense</b>		
Corporate tax expense for the period	(541,407)	(97,436)
Deferred tax income/(expense) effect	(71,895)	(75,808)
	<b>(613,302)</b>	<b>(173,244)</b>

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Profit before taxes	2,056,391	691,810
Theoretical tax expense with 30% tax rate (*)	(616,917)	(172,953)
General loan loss provision not subjected to deferred tax	(3,417)	(1,063)
Other (**)	7,032	772
<b>Current year tax expense</b>	<b>(613,302)</b>	<b>(173,244)</b>

(\*) The tax rate is calculated as 30% for 2023 and 25% for 2022.

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

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**11 - TAX ASSETS AND LIABILITIES (Continued)**

**Deferred taxes**

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

The company takes into account the periods when deferred tax assets are realized or deferred tax liabilities are fulfilled in the calculation of deferred tax (31 December 2022: 25%).

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

	<b>Total Temporary differences</b>		<b>Deferred tax assets/ (liabilities)</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Property, plant and equipment and intangible assets net book value	55,994	-	16,798	-
Lease Asset Receivable Impairment	43,751	43,784	13,125	10,946
Unused investment incentives- with stoppage	19,604	-	5,883	-
Provision for employee termination benefit	13,364	9,834	4,009	2,458
Other short term employee benefits	9,703	5,391	2,910	1,348
Provision for unused vacations	1,455	702	437	176
Total lease liabilities	6,666	180	2,000	45
<b>Deferred tax assets</b>	<b>150,537</b>	<b>59,891</b>	<b>45,162</b>	<b>14,973</b>
Finance lease income accruals	(657,655)	(381,343)	(197,296)	(95,336)
Tangible and intangible assets revaluation difference	(64,378)	(86,868)	(19,313)	(10,859)
Subsidiary revaluation fund	-	(42,362)	-	(2,648)
Others	-	(8,253)	-	(2,061)
<b>Deferred tax liabilities</b>	<b>(722,033)</b>	<b>(518,826)</b>	<b>(216,609)</b>	<b>(110,904)</b>
<b>Deferred tax assets, (net)</b>	<b>(571,496)</b>	<b>(458,935)</b>	<b>(171,447)</b>	<b>(95,931)</b>

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**11 - TAX ASSETS AND LIABILITIES (Continued)**

The movement for deferred tax assets is as follows:

	31 December 2023	31 December 2022
<b>1 January</b>	<b>(95,931)</b>	<b>(11,742)</b>
Current year deferred tax income/(expense)	(71,895)	(75,808)
Deferred tax in Equity income/(expense)	(3,621)	(8,381)
<b>31 December</b>	<b>(171,447)</b>	<b>(95,931)</b>

**12 - OTHER ASSETS**

As at 31 December 2023 and 31 December 2022, details of other assets are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Advances given for leasing transactions	31,371	1,760,301	57,370	918,004
Investments under lease	329,674	30,273	736,201	113,949
Prepaid expenses	30,364	68,722	2,795	9,756
Other receivables regarding leasing transactions	86,345	52,199	4,899	12,210
Other	-	-	1,487	897
<b>Total other assets</b>	<b>477,754</b>	<b>1,911,495</b>	<b>802,752</b>	<b>1,054,816</b>

**13 - BORROWINGS**

As at 31 December 2023, details of the borrowings are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Domestic banks	12,024,426	5,494,649	6,612,885	2,763,261
Foreign banks	-	2,624,638	-	1,474,457
<b>Total Borrowings</b>	<b>12,024,426</b>	<b>8,119,287</b>	<b>6,612,885</b>	<b>4,237,718</b>

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**13 – BORROWINGS (Continued)**

