



2023 ACTIVITY REPORT



✓ COMPLIANCE REPORT ON THE ANNUAL ACTIVITY REPORT

2023



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

To the attention of General Assembly of Vakıf Finansal Kiralama Anonim Şirketi

1) Opinion

We have audited the annual report of Vakıf Finansal Kiralama Anonim Şirketi ("the Company") for the period between January 1, 2023 and December 31, 2023.

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

2) Basis for Opinion

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

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

We have expressed a positive opinion in our auditor's report dated February 6, 2024 on the full set financial statements of the Company for the period between January 1, 2023 and December 31, 2023.

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

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

a) It shall prepare the annual activity report within the first three months following the balance sheet date and submit it to the general assembly.

b) The annual report is prepared in such a way that it reflects the flow of the Company's activities for that year and its financial status in all aspects accurately, completely, straightforwardly, truthfully and honestly. In this report, the financial situation is evaluated according to the financial statements. The report also clearly indicates the development of the Company and the possible risks that the Company may face. The assessment of the Board of Directors on these issues is also included in the report.



c) The annual report also includes the following

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

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

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

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

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

The engagement partner on 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,
CPA
Responsible Auditor

February 27, 2024
Istanbul, Turkey



Future Towards You



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

With 35 years of experience, Vakıf Leasing adds value to your production and turns your opportunities into profit while offering leasing advantages in a special and innovative way.



Vakıf Leasing
Future Towards You

2023

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ENDED ON 31 DECEMBER 2023



*Vakıf Leasing
in 35th Year*



MESSAGE FROM
THE CHAIRMAN
OF THE BOARD
OF DIRECTORS

✓ MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

2023



Dear Stakeholders

2023 was a year of supply chain disruptions, the sharp rise in energy prices caused by the Israeli-Palestinian war and interest rate cuts in the US.

After inflation started to rise in global economies and reached historically high levels, interest rate hikes, especially in developed countries, continued in 2023. However, rising interest rates also brought fears that economies would enter recession. The first half of 2023 was dominated by both high inflation and recession concerns. However, towards the end of the year, inflation rates started to fall. Moreover, the feared recession did not come true. In March, the largest bank bankruptcy in the US since the global crisis took place. With the bank bankruptcy, gold prices started to rise as the markets' demand for safe-haven assets increased. After OPEC+'s surprise decision to cut production at the end of March, oil prices moved upwards. The "debt limit or debt ceiling" is the upper limit of the amount of money that the US government can borrow to pay its debts. After the crisis was effective throughout May, an agreement in principle was reached at the end of the month and had a short-lived impact on global markets. In the last quarter of the year, the war that broke out as a result of the operation launched by Hamas against Israel caused disruptions in the supply chain and fluctuations in commodity prices.

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In 2023, our company realized 15.2% of the sector's operational volume on its own and continued to contribute to our country's economy with its share. In this context, our Company, which has successfully completed the year 2023, has increased its total assets to TL 26,233 million and its shareholders' equity to TL 2,863 million with the strength it received from its employees and stakeholders. Again in this period, our company increased its net financial leasing receivables to TL 19,534 million and reached the highest profit amount of TL 1,443 million in its history.

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With the effect of the revival in domestic demand and the contribution of competitive exchange rates, the year 2022

Turkey's economy grew by 4% in the first quarter of 2023 compared to the same quarter of the previous year, ending the year with a growth rate of 5.6%. The services sector played an important role in growth in the first quarter of the year. In the second quarter, the growth rate was close to the first quarter as the high inflation environment pushed demand forward, as well as increased investments during the election period and post-earthquake investments. In the second quarter, household consumption once again made the largest contribution to growth, albeit at a slightly slower pace compared to the previous quarter. Thus, Turkish economy maintained its strong outlook in the second quarter and grew by 3.9%, close to expectations. In the third quarter of the year, Turkish economy grew by 5.9%, above market expectations. Although the effects of the tightening in financial conditions will become more evident in the last quarter and a slowdown is expected compared to the third quarter, the growth rate is expected to be 4.4% or higher than the Medium Term Program target of 4.4% in 2023, led by the contribution from the industrial production index with the contribution of the preliminary data.

In 2023, our company realized 15.2% of the sector's operational volume on its own and continued to contribute to our country's economy with its share. In this context, our Company, which successfully completed the year 2023, increased its total assets to TL 26,233 million and its shareholders' equity to TL 2,863 million with the strength it received from its employees and stakeholders. Again in this period, our company increased its net financial leasing receivables to TL 19,534 million and reached TL 1,443 million, the highest profit amount in its history.

Having achieved great momentum in 2023 with its share in the sector, our Company strengthened its human resources capacity and increased their quality and quantity, and continued to contribute to the national economy with the resources it provided to the real economy.

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

Yours sincerely,

HAZIM AKYOL
Chairman of the Board of Directors



MESSAGE FROM THE
GENERAL MANAGER

✓ MESSAGE FROM THE
GENERAL MANAGER

2023



Dear Stakeholders

The first half of 2023 brought more moderate economic activity, albeit limited, compared to previous expectations on the back of falling energy prices and the delayed recovery in the Chinese economy. However, due to the tight monetary policies implemented to combat inflation, which has become resilient on a global scale, economic activity remains sluggish across the globe and is not balanced across countries. The US Federal Reserve (Fed) raised its policy rate continuously from the first quarter of 2022 until the end of the second quarter of 2023, while the European Central Bank (ECB) accompanied this process with interest rate hikes, albeit with a delay. With many countries tightening financial conditions, the global economy is experiencing a combination of slow growth and rigid inflation.

These developments support expectations of a moderate global slowdown in the upcoming period. In fact, some of the frequent leading indicators point to a weakening in economic activity. The slowdown in the US economy in the first half of 2023 and China's chronic financial problems in the real estate sector keep the expectations for a moderate global slowdown strong. On the other hand, the extent to which tight monetary policies can reduce global inflation is uncertain. Recent data suggest that global inflation remains resilient.

Under these conditions, the global economy, which grew by 3.5 percent in 2022, is expected to slow down to 3.0 percent in 2023 and 2.9 percent in 2024. Having grown by 2.6 percent in 2022, advanced economies are expected to grow by 1.5 percent in 2023 and 1.4 percent in 2024 according to IMF forecasts due to tightening financial conditions and declining demand. In 2023, the US and the Eurozone are projected to grow by 2.1% and 0.7%, respectively. As a result of the measures and supports taken to mitigate the negative effects of the Covid-19 pandemic on the economy in 2021 and the rapid achievement of high rates in vaccination, the Turkish economy grew by 11.4% in 2021, the highest growth rate of the last fifty years. Thus, the Turkish economy has achieved a significant success by maintaining uninterrupted growth after the global crisis.

By the end of 2023, our Company increased its total assets by 98.4% to TL 26,233 million, shareholders' equity by 116.1% to TL 2,863 million and net profit for the period by 178.3% to TL 1,443 million. In 2023, Return on Assets (ROA) was realized as 6.8%, Net Return on Equity (ROE) as 63.1% and NPL as 1.1%.

Uncertainties in an environment of tightening global financial conditions and the ongoing Russian-Ukrainian war and other geopolitical tensions are believed to trigger various risks. Tight global monetary policies restrain global growth by curbing aggregate demand. Despite tightening global monetary policies, global inflation remains persistent. A slowdown in the global economy with a soft landing seems inevitable. At the same time, there are risks such as US-China trade tensions and other geopolitical tensions, climate change and natural disasters.

In February 2023, expenditures to repair the damage caused by the earthquakes centered in Kahramanmaraş and Hatay put a significant burden on the budget. In addition, the higher-than-anticipated inflation, while positively affecting revenue collection, put pressure on expenditures and necessitated an increase in budget appropriations. In line with these developments, a supplementary budget was made in July and TL 1,119.5 billion was added to the revenue and expenditure figures set by the Central Government Budget Law for 2023. In the January-August period, central government budget revenues and central government budget expenditures increased by 69.6 percent and 94.9 percent, respectively.

In line with the recommendations of the central government and regulatory bodies, our Company provided the necessary facilities for the repayment and postponement of the debts of our customers who were exposed to the negative effects of the earthquake disaster on the economy of the region and who had payment difficulties.

In 2023, the financial leasing sector reached an operational volume of \$4.9626 million with 15,260 contracts.

In 2023, our company alone realized 15.2% of the sector's transaction volume. In this context, it increased its turnover from 397,019 thousand USD to 752,207 USD with an increase of 89% compared to 2022. The number of transactions, which was 928 in 2022, was realized as 1,102 in 2023.

By the end of 2023, our Company increased its total assets by 98.4% to TL 26,233 million, shareholders' equity by 116.1% to TL 2,863 million and net profit for the period by 178.3% to TL 1,443 million. In 2023, Return on Assets (ROA) was realized as 6.8%, Net Return on Equity (ROE) as 63.1% and Non-Performing Loans (NPL) as 1.1%.

In 2024, our goal, as always, will be to strengthen our position among the best service providers in the sector by upholding our values with a modern and customer-oriented approach based on success, and to contribute more to our shareholders and the national economy in line with our sustainable growth strategy.

I would like to thank our shareholders, customers, especially Vakıf Leasing management and all my colleagues for their contribution, support and trust to the success our company has achieved in the past year.

Best regards,
Mustafa ERDİN
General Manager



*Vakıf Leasing
in 35th Year*



From left to right

Selçuk Gökbayrak (Board Member), Emine Uyumaz (Board Member), Eren Süzen (Board Member), Savaş Atanur Kazaz (Board Member), Mustafa Erdin (General Manager, Board Member), Hazım Akyol (Chairman), Halil Çelik (Board Member), Yılmaz Arslan Aydın (Assistant General Manager), Ersin Özoğuz (Assistant General Manager), Ali Koç (Assistant General Manager), Mehmet İlkey Coşkun (Group Manager)

2023

MEMBERS OF THE
BOARD OF DIRECTORS AND
THEIR BIOGRAPHIES

(26.06.2019 - ...)

**Hazım AKYOL**

Board Member - Chairman of the Board of Directors

Born in 1969 in Aksaray, Hazım AKYOL graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1990. He started his banking career at VakıfBank in 1993 as an Assistant Inspector, and after serving as an Inspector, he worked as an Assistant Manager in the Commercial Credits Department, and as a Manager in Bursa Branch, Kavaklıdere/Ankara Branch, Kızılay/Ankara Branch, Ankara Region Corporate Marketing Regional Directorate and Emek/Ankara Branch. Afterwards, he served as the President of the Salary Payments Department of the Institution and as the President of the Ankara Corporate Center Branch. He also served as a Board Member in various subsidiaries of VakıfBank. Hazım AKYOL, who is currently serving as Assistant General Manager at VakıfBank, has been serving as the Chairman of the Board of Directors of our Company since June 26, 2019.

(26.06.2019 - ...)

**Halil ÇELİK**

Deputy Chairman of the Board of Directors / Independent Member

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

(03.04.2018 - ...)

**Emine UYUMAZ**

Board Member

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

(25.06.2020 - ...)

**Eren SÜZEN**

Board Member

Born in 1983 in Ankara, Eren SÜZEN completed his primary and secondary education in Ankara and graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2006. He started his career as an assistant inspector at VakıfBank in February/2007 and after serving as an inspector for approximately 5 years, he was appointed as assistant manager at Çayyolu Branch in 2012. After serving as BaP Black Sea Region Loans Manager, Yenimahalle Branch Manager, Ankara 3rd Region Loans Manager, Head of Retail and SME Loans Allocation Management, he was appointed as Yenimahalle Regional Manager. Eren SÜZEN has been serving as a Member of the Board of Directors of our Company since June 25, 2020.

✓ MEMBERS OF THE BOARD OF DIRECTORS AND THEIR BIOGRAPHIES

2023



(01.04.2021 - ...)

Born in 1964 in Kırklareli, Savaş Atanur KAZAZ graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1987. He started his banking career at VakıfBank in 1990 as an Assistant Financial Analyst and worked as a Specialist and Assistant Manager in the Credits Coordination, Credit Marketing and Credit Monitoring Departments, then as the Head Office Branchless Banking Directorate, İvedik Organized Sanayi, Pursaklar, Elvankent, Ankara Public Corporate Branch Directorates and then as the Head Office Retail Banking Sales Coordination Manager. Savaş Atanur KAZAZ, who is currently serving as a member of the Board of Directors of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, has been serving as an Independent Board Member in our company since April 1, 2021.



(31.03.2022 - ...)

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



(05.05.2021 - ...)