	Carrying value					
	Amount in original currencies	Average interest rates (%)	Up to 3 months	3 months to 1 year	Over 1 year	Total
31 December 2023						
Borrowings from domestic banks:						
Fixed rate borrowings						
TL	534,119	26.21	2,680	531,439	-	534,119
EUR (thousand)	65,602	5.13	190,613	48,860	1,897,430	2,136,903
USD (thousand)	15,711	5.46	3,526	458,986	-	462,512
Floating rate borrowings:						
TL	11,490,307	26.88	945,817	1,731,657	8,812,833	11,490,307
EUR (thousand)	88,882	3.99	50,493	1,800,896	1,043,845	2,895,234
Total borrowing from domestic banks			1,193,129	4,571,838	11,754,108	17,519,075
Borrowings from foreign banks:						
Fixed rate borrowings:						
EUR (thousand)	37,164	4.92	498,571	287,472	424,524	1,210,567
Floating rate borrowings:						
EUR (thousand)	29,803	4.05	89,516	62,234	819,061	970,811
USD (thousand)	15,057	3.08	1,687	441,573	-	443,260
Total borrowings from foreign banks			589,774	791,279	1,243,585	2,624,638
Total borrowings			1,782,903	5,363,117	12,997,693	20,143,713

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

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**14 - LEASE LIABILITIES**

As at 31 December 2023 details of lease liabilities are as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Right of use tangibles	6,666	-	180	-
<b>Total lease liabilities</b>	<b>6,666</b>	<b>-</b>	<b>180</b>	<b>-</b>

**15 - SECURITIES ISSUED**

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TP</b>	<b>YP</b>	<b>TP</b>	<b>YP</b>
Bono <sup>(*)</sup>	403,650	-	-	-
Bono <sup>(**)</sup>	273,066	-	-	-
Interest accrual on securities issued	53,757	-	-	-
<b>Total securities issued</b>	<b>730,473</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) The company has issued a financing bond with a nominal value of 490,200 TL for 182 days, using the method of selling to qualified investors, on October 17, 2023. The starting date of the bond's maturity is October 17, 2023, and the redemption date is April 16, 2024. The annual simple interest rate for this financing bond is 43.00%.

(\*\*) The company has carried out the issuance of a financing bond with a nominal value of 300,000 TL with a maturity of 90 days, through a sale method to qualified investors, on October 24, 2023. The commencement date of the bond's maturity is October 24, 2023, and the redemption date is January 22, 2024. The annual simple interest rate of this financing bond is 40.00%.

**16 – DERIVATIVE FINANCIAL ASSETS**

None.

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**17 - PROVISIONS**

As at 31 December 2023 details of provisions for liabilities and charges are as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
General loan loss provisions for financial lease receivables (*)	3,677	11,497	9,258	107
Reserve for employee benefits	24,522	-	15,927	-
<i>Reserve for employee termination benefit</i>	13,364	-	9,833	-
<i>Provision for unused vacations</i>	1,455	-	702	-
<i>Reserve for bonuses</i>	4,062	-	1,759	-
<i>Provisions for other employee rights</i>	5,641	-	3,633	-
<b>Total provisions</b>	<b>28,199</b>	<b>11,497</b>	<b>25,185</b>	<b>107</b>

(\*) 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 2023</b>	<b>31 December 2022</b>
At the beginning of the year	9,833	4,792
Interest rate cost	1,814	905
Service cost	1,507	501
Payments during the year	(3,070)	(379)
Actuarial difference (*)	3,728	4,014
<b>At the end of the year</b>	<b>13,364</b>	<b>9,833</b>

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

**18 – OTHER LIABILITIES**

As of 31 December 2023, details of miscellaneous payables are as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Advances received (*)	397,860	227,723	305,740	232,691
Other trade payables	1,244,757	229,248	11,175	320,194
Deferred income	25,475	25,442	11,500	11,275
<b>Total Other Liabilities</b>	<b>1,668,092</b>	<b>482,413</b>	<b>328,415</b>	<b>564,160</b>

(\*) 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.

## DECEMBER 31, 2023 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS

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### 19 - EQUITY

#### Share capital

As at 31 December 2023, the share in capital of the Company amounts to TL 2,000,000 and composed of 100.000.000.000 shares with a face value of TL 0.01 each (31 December 2022: capital shares TL 2,000,000, nominal value: 60.000.000.000 shares).

As at 31 December 2023 and 31 December 2022, the share capital and ownership structure of the Company is as follows:

	31 December 2023		31 December 2022	
	Amount of Share (TL)	Share Percentage (%)	Amount of Share (TL)	Share Percentage (%)
Vakıfbank	620,456	62.05	372,274	62.05
Publicly traded (*)	379,544	37.95	227,726	37.95
<b>Pain-in capital (**)</b>	<b>1,000,000</b>	<b>%100</b>	<b>600,000</b>	<b>100%</b>

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

(\*\*) The company's Board of Directors, with the decision taken on December 14, 2023, decided to increase its paid-in capital by 100% as a paid increase. For this purpose, it has applied to the Capital Markets Board (CMB) on January 5, 2024. As of the reporting date, the application has not yet been approved.

### 19 – EQUITY (Continued)

#### Capital reserves

As of 31 December 2023, capital reserves amounted to TL 13,310 consists of inflation adjustment differences of paid-in capital of the Company (31 December 2022: TL 1,622).

As of 31 December 2023, revaluation difference on tangible assets amounting to TL 108,815 (31 December 2022: TL 76,531) is accounted directly in equity. As at 31 December 2023 the marketable securities valuation differences amounts to TL 93,609 (31 December 2022: TL 40,018).

#### Profit reserves

As of 31 December 2023, profit reserves of the Company consist of first legal reserves amounting to TL 46,665 (31 December 2022: TL 20,737) and extraordinary reserves amounting to TL 164,583 (31 December 2022: TL 71,945).

#### 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.

At the Ordinary General Assembly meeting held on August 11, 2023, for the fiscal year 2022, it was decided to set aside 25,928 TL as first sequence legal reserve from the net period profit of 2022, which is 518,566 TL, to add 400,000 TL to the capital by giving bonus shares, and to set aside 92,638 TL as extraordinary reserves.

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**20 - OPERATING EXPENSES**

For the years ended 31 December 2023, general administrative expenses included in the operating expenses are as follow:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Advertising expenses	16,620	13,899
General administration expenses	12,171	5,545
Donations	8,998	-
Depreciation and amortization expenses	6,314	2,749
Consultancy expenses	4,639	2,021
Notary expenses	4,187	1,415
Transportation expenses	2,046	1,418
Court expenses	1,994	414
Add-back	1,975	750
Taxes, duties and charges expenses	1,727	323
Printing, stationery and office expenses	510	278
Marketing expenses	425	242
Registration expenses	157	42
Other operating expenses	4,406	1,760
<b>Total general administrative expenses</b>	<b>66,240</b>	<b>30,971</b>

For the years ended 31 December 2023, personnel expenses included in the operating expenses are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Salaries	86,249	38,361
Social security premiums and other contributions	10,962	5,000
Personnel insurance expenses	4,609	1,457
Other personnel expenses	5,708	2,974
<b>Total personnel expenses</b>	<b>107,528</b>	<b>47,792</b>

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**21 - OTHER OPERATING INCOME/EXPENSE**

For the years ended 31 December 2023, personnel expenses included in the operating expenses are as follows:

	31 December 2023	31 December 2022
Interest income from bank deposits	564,868	130,416
Foreign exchange gains	343,178	347,466
Provisions reversed during the year	36,555	45,124
Interest on marketable securities	18,555	-
Default interest income	15,795	18,109
Interest income from non-performing loans	5,722	13,190
Income from sales of fixed assets and assets held for sale	4,764	2,344
Gains on derivative financial transactions	2,465	1,360
Dividend income	375	250
Rent income	299	700
Other income	39,110	19,628
<b>Total other operating income</b>	<b>1,031,686</b>	<b>578,587</b>

**Other operating expenses:**

	31 December 2023	31 December 2022
Loss on derivative financial transactions	-	70,973
Securities depreciation expense	-	12,497
Other expense	754	150
<b>Total other operating expenses</b>	<b>754</b>	<b>83,620</b>