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



OUR MANAGERS

✓ OUR MANAGERS

2023

**Mustafa
ERDİN**

General Manager

**Ersin
ÖZÖĞÜZ**

Assistant General Manager

**Yılmaz Arslan
AYDIN**

Assistant General Manager

Ali KOÇ

Assistant General Manager

**Mehmet İlkey
COŞKUN**

Group Manager

**Değer
CÖNGER**

Marketing Manager

**Bahadır
DALMIŞ**

Marketing Manager

**Hasan Hakan
Gül**

Branch Manager - Ankara

Ferruh ATALAY

Branch Manager - Adana

Kadir Emre ENGÜL

Branch Manager – İzmir

**Murat
KURTTAŞ**

Branch Manager – Antalya

**Sedat
TAŞKIN**

Loans Manager

**Müge
ŞENYİĞİT**

Operation Manager

**Tolga
AYAZ**

Insurance Manager

Aslı KEKEÇ

Financial Affairs and
Investor Relations Manager

Ebru KURULTAY

Human Resources Manager

**İlyas
DOĞAN**

Finance Manager

**Tezcan
KUTLU**

Legal Counselor

**Mahmut Tolga
SÖZER**

Legal Counselor

Bayram KUYTAN

Risk Monitoring Manager

**Atakan
ARMUTÇU**

Asset Management Manager

İlyas YILMAZ

Internal Control Manager /
Acting Risk Management Manager

Buğra ULUSOY

Administrative Affairs Manager



GENERAL
INFORMATION
ABOUT THE
COMPANY

✓ GENERAL INFORMATION
ABOUT THE COMPANY

2023

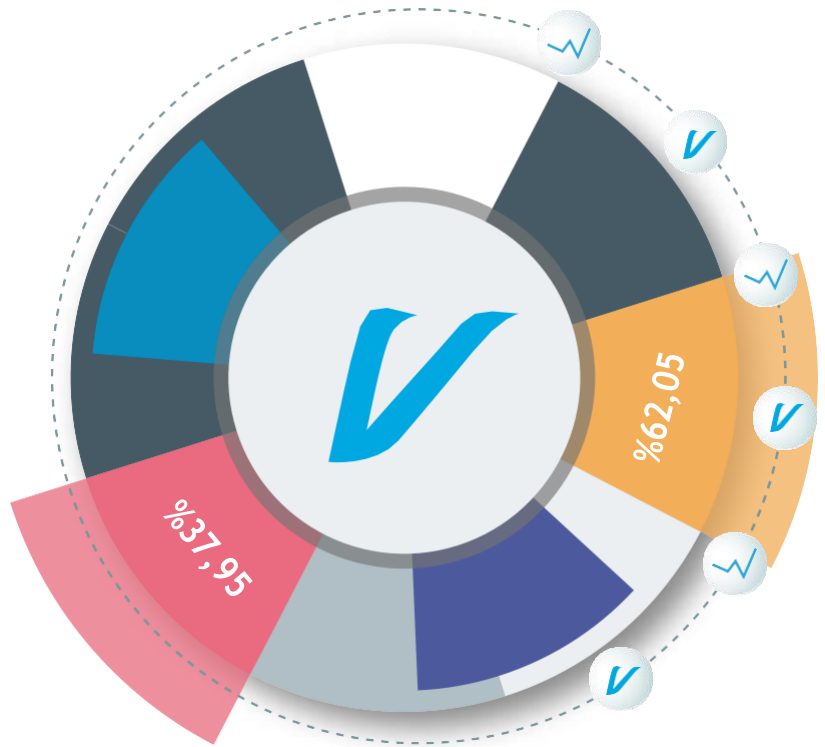
• Date of Commencement of Operations	15/09/1988
• Main Field of Activity	Financial Leasing
• Company Headquarters	Istanbul
• Paid-in Capital	1,000,000 Thousand TL
• Number of Personnel	82
• Chairman of the Board of Directors	Hazım AKYOL
• General Manager	Mustafa ERDİN
• Independent Audit Organization	Güney Bağımsız Denetim ve SMMM A.Ş.
• Address	İnkılap Mahallesi Dr. Adnan Büyükdeniz Caddesi No:7/A İç Kapı No:9 34768 Ümraniye / Istanbul
• Telephone	+90 (216) 285 92 00
• Trade Registry Number	248616
• Fax	+90 (216) 285 92 99
• Web-site	www.vakifleasing.com.tr

SUBSIDIARIES AND AVAILABLE-FOR-SALE FINANCIAL ASSETS

- Vakıf Faktoring A.Ş.
- Vakıf Pazarlama Sanayi ve Tic. A.Ş. Vakıf Enerji ve
- Madencilik A.Ş.
- Dogu Yatırım Holding A.Ş.
- Vakıf Yatırım Menkul Değerler A.Ş.
- World Foundation UBB Ltd. in Liquidation

PARTNERSHIP STRUCTURE

	%	Thousand TL
• T.Vakıflar Bankası T.A.O.	% 62,05	620,456
• Public Offerings	% 37,95	379,544
• Total	% 100	1,000,000





✓ CORPORATE IDENTITY / History and Milestones

2023

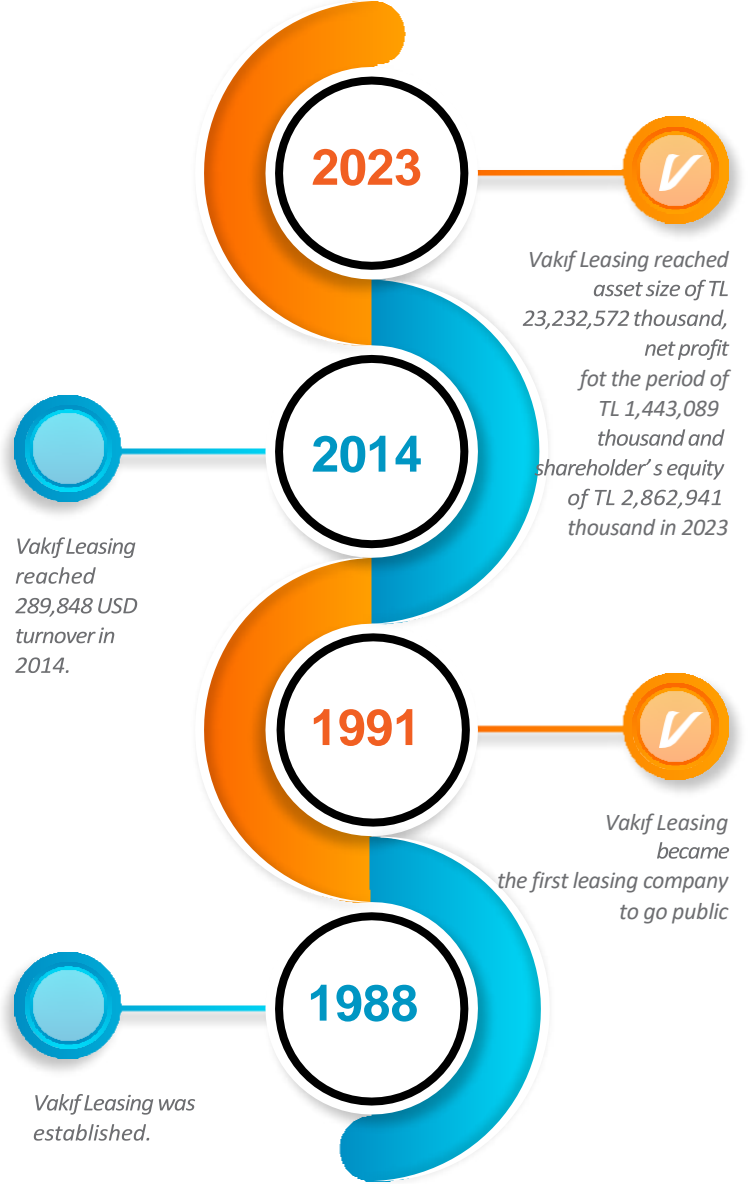
Vakıf Leasing was established on September 15, 1988 as a subsidiary of Vakıfbank under the name Vakıf Finansal Kiralama A.Ş. In 1991, it was listed on the Istanbul Stock Exchange and became the first leasing company to go public.

Vakıf Leasing, which has completed 35 years of success, continues to be one of Turkey's values by contributing to the development of our country and increasing employment. Vakıf Leasing, which provides very important advantages to investors in leasing with its experience of making the right move at the right time through diligent work, takes firm steps into the future in a determined, faithful and progressive manner with the right principles it has adopted from yesterday to today.

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

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

Vakıf Leasing has branches in Ankara, Adana, İzmir, Antalya and continues its comprehensive activities with its wide customer portfolio and service network all over the country by taking the corporate power of Vakıf@ank's nearly one thousand branches behind it.



2023

CORPORATE IDENTITY /

Our Vision - Our Mission Our Values - Our Code of Ethics



OUR VISION

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



OUR MISSION

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



OUR VALUES

Quality service approach based on knowledge and benefit of all.

Fast and effective decision making.

High sense of responsibility with a belief in continuous improvement.

Open communication based on mutual trust. Employees with team spirit, dedicated to success. Commitment to ethical and professional rules.



OUR CODE OF ETHICS

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

Transparency and reliability.

Operate on the grounds of economic development as well as profitability.

Respect information and confidentiality and keep secrets.

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



*Vakıf Leasing
in 35th Year*



VAKIF FİNANSAL
KİRALAMA A.Ş.
CORPORATE
MANAGEMENT



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

2023

STATEMENT OF COMPLIANCE WITH CORPORATE MANAGEMENT PRINCIPLES

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

The Company has complied with the Corporate Management Principles included in the annex of the Corporate Management Communiqué numbered II-17.1, which entered into force upon publication in the Official Gazette dated January 03, 2014 and numbered 28871;

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

The duties, powers and responsibilities of the "Investor Relations Department", which operates as the Financial Affairs and Investor Relations Department, have been revised in accordance with the framework set out in Article 11 of the Corporate Management Communiqué, thereby ensuring full compliance with the relevant legislation.

b-) Concerning non-mandatory principles;

There are female members on the Company's Board of Directors. No target ratio and target time has been set for the ratio of female members in the Board of Directors. In this context, there is partial compliance with the advisory principle no. 4.3.9. 4.5. Regarding the Sustainability Policy, compliance studies have been initiated.

CORPORATE MANAGEMENT PRINCIPLES COMPLIANCE REPORT:

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

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

VAKIF FİNANSAL KİRALAMA A.Ş. CORPORATE MANAGEMENT PRACTICES

2023

CORPORATE MANAGEMENT PRACTICES SHAREHOLDERS

2.1 Investor Relations Department

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

The Financial Affairs and Investor Relations Department, which manages relations with institutional investors, rating agencies and shareholders, makes quarterly presentations to the Board of Directors on all activities carried out, particularly the presentation of financial analysis in comparison with competitor companies.

The license of the department manager is as shown below:

Name and surname	Title	License Certificate
Mehmet İlkey COŞKUN	Group Manager	Corporate Management Rating License
*Emre YALÇIN	Manager	Capital Market Activities Level 3 License
* Serves as a member of the Corporate Governance Committee in accordance with Article 11, paragraph 2 of the Corporate Governance Communiqué.		

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

Name Surname	Title	Telephone Number	E-Mail Address
Mehmet İlkey COŞKUN	Group Manager	0216 285 92 70	I.COŞKUN@vakifleasing.com.tr
Ash KEKEÇ	Director	0216 285 92 72	A.KEKEÇ@vakifleasing.com.tr
Neslihan YILDIZLI	Manager	0216 285 92 74	N.YILDIZLI@vakifleasing.com.tr
Ece AKGÜN	Expert	0216 285 92 91	E.AKGÜN@vakifleasing.com.tr
Barış ATIK	Expert Asst.	0216 285 92 73	B.ATIK@vakifleasing.com.tr
Adnan BERK YUMUŞAK	Expert Asst.	0216 285 92 80	A.YUMUŞAK@vakifleasing.com.tr

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

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

In Investor Relations Department throughout 2023;

2023 Ordinary General Assembly Meeting was organized to fulfill the scope and manner required by the Relevant Law, Capital Markets Law, Corporate Governance Communiqué, Articles of Association of the Company and other legislation,

2.2 Exercise of Shareholders' Right to Obtain Information

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

In 2023, there were no written requests for information received by the Investor Relations Unit; however, the necessary answers were given to telephone inquiries. Information and developments concerning the Company, such as share transactions, capital increases, dividend payments, general assembly meetings, financial reports, material event disclosures, etc., are regularly communicated to the relevant parties via the Company's website, mail and telephone. In addition, written responses are provided to the requests of local shareholders for information on the status of their shares, the conversion of their existing shares and the distribution of shares after death during the activity period.

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

2.3 General Assembly Meetings

Ordinary General Assembly;

The General Assembly of our Company for the operating period of 2022 was held on 11.08.2023 at the Company headquarters with the participation of the representatives of the shareholders, the Ministry Representative of the Ministry of Trade of the Republic of Turkey, and 62.20% shareholders.

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

In order to inform the shareholders prior to the General Assembly meetings, the invitation to the General Assembly, agenda, sample power of attorney and other documents attached to it are disclosed to the public through the Public Disclosure Platform and the Turkish Trade Registry Gazette within the framework of the relevant legislation, and these documents are also published on the Company's website. For the e-General Assembly service, which enables attending, making proposals, expressing opinions and voting at the General Assembly Meeting electronically, a call for the General Assembly is made at least 21 days in advance, excluding the meeting and call days, in the MKK system. In addition, these documents are also delivered by mail to our shareholders whose address information is up-to-date in the Company's records.