**22 - EARNINGS PER SHARE**

	31 December 2023	31 December 2022
At the beginning of the year		
Total number of outstanding shares	60,000,000,000	46,894,556,000
<b>At the beginning of the year</b>		
<b>Total number of outstanding shares</b>	<b>100,000,000,000</b>	<b>100,000,000,000(*)</b>
	31 December 2023	31 December 2022
<b>Net income for the period</b>	<b>1,443,089</b>	<b>518,566</b>
Number of outstanding shares with a nominal value of TL 0.01	100,000,000,000	100,000,000,000
<b>Earnings per share (TL)</b>	<b>1.443</b>	<b>0.519</b>

(\*) The company has increased its capital amounting to TL 400,000 from internal resources, and the number of shares in previous years has been adjusted in line with the current period.

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**23- TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

As of 31 December 2023, details of related party balances are as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Türkiye Vakıflar Bankası T.A.O.	1,450,587	36,291	1,585,535	1,153,566
<b>Bank Deposits</b>	<b>1,450,587</b>	<b>36,291</b>	<b>1,585,535</b>	<b>1,153,566</b>
Vakıf Faktoring A.Ş.	81,552	-	38,781	-
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	17,411	-	5,902	-
Vakıf Yatırım Menkul Değerler A.Ş.	5,598	-	2,098	-
<b>Financial assets for which fair value difference is recognised through other comprehensive income</b>	<b>104,561</b>	<b>-</b>	<b>46,781</b>	<b>-</b>
Türkiye Vakıflar Bankası T.A.O.	11,493,384	3,768,593	5,855,935	1,476,476
<b>Borrowings</b>	<b>11,493,384</b>	<b>3,768,593</b>	<b>5,855,935</b>	<b>1,476,476</b>
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	79	-	64	-
<b>Payables to related parties</b>	<b>79</b>	<b>-</b>	<b>64</b>	<b>-</b>

As of December 31, 2023, details of the revenue and expenses resulting from transactions made with related parties are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Türkiye Vakıflar Bankası T.A.O.	545,825	123,855
<b>Interest income from related parties</b>	<b>545,825</b>	<b>123,855</b>
Türkiye Vakıflar Bankası T.A.O. - interest expense	1,921,370	562,143
Vakıfbank International AG- interest expense	-	87
<b>Finance expenses of related parties</b>	<b>1,921,370</b>	<b>562,230</b>
Vakıf Yatırım Menkul Değerler A.Ş.	375	250
Vakıf Faktoring A.Ş.	71	41
<b>Other incomes of related parties</b>	<b>446</b>	<b>291</b>
Türkiye Vakıflar Bankası T.A.O.	64,842	32,434
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	1,167	652
Vakıf Yatırım Menkul Değerler A.Ş.	1,485	306
Vakıf Faktoring A.Ş.	35	44
<b>Other expenses of related parties</b>	<b>67,529</b>	<b>33,436</b>

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**23- TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

**Executive management compensations**

As at 31 December 2023, Company's executive management compensations are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Compensation to the executive management	14,768	6,685
<b>Total</b>	<b>14,768</b>	<b>6,685</b>

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.

**24 - CONTINGENT ASSETS AND LIABILITIES**

**Collaterals received**

As of 31 December 2023, the collaterals obtained by the Company against finance lease receivables are as follows:

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Received guarantees	91,453,506	130,128,227	37,043,320	80,046,755
Mortgages	3,449,599	6,176,824	2,345,391	4,749,676
Assignment of claims	1,883,071	2,040,916	1,472,826	2,112,698
Company share pledge	1,213,588	125,112	1,089,488	79,468
Cash blockage	2,510	16,816	4,390	9,429
Letters of guarantee	117,501	7,492	-	-
Others	447,409	2,631,783	516,679	1,965,863
<b>Total</b>	<b>98,567,184</b>	<b>141,127,170</b>	<b>42,472,094</b>	<b>88,963,889</b>