VAKIF FİNANSAL KİRALAMA A.Ş. CORPORATE MANAGEMENT PRACTICES

2023

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

In the announcements and invitation letters published before the General Assembly;

- Meeting date, time and place,
- Meeting agenda,
- Which body made the invitation (Company Board of Directors),
- Addresses (Head Office) where the Annual Report and balance sheet, profit and loss statements will be submitted for the review of the shareholders in the announcements of the ordinary meetings,
- Samples of proxy forms for shareholders who cannot attend the meeting in person are announced to the shareholders.

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

In both Ordinary General Assemblies of the Company, all shareholders, regardless of their shareholding percentages, have the right to speak, express their opinions and ask questions on agenda items. On August 11, 2023, the questions asked by the shareholders who attended the Ordinary General Assembly meeting both physically and electronically, the wishes and opinions expressed, and the answers given by the Chairman of the Meeting and the Board of Divan regarding the aforementioned issues were included in the minutes of the General Assembly meeting in detail. Following the General Assembly, the minutes of the General Assembly meeting and its annexes are announced to the public and shareholders through the Public Disclosure Platform, the Turkish Trade Registry Gazette, the e-Company Information Portal and the e-General Assembly Electronic General Assembly System, and are also published on the Company's website in accordance with the relevant legislation.

In 2023, there were no transactions where the decision was left to the General Assembly due to the lack of affirmative votes by the majority of the Independent Board Members.

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

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

2.4 Voting Rights and Minority Rights

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

Each holder of ten shares or each person representing such number of shares shall have one vote at the General Assembly meetings. Holders of more than ten shares shall have the right to vote without limitation in a number to be determined according to the above proportion.

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

Our Company does not use cumulative voting method.

2.5 Dividend Rights

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

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

2023

VAKIF FİNANSAL KİRALAMA A.Ş.
CORPORATE MANAGEMENT PRACTICES

According to this;

- The Board of Directors makes proposals to the General Assembly for dividend distribution, taking into consideration the CMB legislation, market conditions and the Company's objectives. As a dividend distribution policy, it is envisaged that at least 10% of the distributable profit will be distributed in the form of cash and/or dematerialized shares, provided that there is no unfavorable change in world and national economic conditions and that the Company's financial structure and capital adequacy ratios are at the foreseen levels.

- The distribution decision becomes effective upon approval at the General Assembly Meeting and the decisions taken are announced to the public on the same day via the Public Disclosure Platform.

- Dividends per share of the shares to be issued by the Company shall be distributed equally to all shareholders. The Company may consider distributing dividend advances in accordance with the provisions of applicable legislation.

- Cash dividend payments are made no later than the end of the second month following the date of the General Assembly meeting at which the dividend distribution decision is taken. Dividend distribution in the form of bonus shares is realized after obtaining legal permissions.

- There are no privileged shares in terms of dividend distribution.

- If dividend distribution is not made, the Board of Directors informs the shareholders why it was not distributed and where the undistributed profit was used.

- The Company's Articles of Association, the Capital Markets Law, the provisions of the Capital Markets Board's communiqués and the Turkish Commercial Code shall be complied with in dividend distributions.

The Company's Board of Directors submits its proposal for dividend distribution to the General Assembly every year and to the shareholders through the annual report prior to the General Assembly. The Board of Directors' proposal for dividend distribution is discussed and resolved at the General Assembly. The decision taken in 2023 regarding dividend distribution for the year 2022 has been implemented and the necessary notifications have been made to the official authorities. In addition, the relevant decision was announced to the public on the same day through the Public Disclosure Platform.

2.6 Transfer of Shares

Our Company's Articles of Association do not contain any provisions restricting the transfer of shares. According to Article 7 of the Articles of Association, all of the Company's shares are registered shares and their transfer is possible in compliance with the provisions of the legislation.

PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Company Website and its Content

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

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

3.2 Annual Report

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

STAKEHOLDERS

4.1 Informing Stakeholders

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

In order to ensure the flow of accurate and reliable information, quarterly financial statements are shared with investors via the website and disclosed on PDP. All questions and requests from investors are answered by phone and e-mail.

VAKIF FİNANSAL KİRALAMA A.Ş. CORPORATE MANAGEMENT PRACTICES

2023

4.2 Stakeholder Participation in Management

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

Committee Meetings: Decisions taken at regular committee meetings are implemented by the Company.

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

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

4.3 Human Resources Policy

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

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

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

4.4 Code of Ethics and Social Responsibility

- Full compliance with legislated regulations
- Honesty, transparency and reliability in relations with customers, vendors and creditors
- Operate on the grounds of economic development as well as profitability
- Respecting information and confidentiality and keeping secrets
- Not creating unfair competition by considering the common interest of the sector.

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

4.5 Sustainability Policy

Pursuant to the provisions of the Communiqué on Amendments to the Capital Markets Board Corporate Management Communiqué (II-17.1) (II-17.1.a), an Environmental and Social Policy Text and an Environmental and Social Impacts Working Group have been established with the approval of the Board of Directors of our company in order to comply with the sustainability principles and to establish an environmental and social risk management policy, the implementation of which is voluntary, and the relevant text has been published under the corporate communication tab of our website. Sustainability Reports are available at www.kap.org.tr/tr/sirket-bilgileri/ozet/1115-vakif-finansal-kiralama-a-s.

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

2023

VAKIF FİNANSAL KİRALAMA A.Ş.
CORPORATE MANAGEMENT PRACTICES

BOARD OF DIRECTORS

5.1 Structure and Composition of the Board of Directors

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

"The affairs and management of the Company shall be carried out by a board of directors consisting of at least 6 members including the general manager. The board of directors elects a chairman from among its members and an assistant chairman to act in his absence. The duties of general manager and chairman of the board of directors cannot be combined in the same person. The members other than the general manager are elected by the shareholders at the general assembly in accordance with the provisions of the Turkish Commercial Code. The majority of the members of the board of directors shall consist of non-executive members. Among the non-executive members of the Board of Directors, there are independent members who are qualified to perform their duties without being influenced under any circumstances and whose number and qualifications are determined in accordance with the regulations of the Capital Markets Board on Corporate Management and the provisions of the relevant legislation. The General Manager of the Company, or in his absence, his assistant, is a natural member of the Board of Directors. The general manager and his/her assistant must have a bachelor's degree and at least seven years of professional knowledge and experience in finance or business administration. In the implementation of the provisions of this article, the provisions of the Financial Leasing, Factoring and Financing Companies Law No. 6361 and related legislation are reserved."

NAME and Surname	DUTY	DATE OF START FOR OFFICE
Hazım AKYOL	Chairman of the Board of Directors	26/06/2019
Halil ÇELİK	Assistant Chairman of the Board of Directors - Independent Member	26/06/2019
	Audit Committee - Chairman	01/04/2022
	Corporate Management Committee - Chairman	01/04/2022
Emine UYUMAZ	Board Member	03/04/2018
Eren SÜZEN	Board Member	25/06/2020
	Corporate Management Committee - Member	01/04/2022
Savaş Atanur KAZAZ	Board Member - Independent Member	01/04/2021
	Audit Committee-Member	05/04/2021
	Early Detection of Risk Committee - Chairman	05/04/2021
Selçuk GÖKBAYRAK	Board Member - Independent Member	01/04/2022
	Early Detection of Risk Committee - Member	01/04/2022
Mustafa ERDİN	Board Member - General Manager	05/05/2021

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

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

In accordance with the provisions of the CMB Communiqué Serial: IV No: 56 of the CMB Communiqué on the Determination and Implementation of Corporate Management Principles, the number of independent members has been determined as three. Halil ÇELİK, Savaş Atanur KAZAZ, Selçuk GÖKBAYRAK have the independence criteria specified in the CMB's Corporate Management Principles numbered 4.3.6 and 4.3.7, and these persons have independence declarations within the framework of the criteria specified in the legislation, articles of association and the relevant communiqué.

The independent members of the Board of Directors have declared that they are independent and there is no situation that eliminates their independence as of the relevant activity period.

VAKIF FİNANSAL KİRALAMA A.Ş. CORPORATE MANAGEMENT PRACTICES

2023

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

NAME SURNAME	OTHER GROUP COMPANIES WHERE HE IS ASSIGNED DUTY	DUTY
Hazım AKYOL	T. Vakıflar Bankası T.A.O.	Assistant General Manager
Emine UYUMAZ	T. Vakıflar Bankası T.A.O.	Commercial Loans Allocation Head of Management
Eren SÜZEN	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O. Yenimahalle Regional Manager
Savaş Atanur KAZAZ	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sendikası Vakfı Audit Committee Member, Girişim A.Ş. Board Member

5.2 Operating Principles of the Board of Directors

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

The agendas of the Board of Directors meetings are determined according to the issues and authorizations specified in the Articles of Association. 41 Board of Directors meetings were held during the period 01.01.2023 - 31.12.2023. The Board of Directors convenes at the location of the Company's headquarters or at the location requested by the majority of the members of the Board of Directors as required by the Company's business and operations. However, it is obligatory to convene at least once a month. The

provisions of the Turkish Commercial Code shall apply to the quorum for the Board of Directors meetings and the quorum for decisions. The General Manager's Secretariat is responsible for informing and communicating with the members of the Board of Directors. Decisions that need to be disclosed to the public are disclosed to the public immediately after the end of the meeting.

- Determining the areas in which the Company will operate and approving business and financing plans,
- Issues related to the convening and organization of the Ordinary / Extraordinary General Assembly,
- Finalization of the annual report to be submitted to the General Assembly,
- Election of the Chairman and Vice Chairman of the Board of Directors and appointment of new members,
- Creation or termination of administrative units,
- Appointment or dismissal of the Chief Executive Officer/General Manager,
- Formation of committees,
- Merger, demerger, restructuring, sale of the entire company or 10% of the fixed assets or investment of more than 10%, expenditure of more than 10% of the total assets,
- Determination of the Company's dividend policy and the profit to be distributed,
- All members actually participate in the meetings held on issues such as capital increase or decrease.

5.3 Number, Structure and Independence of the

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

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

5.4 Risk Management and Internal Control Mechanism - Internal control:

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

2023

VAKIF FİNANSAL KİRALAMA A.Ş.
CORPORATE MANAGEMENT PRACTICES

A systematic and disciplined approach is taken to ensure that the Company's activities, systems and processes are carried out in accordance with legal regulations, management strategies and policies, and leasing practices, and to ensure compliance with directives, workflows and employee authority and responsibility, and recommendations are made to identify risks and take measures to prevent and/or mitigate them.

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

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

At the same time, the Internal Control Manager, as the exclusive Compliance Officer, is also responsible for taking the necessary measures throughout the Company to comply with the Financial Crimes Investigation Board's legal regulations, carrying out training and control activities and ensuring communication with the Board.

- Risk Management:

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

The risk management process is a cycle in which risks that pose or are likely to pose an obstacle to the realization of the strategic objectives of the organization are identified, defined, classified, prioritized as a result of risk assessment, evaluated and monitored.

5.5 Strategic Objectives of the Company

The strategic targets set by our managers are evaluated at the end of each year and the targets for the coming year are approved. In addition, our Board of Directors evaluates the achievement of the targets set.

5.6 Financial Rights

At the Ordinary General Assembly Meeting dated August 11, 2023, it was decided to pay a monthly net payment of TL 16,000 to the members of the Board of Directors.

There is no other remuneration or rights granted to the members of the Board of Directors. Remuneration and benefits earned by the members of the Board of Directors are not determined according to their performance. Defects and damages that may be caused by the members of the Board of Directors during the execution of their duties are not insured.

The Company has not made any loans or credits to any Board Member, nor has it made any personal loan to any person through a third party, and there are no guarantees or collateral, such as indemnities, given by the Company for the benefit of any third party.

In accordance with Corporate Management Principles, remuneration and all other benefits provided to board members and senior executives are disclosed to the public through the annual report. However, the disclosure is not made on an individual basis, but in a way to distinguish between board members and senior executives.

In 2023, our Company paid gross salaries of TL 1,961 thousand to the Members of the Board of Directors and TL 12,807 thousand to the General Manager and Assistant General Managers.