**Commitments**

As of 31 December 2023, the Company has irrevocable commitments amounted to TL 2,138,562 (31 December 2022 TL 1,326,572) 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:

	<b>31 December 2023</b>	<b>31 December 2022</b>
EUR	383,209	431,500
TL	1,681,795	731,183
USD	73,558	163,889
<b>Total</b>	<b>2,138,562</b>	<b>1,326,572</b>

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**24 - CONTINGENT ASSETS AND LIABILITIES****Collaterals received (Continued)***Revocable Commitments*

As of 31 December 2023, Company's financial lease commitments amounts to TL 3,068,570 (31 December 2022: TL 2,499,494).

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Financial lease commitment	1,130,249	1,938,321	1,238,773	1,260,721
<b>Total</b>	<b>1,130,249</b>	<b>1,938,321</b>	<b>1,238,773</b>	<b>1,260,721</b>

**Derivative financial instruments**

As of December 31, 2023, the Group has no derivative financial instruments.

**25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT****Overview**

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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**25 - 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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**25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

**Credit Risk (Continued)**

As at 31 December 2023, exposure to credit risk based on categories of financial instruments is as follows:

31 December 2023	Receivables		Banks Deposits	Financial Investments	Other	Total
	Finance Lease Receivables	Other Receivables				
<b>Exposure to maximum credit risk as at reporting date (A+B+C+D+E)</b>	<b>19,606,267</b>	<b>138,544</b>	<b>2,737,177</b>	<b>-</b>	<b>-</b>	<b>22,481,988</b>
- The portion of maximum risk covered by guarantees	4,792,962	-	-	-	-	4,792,962
A. Net carrying value of financial assets which are neither impaired nor overdue	19,374,934	138,544	2,737,177	-	-	22,250,655
- The portion covered by guarantees	4,750,208	-	-	-	-	4,750,208
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	159,016	-	-	-	-	159,016
- The portion covered by guarantees	-	-	-	-	-	-
D. Net carrying value of impaired assets	72,317	-	-	-	-	72,317
- Overdue (gross)	219,717	-	-	-	-	219,717
- Impairment (-)	(147,400)	-	-	-	-	(147,400)
- Net book value covered by guarantees	42,754	-	-	-	-	42,754
- Not past due (gross)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Net book value covered by guarantees	-	-	-	-	-	-
E. Off balance sheet exposures with credit risks	-	-	-	-	-	-

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**25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

**Credit Risk (Continued)**

As at 31 December 2023 and 31 December 2022, exposure to credit risk based on categories of financial instruments is as follows:

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

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**25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

As of 31 December 2023, sectoral distribution of finance lease receivables which are not under impaired is as follows:

	<b>31 December 2023</b>		<b>31 December 202</b>	
	<b>Amount</b>	<b>(%)</b>	<b>Amount</b>	<b>(%)</b>
Manufacturing	7,496,892	38.38	3,825,500	46.63
Construction	3,237,204	16.57	1,630,757	19.88
Wholesale, retail and trading	2,187,097	11.20	898,606	10.95
Real estate	1,609,322	8.24	482,298	5.88
Education	65,446	0.34	119,782	1.46
Mining	593,503	3.04	329,470	4.02
Health and social services	1,682,828	8.61	624,545	7.61
Transportation, warehousing and communication	2,076,977	10.63	67,333	0.82
Hotels and restaurants	215,376	1.10	87,250	1.06
Agriculture	185,861	0.95	81,877	1.00
Other social and individual services	123,875	0.63	40,271	0.49
Financial intermediary services	9,040	0.05	12,557	0.15
Others	50,529	0.26	3,037	0.05
<b>Total</b>	<b>19,533,950</b>	<b>100</b>	<b>8,203,283</b>	<b>100</b>