✓ DECLARATIONS OF INDEPENDENCE WITHIN THE SCOPE OF THE COMMUNIQUÉ ON THE DETERMINATION AND APPLICATION OF CORPORATE MANAGEMENT PRINCIPLES

2023

VAKIF FİNANSAL KİRALAMA A.Ş. İSTANBUL

MY DECLARATION OF INDEPENDENCE WITHIN THE SCOPE OF THE CORPORATE MANAGEMENT COMMUNIQUÉ

a) I have complied with the principle that there is no employment relation in a managerial position to undertake important duties and responsibilities within the last five years between the Company, the partnerships in which the Company has management control or significant influence, the shareholders who have management control or significant influence in the Company and the legal entities in which these shareholders have management control, and the Company itself, its spouse and blood relatives and relatives by marriage up to second degree and I have complied with the principle of not owning, jointly or individually, more than 5% of the capital or voting rights or privileged shares, or not having established a material business relationship,

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

c) I have the professional training, knowledge and experience to duly fulfill the duties to be undertaken due to being an independent member of the Board of Directors,

ç) Not working full-time in public institutions and organizations after being elected as a member, except for university faculty membership, provided that it is in accordance with the legislation to which they are affiliated,

d) I will be a resident in Turkey according to Income Tax Law (G.V.K.) dated 31.12.1960 and numbered 193

e) I have strong ethical standards, professional reputation and experience to make positive contributions to the Company's activities, to maintain impartiality in conflicts of interest between the Company and shareholders, and to make decisions freely by taking into account the rights of stakeholders,

f) I am able to allocate time for company affairs to the extent that I can follow the functioning of the company's activities and fully fulfill the requirements of the duties undertaken,

g) I have not been a member of the Board of Directors of the Company for more than six years within the last ten years,

ğ) The same person is not serving as an independent member of the Board of Directors in more than three of the companies in which the company or the shareholders who control the management of the company control the management and in more than five of the companies traded on the stock exchange in total,

h) I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors, In the event that a situation arises that removes my independence, I will immediately notify the board of directors of the change to be disclosed to the public, in which case I will resign from my board membership and duties in principle due to the loss of my independence, I declare, accept and undertake above statements. 14.08.2023

Halil ÇELİK
Independent Board Member

2023

DECLARATIONS OF INDEPENDENCE WITHIN
THE SCOPE OF THE COMMUNIQUÉ ON THE
DETERMINATION AND APPLICATION OF
CORPORATE MANAGEMENT PRINCIPLES**VAKIF FİNANSAL KİRALAMA A.Ş.**
İSTANBUL**MY DECLARATION OF INDEPENDENCE WITHIN THE SCOPE OF THE CORPORATE MANAGEMENT COMMUNIQUÉ**

a) I have complied with the principle that there is no employment relation in a managerial position to undertake important duties and responsibilities within the last five years between the Company, the partnerships in which the Company has management control or significant influence, the shareholders who have management control or significant influence in the Company and the legal entities in which these shareholders have management control, and the Company itself, its spouse and blood relatives and relatives by marriage up to second degree and I have complied with the principle of not owning, jointly or individually, more than 5% of the capital or voting rights or privileged shares, or not having established a material business relationship,

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

c) I have the professional training, knowledge and experience to duly fulfill the duties to be undertaken due to being an independent member of the Board of Directors,

ç) Not working full-time in public institutions and organizations after being elected as a member, except for university faculty membership, provided that it is in accordance with the legislation to which they are affiliated,

d) I will be a resident in Turkey according to Income Tax Law (G.V.K.) dated 31.12.1960 and numbered 193

e) I have strong ethical standards, professional reputation and experience to make positive contributions to the Company's activities, to maintain impartiality in conflicts of interest between the Company and shareholders, and to make decisions freely by taking into account the rights of stakeholders,

f) I am able to allocate time for company affairs to the extent that I can follow the functioning of the company's activities and fully fulfill the requirements of the duties undertaken,

g) I have not been a member of the Board of Directors of the Company for more than six years within the last ten years,

ğ) The same person is not serving as an independent member of the Board of Directors in more than three of the companies in which the company or the shareholders who control the management of the company control the management and in more than five of the companies traded on the stock exchange in total,

h) I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors, In the event that a situation arises that removes my independence, I will immediately notify the board of directors of the change to be disclosed to the public, in which case I will resign from my board membership and duties in principle due to the loss of my independence, I declare, accept and undertake above statements. 14.08.2023

Savaş Atanur KAZAZ
Independent Board Member

✓ DECLARATIONS OF INDEPENDENCE WITHIN THE SCOPE OF THE COMMUNIQUÉ ON THE DETERMINATION AND APPLICATION OF CORPORATE MANAGEMENT PRINCIPLES

**VAKIF FİNANSAL KİRALAMA A.Ş.
İSTANBUL**

MY DECLARATION OF INDEPENDENCE WITHIN THE SCOPE OF THE CORPORATE MANAGEMENT COMMUNIQUÉ

- a) I have complied with the principle that there is no employment relation in a managerial position to undertake important duties and responsibilities within the last five years between the Company, the partnerships in which the Company has management control or significant influence, the shareholders who have management control or significant influence in the Company and the legal entities in which these shareholders have management control, and the Company itself, its spouse and blood relatives and relatives by marriage up to second degree and I have complied with the principle of not owning, jointly or individually, more than 5% of the capital or voting rights or privileged shares, or not having established a material business relationship,
- b) Within the last five years, I have complied with the principle of being an employee or a member of the Board of Directors in a managerial position that will assume important duties and responsibilities as a partner (5% or more) in companies from which the company purchases or sells services or products to a significant extent within the framework of the agreements made, especially the audit, (including tax audit, legal audit, internal audit) rating and consultancy of the company, during the periods when the services or products are sold,
- c) I have the professional training, knowledge and experience to duly fulfill the duties to be undertaken due to being an independent member of the Board of Directors,
- ç) Not working full-time in public institutions and organizations after being elected as a member, except for university faculty membership, provided that it is in accordance with the legislation to which they are affiliated,
- d) I will be a resident in Turkey according to Income Tax Law (G.V.K.) dated 31.12.1960 and numbered 193
- e) I have strong ethical standards, professional reputation and experience to make positive contributions to the Company's activities, to maintain impartiality in conflicts of interest between the Company and shareholders, and to make decisions freely by taking into account the rights of stakeholders,
- f) I am able to allocate time for company affairs to the extent that I can follow the functioning of the company's activities and fully fulfill the requirements of the duties undertaken,
- g) I have not been a member of the Board of Directors of the Company for more than six years within the last ten years,
- ğ) The same person is not serving as an independent member of the Board of Directors in more than three of the companies in which the company or the shareholders who control the management of the company control the management and in more than five of the companies traded on the stock exchange in total,
- h) I have not been registered and announced on behalf of the legal entity elected as a member of the Board of Directors, In the event that a situation arises that removes my independence, I will immediately notify the board of directors of the change to be disclosed to the public, in which case I will resign from my board membership and duties in principle due to the loss of my independence, I declare, accept and undertake above statements. 14.08.2023

Selçuk GÖKBAYRAK
Independent Board Member

2023

ENGAGEMENT REPORT 2023

Subsidiary Company Report prepared in accordance with Article 199 of the Turkish Commercial Code

Pursuant to Article 199 of the Turkish Commercial Code No. 6102, which entered into force on July 1, 2012, the report on the relations of Vakıf Finansal Kiralama A.Ş. with its controlling shareholder T.Vakıflar Bankası T.A.O. and the subsidiaries of the controlling shareholder in the previous activity year has been evaluated. Within the framework of the information presented to our Board of Directors, it has been concluded that in all transactions Vakıf Finansal Kiralama A.Ş. made with its controlling shareholder and the subsidiaries of the controlling shareholder in 2023, according to the circumstances and conditions known to us at the time the transaction was made or the measure was taken or avoided to be taken, an appropriate counter performance was provided in each transaction and there were no measures taken or avoided to be taken that could cause damage to the company and within this framework, there were no transactions or measures that would require equalization.

DISCLOSURES MADE WITHIN THE SCOPE OF CORPORATE MANAGEMENT COMMUNIQUÉ

- ✓ In 2023, the Company increased its paid-in capital from TL 600,000 thousand to TL 1,000,000 thousand. The increased amount was covered from the profit of 2022. At the Board of Directors Meeting dated 14.12.2023, the Company's paid-in capital was increased from TL 1,000,000 thousand to TL 2,000,000 thousand. As of the date of the report, the related application has not yet been approved by the CMB. There has been a change in the organization chart.
- ✓ In 2023, the shares of our company (VAKFN), which were traded on the Main Market of Borsa Istanbul A.Ş., Equity Market, started to be traded on the StarsMarket as of 02.01.2024.
- ✓ In 2023, there were no research and development activities.
- ✓ During the 2023 accounting period, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. conducted a limited independent audit on 30.06.2023 and an independent audit on 31.12.2023. In addition, the Company's financial statements have been audited quarterly by Vezin YMM A.Ş. within the scope of corporate tax full certification.
- ✓ There are no ongoing lawsuits or legal proceedings against the Company that may have a negative impact on the Company's financial position or results of operations.
- ✓ There are no administrative and judicial sanctions imposed on the Company and the members of the management body due to practices contrary to the provisions of the legislation.
- ✓ In 2023, no extraordinary general assembly meeting was held.
- ✓ The Company has not acquired any of its own shares.
- ✓ Vakıf Leasing's turnover increased by 87% in 2023 compared to the previous year, rising from USD 402,095 thousand to USD 752,207 thousand. The number of transactions increased by 14% from 964 in 2022 to 1,102 in 2023.
- ✓ Vakıf Leasing's capitalized contract amount increased by 122% in 2023 compared to the previous year and was realized as 706,912 thousand USD. In 2022, the capitalized contract amount was realized as 319,019 thousand USD. The number of capitalized contracts, which was 964 in 2022, increased by 20% to 1,157 in 2023.
- ✓ Aiming for disciplined growth, the Company has been selective in its growth in order to manage the pressure on profit margins, which has increased as a result of competition, in an effective and balanced manner, while not compromising on its strategy of building a broad-based and high quality portfolio in terms of the volume of transactions realized.
- ✓ As of the end of 2023, the paid-in capital of the Company is TL 1,000,000,000 thousand and there is no evidence and opinion that the capital is uncovered and the Company is insolvent.

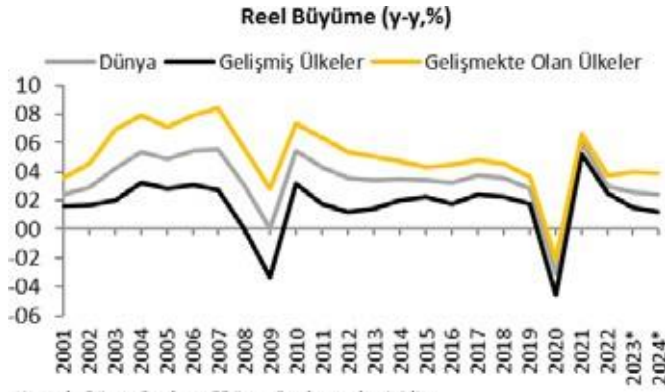


✓ 2023 IN THE WORLD
AND TURKEY

2023

2023 IN THE WORLD AND TURKEY / GLOBAL
ECONOMY

2023 was a year in which supply chain disruptions, the sharp rise in energy prices caused by the Israeli-Palestinian war and the US interest rate cut were priced in.



After inflation started to rise in global economies and reached historically high levels, interest rate hikes, especially in developed countries, continued in 2023. However, rising interest rates also brought fears that economies would enter recession. The first half of 2023 was dominated by both high inflation and recession concerns. However, towards the end of the year, inflation rates started to fall. Moreover, the feared recession did not materialize.

In March, the largest bank bankruptcy in the US since the global crisis took place. With the bank bankruptcy, gold prices started to rise as the markets' safe-haven demand increased. After OPEC+'s surprise decision to cut production at the end of March, oil prices moved upwards. The "debt limit or debt ceiling" is the upper limit of the amount of money that the US government can borrow to pay its debts. After the crisis was effective throughout May, an agreement in principle was reached at the end of the month and had a short-lived impact on global markets. The war that broke out in the last quarter of the year as a result of the Hamas operation against Israel caused disruptions in the supply chain and fluctuations in commodity prices.

Interest rates in global economies have reached
historically high levels.

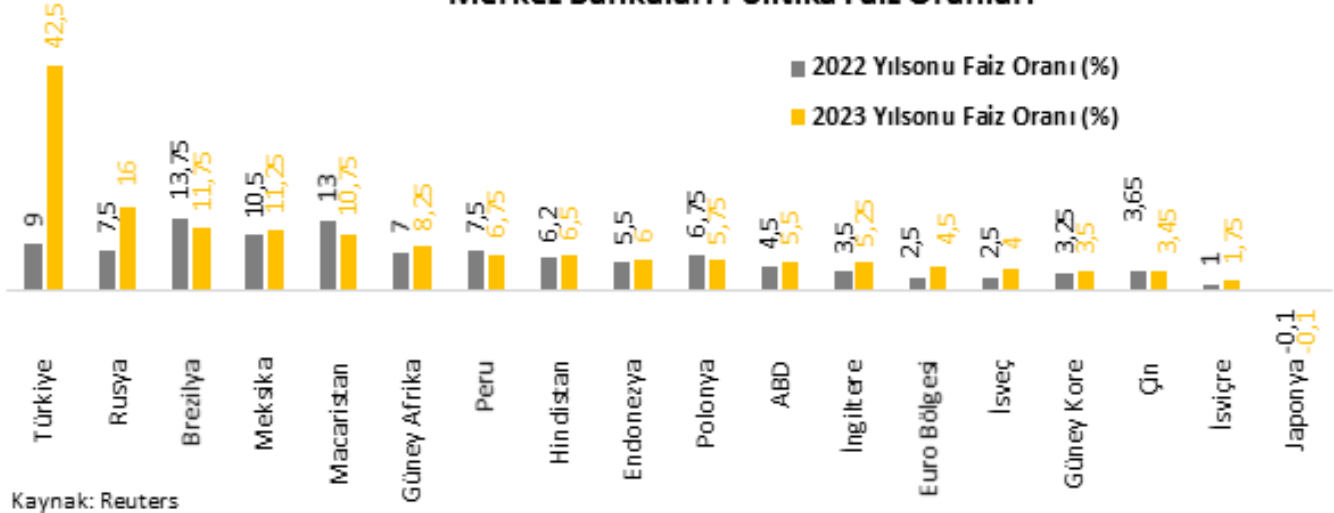
Due to reasons such as the post-pandemic recovery and the upward pressure on commodity prices caused by the Russia-Ukraine war, many central banks started to tighten monetary policy with rapid interest rate hikes against rising inflation in 2022. 2023 also started with interest rate hikes. Central banks of developed countries such as the US, the Eurozone and the UK continued to raise interest rates to reduce inflation. However, especially the last quarter of the year was a period when interest rate cuts started to be discussed. Although inflation did not fall to target levels, the slowdown in the increase in inflation and the stagnation in growth led to discussions that interest rate cuts might start. While the US Federal Reserve (FED) raised interest rates by a total of 100 basis points in 2023, it was the Bank that started the interest rate cut discussions by leaving interest rates unchanged in the last four meetings. As a result, the FED announced at its December meeting that the tightening may have come to an end and interest rate cuts may start in 2024.

The European Central Bank (ECB), which started raising interest rates later than the FED, raised rates by 200 basis points in 2023. The Bank, which last raised interest rates in September, signaled that interest rate hikes had come to an end by keeping rates constant in the following meetings. In addition, the Bank announced in December that the reinvestment under the €1.7 trillion Pandemic Emergency Asset Purchase Program (PEPP) will not continue after the end of 2024 and will reduce the reinvestment of income from the PEPP program by 7.5 billion euros per month from the second half of 2024.

2023

2023 IN THE WORLD
AND TURKEY

Merkez Bankaları Politika Faiz Oranları



Another central bank that continued its tight monetary policy was the Bank of England (BoE). The BoE raised interest rates in 14 consecutive meetings starting from December 2021 and raised the policy rate to 5.25% in 2023, the highest level in the last fifteen years, with a total of 175 basis points. Although the BoE kept interest rates unchanged in the last three meetings of the year, it signaled that it was too early for rate cuts, stating that interest rates should be "sufficiently restrictive for a long time" to rein in inflation.

While many central banks of developed and emerging economies raised interest rates, the Bank of Japan (BoJ) maintained its negative interest rate. At the first meeting held in April after the new BoJ Governor Kazuo Ueda took office, it was announced that monetary policy would be comprehensively reviewed. Thus, it was thought that the foundation for the gradual termination of the comprehensive economic support program implemented by the former Governor was laid and the first step was taken in July. At the July meeting, the BoJ changed the yield curve control to allow the 10-year yield to fluctuate around 0.5%. This level, previously seen as a hard limit by the BoJ, was now called the "reference point". In October, the BoJ announced that it would adopt a more flexible approach to the control of 10-year bond yields and that 1% would be taken as the reference point.

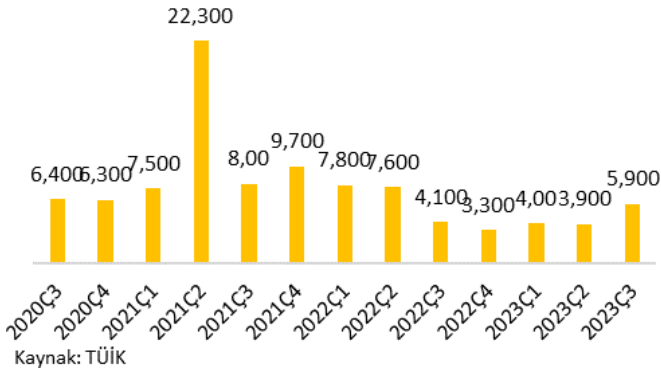
✓ 2023 IN THE WORLD
AND TURKEY

2023

TURKISH ECONOMY

The Turkish economy recorded strong growth in the first three quarters of 2023.

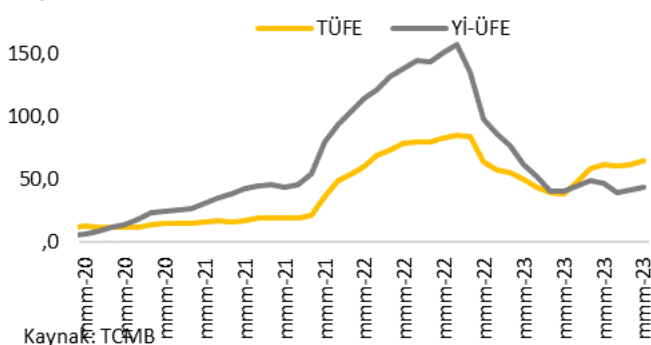
Türkiye Reel Büyüme Oranı (y-y, %)



Turkish economy, which ended 2022 with a growth rate of 5.6% thanks to the recovery in domestic demand and the competitive exchange rate, grew by 4% in the first quarter of 2023 compared to the same quarter of the previous year. The services sector played an important role in growth in the first quarter. In the second quarter, the growth rate was close to the first quarter as the high inflation environment pushed demand forward, as well as increased investments during the election period and post-earthquake investments. In the second quarter, household consumption once again made the largest contribution to growth, albeit at a slightly slower pace compared to the previous quarter. Thus, Turkish economy maintained its strong outlook in the second quarter and grew by 3.9%, close to expectations. In the third quarter of the year, Turkish economy grew by 5.9%, above market expectations. Although the effects of the tightening in financial conditions will become more pronounced in the last quarter and a slowdown is expected compared to the third quarter, the growth rate is expected to be 4.4% or higher than the Medium Term Program target of 4.4% in 2023, led by the contribution from the industrial production index with the contribution

Inflation remained high throughout the year.

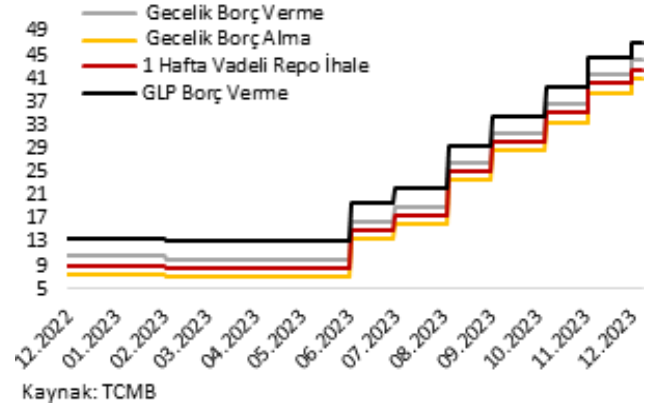
Enflasyon Göstergeleri (y-y, %)



In 2022, inflation rose to historically high levels and fell from peak levels in 2023. Nevertheless, inflation remained high. After moving downwards in the first six months of the year due to the base effect from last year, inflation moved upwards again in the second half of the year. This was driven by tax hikes following the earthquake disaster in February, minimum wage hikes, and the rise in exchange rates during the year, the rise in commodity prices and the high course of current inflation. Thus, in 2022 The Consumer Price Index (CPI), which had risen as high as 85.5%, fell to 38.2% in June 2023 and ended the year at 64.77%. The Domestic Producer Price Index (D-PPI), on the other hand, experienced a more pronounced retreat in 2023. In particular, the discount on natural gas and electricity used in industry during the year supported the D-PPI downward. Thus, D-PPI, which ended 2022 at 97.7%, ended 2023 at 44.2%.

CBRT raised the policy rate by 34 points.

TCMB Faiz Oranları (%)

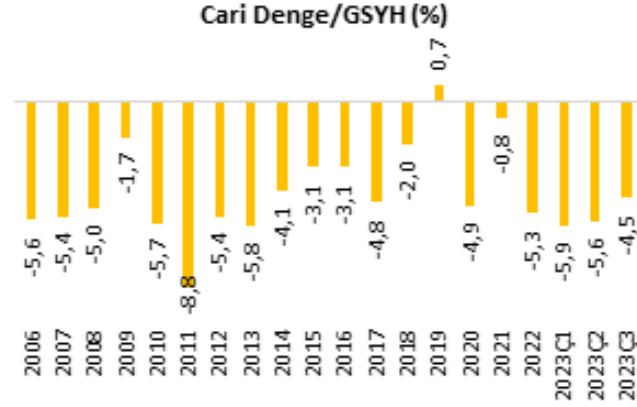


Starting 2023 with an interest rate cut in February, the Central Bank of the Republic of Turkey (CBRT) started to tighten monetary policy in June. First raising interest rates by 650 basis points in June, the CBRT raised the policy rate by a total of 3400 basis points in seven consecutive meetings, raising the policy rate from 8.5% to 42.5%. Following an inflation-oriented policy, the CBRT abandoned the liraization strategy that had started to be implemented in 2022 in addition to the rate hikes. As a result, the Exchange Rate Protected Deposit account was terminated at the end of the year. Since June, the CBRT has taken decisions on simplification, quantitative tightening and selective lending within the macro-prudential framework.

2023

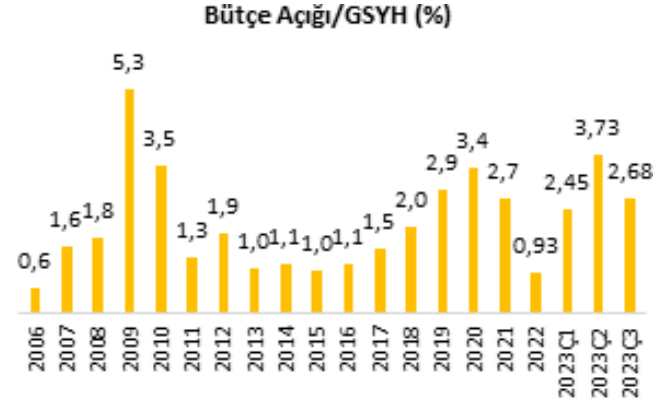
2023 IN THE WORLD
AND TURKEY

In 2023, developments in energy and gold imports slowed the increase in the current account deficit.



The current account balance, which posted a deficit of 43.1 billion dollars in the first eleven months of 2022, increased slightly in the same period of 2023 to 43.6 billion dollars deficit. Developments in the two most important items that make up the foreign trade deficit, energy and gold imports, slowed the increase in the current account deficit. Oil prices, which declined compared to last year due to supply-side problems triggered by concerns in the markets about disruptions in the supply chain, led to an annual decline in energy imports. On the other hand, the restrictions imposed on gold imports led to an annual decline in gold imports as of February, while the 20% additional financial obligation imposed on gold imports in August made the annual decline in gold imports more evident as of October. These developments on the commodity side had a positive impact on the current account deficit, particularly the surplus in June and October. However, despite all these positive developments, the 12-month cumulative current account deficit was higher than last year. According to the latest November data, the 12-month cumulative current account deficit of USD 49.6 billion will end the year above the MTP expectation of USD 42.5 billion.

The budget balance posted a record deficit in February due to the earthquake.



The budget balance, which posted a record deficit in February due to the earthquake, continued to run a deficit in March and April. In May, the budget balance posted a record surplus and recovered in the second quarter of the year thanks to the rapid increase in corporate tax as well as the increase in special consumption tax. In June, budget expenditures increased sharply due to the continuation of salary payments to those who are still in retirement age (EYT) and the inability to cut expenditure items due to the ongoing effects of the earthquake on the budget. The SCT hike on fuel and natural gas and the increase in value-added tax in July and August contributed to the surplus in the budget balance. The budget, which posted a deficit in September and October due to the transfer to BOTAŞ for the first time in 6 months, posted a surplus despite the continuation of the transfer to BOTAŞ that started in September, especially with the contribution of the strong increase in corporate tax and the additional motor vehicles tax. After the budget deficits of 532.4 billion TRY in the first 11 months of 2023, the market expectation was that the budget deficit/GDP would end the year much lower than the 6.4% level in the MTP, as the earthquake-related expenditures were postponed to 2024 and the trend in budget performance would continue in December. The fact that the budget deficit figure realized only in December was well above what was announced in the first 11 months showed that the transfer of earthquake expenditures was realized. In this context, although the MTP projected that the budget deficit/GDP would end the year at 6.4%, the December figure indicates that the ratio will be realized around 5.4%, the highest level since 2003.

✓ 2023 IN THE WORLD
AND TURKEY

2023

International credit rating agencies changed Turkey's credit rating and outlook.

Organization	Note	Investment	Last Revision Date	View	Former Decision
Fitch	B	Below Tier 4	September 8, 2023	Stable	Negative
S&P	B	Below Tier 4	November 30, 2023	Positive	Stable
Moody's	B3	Below Tier 5	January 14, 2024	Positive	Stable

Fitch affirmed Turkey's credit rating at 'B' and revised its outlook from 'negative' to 'stable' after 2 years. The revised outlook "reflects a return to a more conventional and consistent policy mix that reduces short-term macro-financial stability risks and alleviates balance of payments pressures".

S&P revised Turkey's credit rating outlook from 'stable' to 'positive' in an off-calendar review. The credit rating was affirmed as B. In its note, S&P emphasized that the credit rating could be increased in case of a more significant decline in the current account deficit, a decrease in dollarization and strengthening of foreign exchange reserves.

Moody's raised its outlook on Turkey's credit rating from "stable" to "positive", citing the change in monetary policy. Moody's stated that the change in policy increases the likelihood that inflation, which is currently quite high in the country, will come down to more sustainable levels. Moody's kept Turkey's credit rating unchanged at "B3".