**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

<b>31 December 2023</b>	<b>Total Contractual/ Carrying expected maturity</b>		<b>6 months or less</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
	<b>Amount</b>	<b>cash in/out flows</b>					
Borrowings	20,143,713	26,388,008	4,315,874	6,528,338	11,290,235	4,253,561	-
Other liabilities	2,150,505	2,150,505	2,150,505	-	-	-	-
<b>Total</b>	<b>22,294,218</b>	<b>28,538,513</b>	<b>6,466,379</b>	<b>6,528,338</b>	<b>11,290,235</b>	<b>4,253,561</b>	<b>-</b>

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**25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

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

**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 2023, the Company's foreign currency assets and liabilities with their TL equivalents are as follows:

<b>31 December 2023</b>	<b>US Dollar</b>	<b>Euro</b>	<b>GBP</b>	<b>CHF</b>	<b>Total</b>
Cash and Cash Equivalents	448,804	682,692	-	-	1,131,496
Financial Assets at Fair Value through Profit or Loss	-	626,179	-	-	626,179
Financial assets measured at amortized cost assets, net (1)	984,290	5,279,762	-	-	6,264,052
Other Assets	603,263	1,308,086	146	-	1,911,495
<b>Total assets</b>	<b>2,036,357</b>	<b>7,896,719</b>	<b>146</b>	<b>-</b>	<b>9,933,222</b>
Borrowing	905,772	7,213,515	-	-	8,119,287
Provisions	11,410	87	-	-	11,497
Other liabilities	180,188	302,225	-	-	482,413
<b>Total liabilities</b>	<b>1,097,370</b>	<b>7,515,827</b>	<b>-</b>	<b>-</b>	<b>8,613,197</b>
<b>Net financial statement position</b>	<b>938,987</b>	<b>380,892</b>	<b>146</b>	<b>-</b>	<b>1,320,025</b>
<b>Net off-balance sheet items position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net foreign currency position</b>	<b>938,987</b>	<b>380,892</b>	<b>146</b>	<b>-</b>	<b>1,320,025</b>

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

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**25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

*Currency risk (Continued)*

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

<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 2023 and 31 December 2022 are shown below.

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

31 December 2023	Profit / (Loss)		Equity <sup>(*)</sup>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>10% change of the US Dollar against TL</b>				
1-Net USD asset/liability	93,899	(93,899)	93,899	(93,899)
2-Hedged portion of TL against USD (-)	-	-	-	-
<b>3-Net effect of US Dollar (1+2)</b>	<b>93,899</b>	<b>(93,899)</b>	<b>93,899</b>	<b>(93,899)</b>
<b>10% change of the Euro against TL</b>				
4-Net Euro asset/liability	38,089	(38,089)	38,089	(38,089)
5-Hedged portion of TL against Euro (-)	-	-	-	-
<b>6-Net effect of Euro (4+5)</b>	<b>38,089</b>	<b>(38,089)</b>	<b>38,089</b>	<b>(38,089)</b>
<b>10% change of the CHF against TL</b>				
7-Net CHF asset/liability	-	(-)	-	(-)
8-Hedged portion of TL against CHF (-)	-	-	-	-
<b>9-Net effect of CHF (7+8)</b>	<b>-</b>	<b>(-)</b>	<b>-</b>	<b>(-)</b>
<b>10% change of the GBP against TL</b>				
10-Net GBP asset/liability	15	(15)	15	(15)
11-Hedged portion of TL against GBP (-)	-	-	-	-
<b>Net effect of GBP (10+11)</b>	<b>15</b>	<b>(15)</b>	<b>15</b>	<b>(15)</b>
<b>TOTAL (3+6+9+12)</b>	<b>132,003</b>	<b>(132,003)</b>	<b>132,003</b>	<b>(132,003)</b>

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**25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**
**Currency risk (Continued)**
**Foreign currency sensitivity analysis (Continued)**

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

(\*) 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 2023, and 2022, the interest sensitive financial instruments of the Company are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Financial assets and liabilities with fixed interest rate</b>		
Time deposits	2,217,416	2,742,139
Finance lease receivables, net	19,533,950	8,203,283
Borrowing	4,344,100	2,463,146
Financial assets at fair value through profit or loss	626,179	-
<b>Financial assets and liabilities with floating rate</b>		
Borrowing	15,799,613	8,387,457