In 2022, there was a sharp increase in the sector's net profit for the period. In 2023, after the sharp rise in the previous year, there was a significant decline in the annual rate of increase in profit. Thus, the sector's net profit for the period, which increased by 366.4% in 2022 increased by 37.6% in November 2022. The capital adequacy ratio, which stood at 19.46% at the end of 2022, was realized as 18.29% in November 2023.

VAKIF LEASING IN 2023

VAKIF LEASING IN 2023

Vakif Leasing's turnover increased by 87% in 2023 compared to the previous year, rising from USD 402,095 thousand to USD 752,207 thousand. The number of transactions increased by 14% from 964 in 2022 to 1,102 in 2023.

Vakif Leasing's capitalized contract amount increased by 122% in 2023 compared to the previous year and was realized as 706,912 thousand USD. In 2022, the capitalized contract amount was realized as 319,019 thousand USD. The number of capitalized contracts, which was 964 in 2022, increased by 20% to 1,157 in 2023.

Thousand USD-VAKIF LEASING

Period	2023	2022	Increase %
First Quarterly Period	107,919	47,366	127,8
Second Quarterly Period	178,927	61,265	192,1
Third Quarterly Period	192,885	89,685	115,1
Fourth Quarterly Period	227,181	120,703	88,2
TOTAL	706,912	319,019	121,6
Number of Contracts	1,157	964	20,0

✓ GENERAL EVALUATION

2023

GENERAL EVALUATION

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

Having intermediated USD 752 million worth of fixed asset investments in 2023, Vakıf Leasing has made significant contributions to the development of our country's economy, primarily by supporting SMEs.

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

With 35 years of experience, sector knowledge and solution-oriented employees, Vakıf Leasing offers alternative financing options. In 2023, Vakıf Leasing increased its assets to TL 26,233 million with an operational volume of USD 752 million, its financial leasing receivables to TL 26,671 million with an increase of 147%, and its shareholders' equity to TL 2,868 million with an increase of 116% compared to the previous year and continued its growth trend. In line with its sustainable targets in the coming period, Vakıf Leasing aims to concentrate especially on production machinery and aims to increase its market share in 2024 by supporting investments regardless of scale and sector.

Our goals for 2024 are to increase the number of new customers and to grow our operational volume in a healthy manner, taking into account Turkey's domestic market growth and commercial loan demand.

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

With the increasing awareness of our branches, we have experienced significant increases in our sales and marketing volume over the years. The increasing cooperation with our Bank and the transformation realized by our management in our company has had visible effects on our Company's financials. As Vakıf Leasing, we completed 2023 by concluding 1100 contracts and USD 750 million worth of contracts. We took our place among the top 3 companies in the sector in terms of asset size and increased our market share from 5% to 15%.



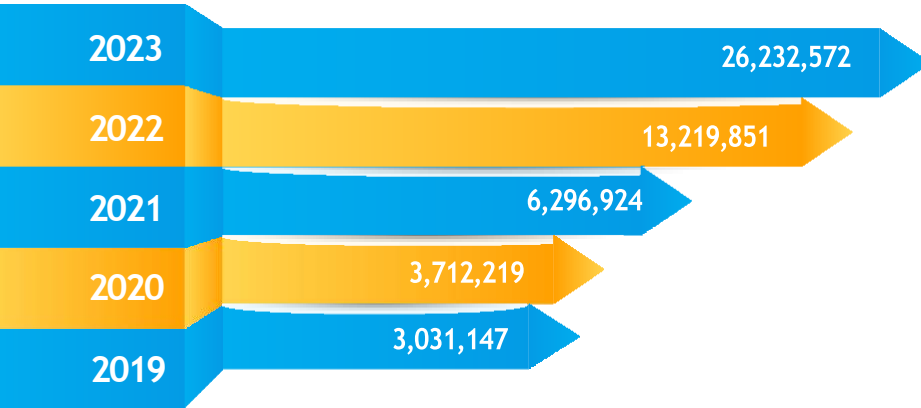
KEY FINANCIAL INDICATORS AND RATIOS

✓ KEY FINANCIAL INDICATORS AND RATIOS

2023

KEY FINANCIAL INDICATORS

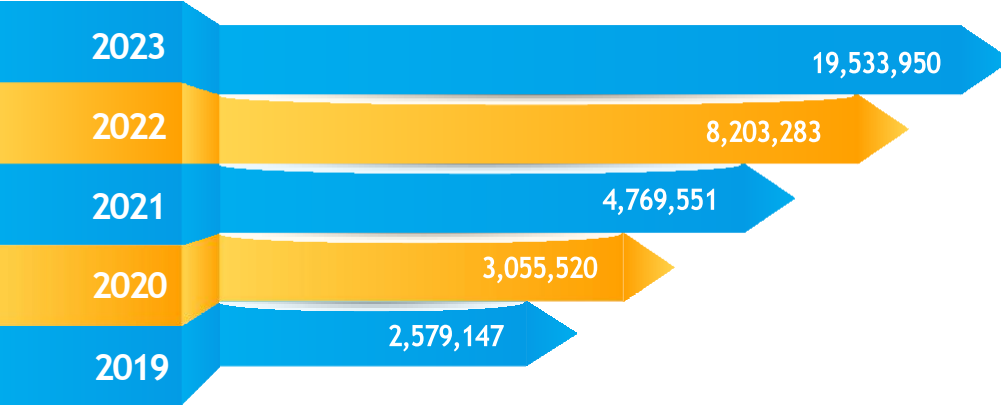
TOTAL ASSETS (Thousand TL)



+%98.4

Vakif Leasing's total assets increased by 98.4% compared to the previous year and amounted to TL 26,232,572 thousand.

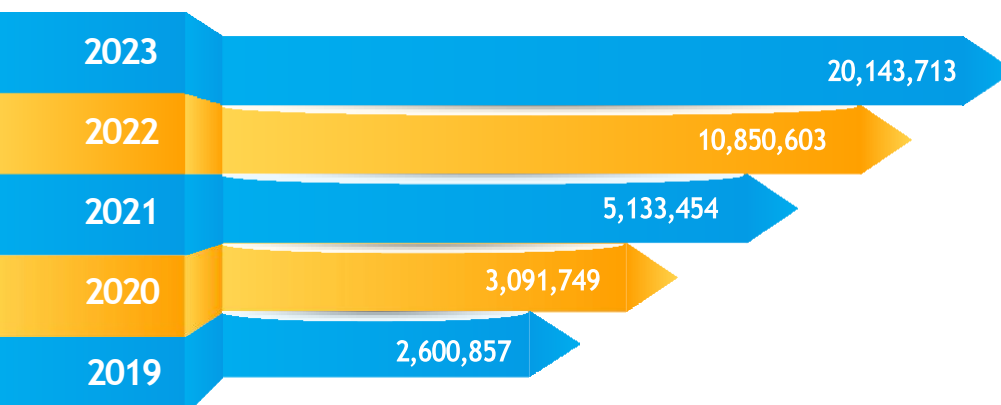
LEASE TRANSACTIONS (net) (thousand TL)



+%138.1

Vakif Leasing's total leasing transactions increased by 138.1% year-on-year to TL 19,533,950 thousand.

CREDITS RECEIVED



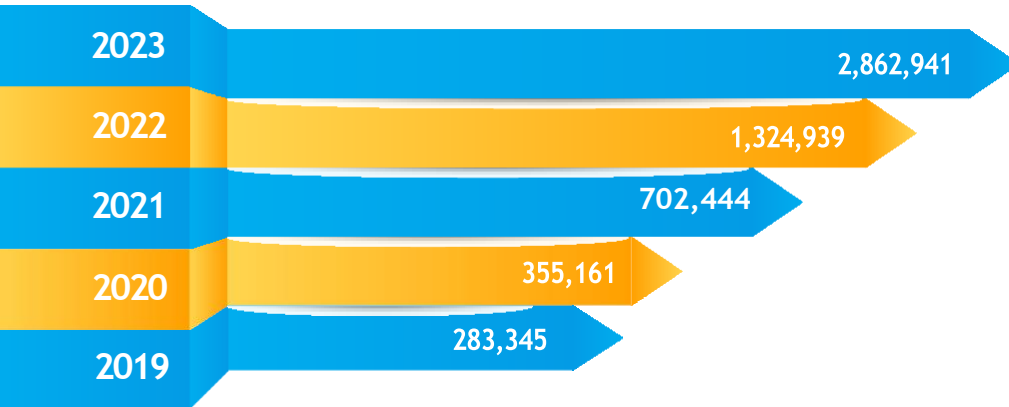
+%85.6

Vakif Leasing's total credits increased by 85.6% compared to the previous year and reached TL 20,143,713

2023

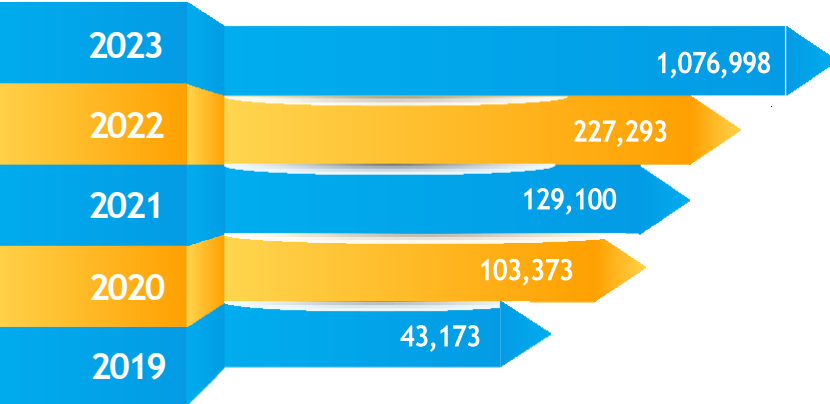
KEY FINANCIAL
INDICATORS AND
RATIOS

KEY FINANCIAL INDICATORS

SHAREHOLDERS' EQUITY
(Thousand TL)

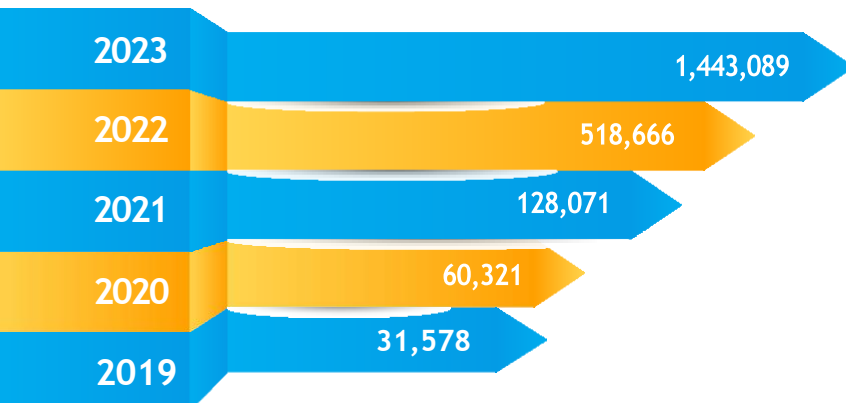
+%116.1

Vakif Leasing's total shareholders' equity increased by 116.1% to TL 2,862,941 thousand compared to previous year.

GROSS OPERATING PROFIT/LOSS
(Thousand TL)

+%373.8

Vakif Leasing's gross operating profit increased by 373.8% to TL 1,076,998 thousand compared to the previous year.

NET PROFIT
(Thousand TL)

+%178.3

Vakif Leasing's net profit increased by 178.3% compared to the previous year thousand and realized as TL 1,443,089

✓ KEY FINANCIAL INDICATORS AND RATIOS

2023

KEY RATIOS

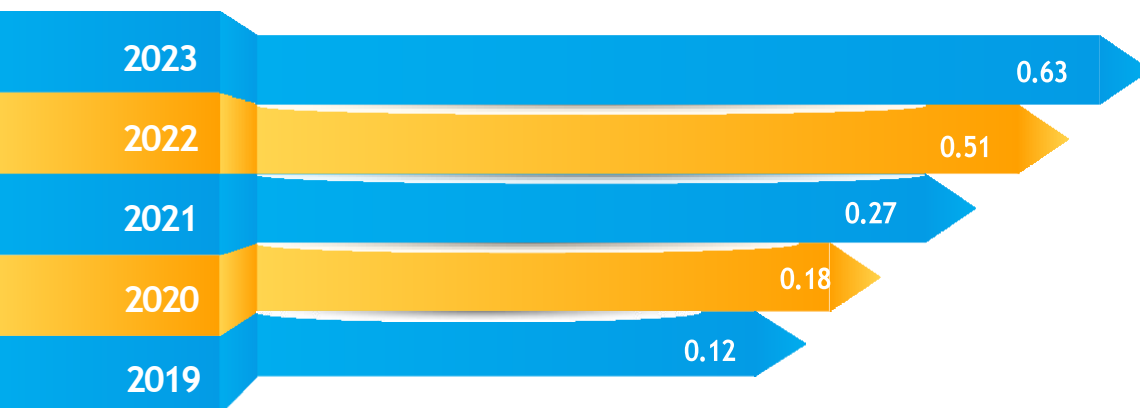
Return on Assets (ROA) - (Profit (Loss) for the Period / Average Assets)



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



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



2023

BASIN AÇIKLAMASI



RATING NOTIFICATION FORM

Rating Agency : JCR AVRASYA DERECELENDİRME A. .

Rated Organization : Vakıf Finansal Kiralama Anonim İrketi

Address : Maslak Mahallesi Taşyoncası Sokak No:1/F F2 Blok Kat:2 34485 Sarıyer, İstanbul-Turkey

Telephone and Fax No : 0212 352 56 73 - 0212 352 56 75

Date : 26 / 04 / 2023

Subject : Article 26 of the CMB Communiqué Serial VIII, No 51

CMB - Accounting Standards Department

Merkezi Kayıt Kuruluşu A. . - Public Disclosure Platform

"Vakıf Finansal Kiralama A. ." has been evaluated by JCR Eurasia.

Smooth development of operational and financial performance in 2022, TOA ratio in 2022, below industry averages, supporting asset quality, set and liability structure and increasing share of local currency loans mitigating credit risk, -owned leasing company, in the financial sector, together with a well-established position in the sector, High level of compliance with Corporate Governance Practices as a publicly traded company, experience of senior management and continuity of cocaine risk management practices, Challenging macro environment and highly competitive market conditions.

In essence, within the scope of the above issues, "Vakıf Finansal Kiralama A. "'s Long Term National Corporate Credit Rating has been revised from AA- (tr) to AA (tr) and all other ratings and outlooks are as follows.

Long Term National Corporate Credit Rating: AA (tr) / (Stable Outlook)

Short Term National Corporate Credit Rating: J1+ (tr) / (Stable Outlook)

Long Term International Foreign Currency Corporate Credit Rating: BB /

(Negative Outlook) Long Term International Local Currency Corporate Credit Rating: BB / (Negative Outlook)

Sincerely,

JCR AVRASYA DERECELENDİRME A. .

Zeki Metin ÇOKTAN

Assistant General Manager

evket GÜLE

Assistant General Manager

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*Vakıf Leasing
in 35th Year*



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



INDEPENDENT AUDITOR'S REPORT

2023



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Kat: 2-3-4 Daire: 54-57-59
34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vakıf Finansal Kiralama Anonim Şirketi,

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the accompanying financial statements of Vakıf Finansal Kiralama A.Ş. ("the Company") which comprise the statement of financial position as at 31 December 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.

2023

INDEPENDENT AUDITOR'S REPORT



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

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

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

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

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



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

In an independent audit, as auditors our responsibilities are:

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT



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

ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

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ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

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
I. CASH, CASH EQUIVALENTS AND BALANCES AT CENTRAL BANK	4	1,605,681	1,131,496	2,737,177	1,585,535	1,156,604	2,742,139
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5	-	626,179	626,179	-	-	-
III. DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	6	104,561	-	104,561	46,781	-	46,781
V. FINANCIAL ASSETS AT AMORTISED COST (Net)	7	13,312,645	6,293,622	19,606,267	4,113,233	4,182,610	8,295,843
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)	7	13,269,897	6,264,053	19,533,950	4,096,795	4,106,488	8,203,283
5.4.1 Finance Lease Receivables		19,316,739	7,354,516	26,671,255	6,106,482	4,694,976	10,801,458
5.4.2 Operational Lease Receivables		-	-	-	-	-	-
5.4.3 Unearned Income (-)		(6,046,842)	(1,090,463)	(7,137,305)	(2,009,687)	(588,488)	(2,598,175)
5.5 Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6 Non-Performing Loans	7	82,178	137,539	219,717	46,157	174,537	220,694
5.7 Expected Credit Loss (-) / Specific Provisions (-)	7	(39,430)	(107,970)	(147,400)	(29,719)	(98,415)	(128,134)
VI. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
6.1 Investments in Associates (Net)		-	-	-	-	-	-
6.2 Investments in Subsidiaries (Net)		-	-	-	-	-	-
6.3 Jointly Controlled Partnerships (Joint Ventures) (Net)		-	-	-	-	-	-
VII. TANGIBLE ASSETS (Net)	8	158,974	-	158,974	91,749	-	91,749
VIII. INTANGIBLE ASSETS AND GOODWILL (Net)	9	1,121	-	1,121	1,063	-	1,063
IX. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X. CURRENT TAX ASSETS	11	559,544	-	559,544	56,228	-	56,228
XI. DEFERRED TAX ASSET	11	-	-	-	-	-	-
XII. OTHER ASSETS	12	477,754	1,911,495	2,389,249	802,752	1,054,816	1,857,568
XIII. SUBTOTAL		16,220,280	9,962,792	26,183,072	6,697,341	6,394,630	13,091,971
XIII. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	10	49,500	-	49,500	128,480	-	128,480
13.1 Held for Sale		49,500	-	49,500	128,480	-	128,480
13.2 Non-Current Assets From Discontinued Operations		-	-	-	-	-	-
TOTAL ASSETS		16,269,780	9,962,792	26,232,572	6,825,821	6,394,630	13,219,851

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

ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

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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)

LIABILITIES	Note	Current Period 31 December 2023			Prior Period 31 December 2022		
		TL	FC	Total	TL	FC	Total
I. LOANS RECEIVED	13	12,024,426	8,119,287	20,143,713	6,612,885	4,237,718	10,850,603
II. FACTORING PAYABLES		-	-	-	-	-	-
III. LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV. LEASE PAYABLES	14	6,666	-	6,666	180	-	180
V. MARKETABLE SECURITIES (Net)	15	730,473	-	730,473	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VIII. PROVISIONS	17	28,199	11,497	39,696	25,185	107	25,292
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	7	3,677	11,497	15,174	9,258	107	9,365
8.4 Other provisions		-	-	-	-	-	-
IX. CURRENT TAX LIABILITIES	11	127,131	-	127,131	30,331	-	30,331
X. DEFERRED TAX LIABILITY	11	171,447	-	171,447	95,931	-	95,931
XI. SUBORDINATED DEBT		-	-	-	-	-	-
XII. OTHER LIABILITIES	18	1,668,092	482,413	2,150,505	328,415	564,160	892,575
SUBTOTAL		14,756,434	8,613,197	23,369,631	7,092,927	4,801,985	11,894,912
LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
XIII.1 Held For Sale		-	-	-	-	-	-
XIII.2 Related to Discontinued Operations		-	-	-	-	-	-
XIII. EQUITY	19	2,862,941	-	2,862,941	1,324,939	-	1,324,939
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
Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit or Loss		195,294	-	195,294	112,029	-	112,029
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 Extracordinary 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
TOTAL LIABILITIES		17,619,375	8,613,197	26,232,572	8,417,866	4,801,985	13,219,851

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

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ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

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 31 December 2023			Prior Period 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	131,435,983
IV.	COLLATERALS GIVEN		-	-	-	-	-	-
V.	COMMITMENTS	24	2,812,044	2,395,088	5,207,132	1,969,956	1,856,110	3,826,066
6.1	Irrevocable Commitments		1,681,795	456,767	2,138,562	731,183	595,389	1,326,572
6.2	Revocable Commitments		1,130,249	1,938,321	3,068,570	1,238,773	1,260,721	2,499,494
6.2.1	Lease Commitments		1,130,249	1,938,321	3,068,570	1,238,773	1,260,721	2,499,494
6.2.1.1	Finance Lease Commitments		1,130,249	1,938,321	3,068,570	1,238,773	1,260,721	2,499,494
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	41,965,499
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.

ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

2023

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
I. OPERATING INCOME		3,870,513	1,107,484
FACTORING INCOME		-	-
1.1 Factoring Interest Income		-	-
1.1.1 Discounted		-	-
1.1.2 Other		-	-
1.2 Factoring Fee and Commission Income		-	-
1.2.1 Discounted		-	-
1.2.2 Other		-	-
INCOME FROM FINANCING LOANS		-	-
1.3 Interest Income From Financing Loans		-	-
1.4 Fee and Commission Income From Financing Loans		-	-
LEASE INCOME		3,870,513	1,107,484
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
SAVING FINANCE INCOME		-	-
1.8 Dividends Received from Savings Financing Receivables		-	-
1.9 Fees and Commissions Received from Savings Financing Activities		-	-
II. FINANCE COST (-)		(2,616,876)	(800,022)
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)
III. GROSS PROFIT (LOSS) (I+II)		1,253,637	307,462
IV. OPERATING EXPENSES (-)	20	(176,639)	(80,169)
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		-	-
V. GROSS OPERATING PROFIT (LOSS) (III+IV)		1,076,998	227,293
VI. OTHER OPERATING INCOME	21	1,831,686	578,587
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	99,695
VII. PROVISION EXPENSES	7	(51,539)	(30,450)
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		-	-
VIII. OTHER OPERATING EXPENSES (-)	21	(754)	(83,620)
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)
IX. NET OPERATING PROFIT (LOSS) (V+...+VIII)		2,056,391	691,810
X. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XI. PROFIT (LOSS) FROM COMPANIES ACCOUNTED FOR USING EQUITY METHOD		-	-
XII. NET MONETARY POSITION GAIN (LOSS)		-	-
XIII. PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX (IX+X+XI+XII)		2,056,391	691,810
XIV. TAX PROVISION FOR CONTINUING OPERATIONS (+/-)	10	(613,302)	(173,244)
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		-	-
XV. NET PERIOD PROFIT (LOSS) FROM CONTINUING OPERATIONS (XIII+XIV)		1,443,089	518,566
XVI. INCOME ON DISCONTINUED OPERATIONS		-	-
16.1 Income on Assets Held for Sale		-	-
16.2 Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
16.3 Other Income on Discontinued Operations		-	-
XVII. EXPENSES ON DISCONTINUED OPERATIONS (-)		-	-
17.1 Expense on Assets Held for Sale		-	-
17.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
17.3 Other Expenses on Discontinued Operations		-	-
XVIII. PROFIT (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)		-	-
XIX. TAX PROVISION FOR DISCONTINUED OPERATIONS (+/-)		-	-
19.1 Current Tax Provision		-	-
19.2 Expense Effect of Deferred Tax		-	-
19.3 Income Effect of Deferred Tax		-	-
XX. NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII+XIX)		-	-
XXI. NET PROFIT OR LOSS FOR THE PERIOD (XV+XX)		1,443,089	518,566
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.

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ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

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		
I. CURRENT PERIOD PROFIT/LOSS		1,443,089	518,566
II. OTHER COMPREHENSIVE INCOME		83,265	71,675
2.1 Items that may not be Reclassified subsequently to Profit or Loss		83,265	71,675
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)
2.2 Items that may be Reclassified subsequently to Profit or Loss		-	-
2.2.1 Foreign Exchange Differences for Foreign Currency Transactions		-	-
2.2.2 Financial Assets for Which the Fair Value Difference is Recognised Through Other Comprehensive Income Valuation and/or Classification		-	-
Income/Expenses of Financial Assets		-	-
2.2.3 Cash Flow Hedge Income/Losses		-	-
2.2.4 Investment Risk Hedge Income/Expenses Related to the Overseas Company		-	-
2.2.5 Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		-	-
2.2.6 Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss		-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)		1,526,354	590,241

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

ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

2023

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)

	STATEMENT OF CHANGES IN EQUITY	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Reserves	Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement						Profit Reserves	Prior Period's Profit/(Loss)	Net Period Profit /(Loss)	Total Equity
						1	2	3	4	5	6				
I.	Current Period														
II.	Prior Year Period End Balance	600,000	-	-	1,662	76,531	(4,520)	40,018	-	-	-	92,682	518,566	-	1,334,939
2.1	Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	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	-	1,334,939
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	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.

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

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

2023

ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

	STATEMENT OF CHANGES IN EQUITY	Paid-In Capital	Share Premium	Share Cancellation Profits	Other Reserves	Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement				Profit Reserves	Prior Period's Profit/(Loss)	Net Period Profit/(Loss)	Total Equity
						1	2	3	4	5	6		
I.	Prior Period												
II.	Prior Year Period End Balance	468,895	-	-	513	18,779	(1,505)	23,080	-	-	128,071	-	702,444
2.1	Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-
III.	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-
IV.	New Balance (I+II)	468,895	-	-	513	18,779	(1,505)	23,080	-	-	128,071	-	702,444
V.	Total Comprehensive Income	-	-	-	-	57,752	(3,015)	16,938	-	-	-	518,566	590,241
VI.	Increase in Paid-In Capital	31,105	-	-	-	-	-	-	-	-	-	-	31,105
VII.	Capital Increase From Internal Resources	100,000	-	-	-	-	-	-	-	-	(100,000)	-	-
VIII.	Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonds Convertible to Shares	-	-	-	-	-	-	-	-	-	-	-	-
X.	Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Other Changes	-	-	-	1,149	-	-	-	-	-	-	-	1,149
11.1	Profit Distribution	-	-	-	-	-	-	-	-	28,071	(28,071)	-	-
11.2	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Transfers to Reserves	-	-	-	-	-	-	-	-	28,071	(28,071)	-	-
	Other	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (III+IV+.....+XI+XII)	600,000	-	-	1,662	76,531	(4,520)	40,018	-	-	92,682	518,566	1,224,939
1.	The accumulated revaluation increases/losses on property and equipment.												
2.	The accumulated revaluation gains/losses on defined benefit plans.												
3.	Other (Shares of investments valued by equity method that will not be classified in profit / loss and the accumulated amounts of other comprehensive income items that will not be reclassified as other profit or loss).												
4.	Foreign currency translation differences.												
5.	The accumulated revaluation increases/losses on financial assets at fair value through other comprehensive income.												
6.	Other (Cash flow hedge gains / losses, the shares of other comprehensive income of investments valued by the equity method to be classified in profit / loss and the accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).												
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.												