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**25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

***Interest rate sensitivity***

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

	<b>Profit or Loss</b>		<b>Equity <sup>(*)</sup></b>	
	<b>100 bp increase</b>	<b>100 bp decrease</b>	<b>100 bp increase</b>	<b>100 bp decrease</b>
<b>31 December 2023</b>				
Floating rate financial liabilities	(1,580)	1,580	(1,580)	1,580
<b>Total, net</b>	<b>(1,580)</b>	<b>1,580</b>	<b>(1,580)</b>	<b>1,580</b>
	<b>Profit or Loss</b>		<b>Equity <sup>(*)</sup></b>	
	<b>100 bp increase</b>	<b>100 bp decrease</b>	<b>100 bp increase</b>	<b>100 bp decrease</b>
<b>31 December 2022</b>				
Floating rate financial liabilities	(839)	839	(839)	839
<b>Total, net</b>	<b>(839)</b>	<b>839</b>	<b>(839)</b>	<b>839</b>

(\*) 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 2023, the ratio of the equities to the debts is 13% (31 December 2022: 11%). As of 31 December 2023 and 31 December 2022, the debt to equity ratio is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Borrowing	20,143,713	10,850,603
Other liabilities	2,150,505	892,575
<b>Total Liabilities</b>	<b>22,294,218</b>	<b>11,743,178</b>
<b>Total Equity</b>	<b>2,862,941</b>	<b>1,324,939</b>
Equity/Debt ratio	% 13	11%

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**26 - 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 2023</b>		<b>31 December 2022</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
<b><i>Financial assets</i></b>				
Finance lease receivables, net	19,533,950	19,163,876	8,203,283	7,577,447
Securities issued	626,179	626,179	-	-
Banks	2,737,177	2,737,177	2,742,139	2,742,139
<b><i>Financial liabilities</i></b>				
Borrowings	20,143,713	23,371,697	10,850,603	9,549,186
Other liabilities	2,150,505	2,150,505	892,575	892,575

***Classification of Fair Value Measurement***

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

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

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

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

Classification requires using observable market data if possible.

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**26 - FINANCIAL INSTRUMENTS (Continued)**

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

<b>31 December 2023</b>	<b>1. Level</b>	<b>2. Level</b>	<b>3. Level</b>	<b>Total</b>
Financial assets at fair value through Other comprehensive income:	-	-	-	-
Investments in equity participations (*)	-	-	104,561	104,561
Financial assets at fair value through profit or loss:	-	-	-	-
Financial derivative liabilities	-	-	-	-
<b>Total Financial Assets/Liabilities</b>			<b>104,561</b>	<b>104,561</b>

(\*) 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 2022</b>	<b>1. Level</b>	<b>2. Level</b>	<b>3. Level</b>	<b>Total</b>
Financial assets at fair value through Other comprehensive income:	-	-	-	-
Investments in equity participations (*)	-	-	46,781	46,781
Financial assets at fair value through profit or loss:	-	-	-	-
Financial derivative liabilities	-	-	-	-
<b>Total Financial Assets/Liabilities</b>			<b>46,781</b>	<b>46,781</b>

(\*) 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 2023</b>	<b>31 December 2022</b>
Balance at the beginning of the period	46,781	26,434
Cash capital increase during the period	6,533	2,280
Total gains for the period recognized under equity	51,247	18,067
<b>Balance at the end of the period</b>	<b>104,561</b>	<b>46,781</b>

**27 – OTHER EXPLANATIONS**

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Independent audit fee for the reporting period	524	203
<b>Total</b>	<b>524</b>	<b>203</b>

**28 - SUBSEQUENT EVENTS**

The Banking Regulation and Supervision Agency (BRSA); announced that, in accordance with the Board decision dated January 11, 2024, banks and financial leasing, factoring, financing, savings financing, and asset management companies will start implementing inflation accounting as of January 1, 2025.