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

ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

2023

VAKIF FİNANSAL KİRALAMA A.Ş.

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
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit before Changes in Operating Assets and Liabilities		1,371,995	220,281
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)
1.2 Changes in Operating Assets and Liabilities		(1,777,040)	1,491,318
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
I. Net Cash Provided from Operating Activities		(405,045)	1,711,599
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment	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)	-
II. Net Cash (Used in)/Provided from Investing Activities		(754,856)	(86,215)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
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
III. Net Cash Provided from Financing Activities		721,276	30,751
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		428,628	305,029
V. Net Increase/(Decrease) in Cash and Cash Equivalents		(9,997)	1,961,164
VI. Cash and Cash Equivalents at Beginning of the Period	2.3	2,740,246	779,082
VII. Cash and Cash Equivalents at End of the Period	2.3	2,730,249	2,740,246

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

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ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

VAKIF FİNANSAL KİRALAMA A.Ş.

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
I. DISTRIBUTION OF CURRENT PERIOD PROFIT (*)		
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)
A. NET PERIOD PROFIT (1.1 - 1.2)	1,443,089	518,566
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. DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3+1.4+1.5)] (**)	1,443,089	492,637
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	-	-
II. DISTRIBUTION FROM RESERVES		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SHARE TO SHAREHOLDERS (-)	-	-
2.2.1 To Owners of Ordinary Shares	-	-
2.2.2 To Owners of Preferred Stocks	-	-
2.2.3 To Owners of Preferred Stocks (Pre-emptive Rights)	-	-
2.2.4 To Profit Sharing Bonds	-	-
2.2.5 To Owners of the profit /loss Sharing Certificates	-	-
2.3 SHARE TO PERSONNEL (-)	-	-
2.4 SHARE TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF STOCKS	-	-
3.2 TO OWNERS OF STOCKS (%)	-	-
3.3 TO OWNERS OF PREFERRED STOCKS	-	-
3.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF STOCKS	-	-
4.2 TO OWNERS OF STOCKS (%)	-	-
4.3 TO OWNERS OF PREFERRED STOCKS	-	-
4.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-

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

(**) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore the part of the period profit arising from these assets should not be subject to profit distribution and capital increase. As of 31 December 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.

ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

2023

VAKIF FİNANSAL KİRALAMA A.Ş.

**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 Büyükdenez 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
Paid-in capital (***)	1,000,000	100	600,000	100

(*) 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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ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
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VAKIF FİNANSAL KİRALAMA A.Ş.

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

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis Of Presentation

2.1.1 Accounting standards

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

The financial statements as at and for the year ended 31 December 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.

VAKIF FİNANSAL KİRALAMA A.Ş.

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

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis Of Presentation (Continued)

2.1.2 Netting/Offset

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

2.1.3 Going concern

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

2.1.4 Currency used

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

2.1.5 Critical Accounting evaluations, estimates and assumptions

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

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

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

Allowances for impairment of lease receivables

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

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

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ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
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VAKIF FİNANSAL KİRALAMA A.Ş.

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

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

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

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

Recognition of deferred tax asset

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

Fair value measurements of the share certificates

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

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

The Company has presented its balance sheet prepared as of December 31, 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.

ENDING DECEMBER 31, 2023
FINANCIAL STATEMENTS FOR THE ACCOUNTING PERIOD
AND INDEPENDENT AUDITOR'S REPORT

2023

VAKIF FİNANSAL KİRALAMA A.Ş.

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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:

	31 December 2023	31 December 2022
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
Before tax revaluation differences	126,237	86,868
Calculated deferred tax liability (-)	(17,422)	(10,337)
Revaluation differences, net	108,815	76,531

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

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

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

The estimated useful lives of tangible assets are as follows:

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

Intangible assets

The Company's intangible assets consist of software.

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

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

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Assets held for resale

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

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

Non-financial assets

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

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

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

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

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2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Employee benefits

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

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

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
Total	2,737,177	2,742,139

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.

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

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:

	31 December 2023		31 December 2022	
	Carrying value^(*)	Share (%)	Carrying value	Share (%)
<i>Not Traded at Stock Market:</i>				
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 through other comprehensive income	104,561		46,781	

(*) 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:

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

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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:

31 December 2023	Up to 1 year	1-2 year	2-3 year	3-4 year	4 year and over	Total
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)
Net finansal kiralama alacakları	9,729,221	5,681,067	3,116,261	691,027	316,374	19,533,950
31 December 2022	Up to 1 year	1-2 year	2-3 year	3-4 year	4 year and over	Total
Lease receivables	4,920,932	2,704,291	1,858,707	851,832	465,696	10,801,458
Unearned interest income	(1,296,832)	(742,536)	(368,075)	(137,149)	(53,583)	(2,598,175)
Finance lease receivables, Net	3,624,100	1,961,755	1,490,632	714,683	412,113	8,203,283

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:

	31 December 2023	31 December 2022
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)
Finance lease receivables, net	19,606,267	8,295,843
	31 December 2023	31 December 2022
151-240 days	37,877	33,793
241-1 year	3,528	40,430
1 year and over	178,312	146,471
Impaired lease receivables, net	219,717	220,694

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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:

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

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

	31 December 2023	31 December 2022
Specific provisions at the beginning of the year	137,499	208,655
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)
Specific provisions at the end of the year	162,574	137,499

(*) 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:

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

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:

	1 January	Additions	Disposals	31 December
Cost:				
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
	101,490	78,203	(5,314)	174,379
Accumulated depreciation:				
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)
	(9,741)	(7,745)	2,081	(15,405)
Net defter değeri	91,749			158,974

(*) 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:

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

(*) 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
<i>Cost:</i>				
Software	5,035	607	-	5,642
	5,035	607	-	5,642
<i>Accumulated amortization:</i>				
Software	(3,972)	(549)	-	(4,521)
	(3,972)	(549)	-	(4,521)
Net book value	1,063			1,121

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
<i>Cost:</i>				
Software	4,210	825	-	5,035
	4,210	825	-	5,035
<i>Accumulated amortization:</i>				
Software	(3,526)	(446)	-	(3,972)
	(3,526)	(446)	-	(3,972)
Net book value	684			1,063

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
Total	49,500	128,480

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11 - TAX ASSETS AND LIABILITIES

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

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

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

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

	31 December 2023	31 December 2022
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
Current year tax expense	(613,302)	(173,244)

(*) 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:

	Total Temporary differences		Deferred tax assets/ (liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
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
Deferred tax assets	150,537	59,891	45,162	14,973
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)
Deferred tax liabilities	(722,033)	(518,826)	(216,609)	(110,904)
Deferred tax assets, (net)	(571,496)	(458,935)	(171,447)	(95,931)

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

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
Total other assets	477,754	1,911,495	802,752	1,054,816

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
Total Borrowings	12,024,426	8,119,287	6,612,885	4,237,718

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13 – BORROWINGS (Continued)

31 December 2023	Carrying value		Up to 3 months	3 months to 1 year	Over 1 year	Total
	Amount in original currencies	Average interest rates (%)				
Borrowings from domestic banks:						
Fixed rate borrowings						
TL	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:

<i>Fixed rate borrowings:</i>						
EUR (thousand)	37,164	4.92	498,571	287,472	424,524	1,210,567
<i>Floating rate borrowings:</i>						
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					
31 December 2022	Amount in original currencies	Average interest rates (%)	Up to 3 months	3 months to 1 year	Over 1 year	Total
Borrowings from domestic banks:						
<i>Fixed rate borrowings</i>						
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
<i>Floating rate borrowings:</i>						
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:						
<i>Fixed rate borrowings:</i>						
EUR (thousand)	25,982	3.77	-	-	517,958	517,958
<i>Floating rate borrowings</i>						
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:

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

15 - SECURITIES ISSUED

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

(*) 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:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
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	-
Total provisions	28,199	11,497	25,185	107

^(*) 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.

	31 December 2023	31 December 2022
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
At the end of the year	13,364	9,833

^(*) 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:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
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
Total Other Liabilities	1,668,092	482,413	328,415	564,160

(*) 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.

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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
Paid-in capital (**)	1,000,000	%100	600,000	100%

(*) 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:

	31 December 2023	31 December 2022
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
Total general administrative expenses	66,240	30,971

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

	31 December 2023	31 December 2022
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
Total personnel expenses	107,528	47,792

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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
Total other operating income	1,031,686	578,587

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
Total other operating expenses	754	83,620

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

(*) 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:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Türkiye Vakıflar Bankası T.A.O.	1,450,587	36,291	1,585,535	1,153,566
Bank Deposits	1,450,587	36,291	1,585,535	1,153,566
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	-
Financial assets for which fair value difference is recognised through other comprehensive income	104,561	-	46,781	-
Türkiye Vakıflar Bankası T.A.O.	11,493,384	3,768,593	5,855,935	1,476,476
Borrowings	11,493,384	3,768,593	5,855,935	1,476,476
Vakıf Pazarlama Sanayi ve Ticaret A.Ş.	79	-	64	-
Payables to related parties	79	-	64	-

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

	31 December 2023	31 December 2022
Türkiye Vakıflar Bankası T.A.O.	545,825	123,855
Interest income from related parties	545,825	123,855
Türkiye Vakıflar Bankası T.A.O. - interest expense	1,921,370	562,143
Vakıfbank International AG- interest expense	-	87
Finance expenses of related parties	1,921,370	562,230
Vakıf Yatırım Menkul Değerler A.Ş.	375	250
Vakıf Faktoring A.Ş.	71	41
Other incomes of related parties	446	291
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
Other expenses of related parties	67,529	33,436

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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:

	31 December 2023	31 December 2022
Compensation to the executive management	14,768	6,685
Total	14,768	6,685

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:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
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
Total	98,567,184	141,127,170	42,472,094	88,963,889

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:

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

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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).

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

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					Other	Financial Investments	Banks Deposits	Total
	Finance Lease Receivables	Other Receivables	Receivables	Other Receivables	Receivables				
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	19,606,267	138,544	138,544	2,737,177	-	-	-	-	22,481,988
- 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	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:

31 December 2022	Receivables					Other	Total
	Finance Lease Receivables	Other Receivables	Banks Deposits	Financial Investments			
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	8,295,843	19,492	2,742,139	-	-	-	11,057,474
- 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:

	31 December 2023		31 December 202	
	Amount	(%)	Amount	(%)
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
Total	19,533,950	100	8,203,283	100

Liquidity risk

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

Management of liquidity risk

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

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

31 December 2023	Carrying Amount	Total Contractual/ expected maturity cash in/out flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	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	-	-	-	-
Total	22,294,218	28,538,513	6,466,379	6,528,338	11,290,235	4,253,561	-

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25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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:

31 December 2023	US Dollar	Euro	GBP	CHF	Total
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
Total assets	2,036,357	7,896,719	146	-	9,933,222
Borrowing	905,772	7,213,515	-	-	8,119,287
Provisions	11,410	87	-	-	11,497
Other liabilities	180,188	302,225	-	-	482,413
Total liabilities	1,097,370	7,515,827	-	-	8,613,197
Net financial statement position	938,987	380,892	146	-	1,320,025
Net off-balance sheet items position	-	-	-	-	-
Net foreign currency position	938,987	380,892	146	-	1,320,025

(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 ⁽¹⁾	694,023	3,412,465	-	-	4,106,488
Other Assets	300,976	751,787	42	2,011	1,054,816
Total assets	1,001,669	5,314,164	64	2,011	6,317,908
Borrowing	298,014	3,939,704	-	-	4,237,718
Provisions	7	100	-	-	107
Other liabilities	157,211	406,909	-	40	564,160
Total liabilities	455,232	4,346,713	-	40	4,801,985
Net financial statement position	546,437	967,451	64	1,971	1,515,923
Net off-balance sheet items position	-	-	-	-	-
Net foreign currency position	546,437	967,451	64	1,971	1,515,923

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

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

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25 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

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

^(*) 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:

	31 December 2023	31 December 2022
<i>Financial assets and liabilities with fixed interest rate</i>		
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	-
<i>Financial assets and liabilities with floating rate</i>		
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.

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

(*) 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:

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

	31 December 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
<i>Financial assets</i>				
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
<i>Financial liabilities</i>				
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:

31 December 2023	1. Level	2. Level	3. Level	Total
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	-	-	-	-
Total Financial Assets/Liabilities			104,561	104,561

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

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

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

	31 December 2023	31 December 2022
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
Balance at the end of the period	104,561	46,781

27 – OTHER EXPLANATIONS

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

	31 December 2023	31 December 2022
Independent audit fee for the reporting period	524	203
Total	524	203

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.

