JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd." JCR

Corporate Credit Rating

☐New ☒Update

Sector: Leasing
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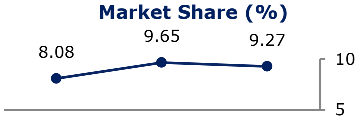
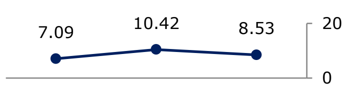
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 10, 2024*

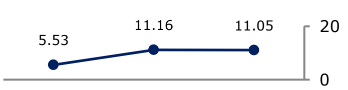
Market Share (%)



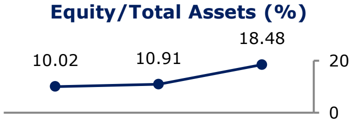
ROAA(%)



Interest Margin (%)

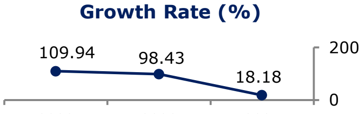


Equity/Total Assets (%)



NPL Ratio (%)

Growth Rate (%)



Vakıf Finansal Kiralama Anonim Şirketi

JCR Eurasia Rating has evaluated **"Vakıf Finansal Kiralama A.Ş."** in the investment-grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'AA (tr)'** and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been determined as **'BB / Stable'** as parallel to sovereign ratings and outlooks of Republic of Türkiye.

Vakıf Finansal Kiralama A.Ş. (hereinafter referred to as **"the Company"** or "**Vakıf Leasing"**), is licensed as a leasing company and has been subject to the "Financial Leasing, Factoring, Financing and Saving Financing Companies Law" dated December, 2012 and conducts its activities within the framework of "Regulation on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies" dated April 24, 2013. The Company was founded in 1988 to provide leasing services to real sector firms, particularly to Small and Medium Size Enterprises (SMEs), for their investments regarding assets and capital goods. The Company performs its activities through its headquarters in İstanbul and five branches in Adana, Ankara, Antalya, Bursa and İzmir as well as in the widespread branch network of Vakıfbank. Vakıf Leasing had a staff force of 85 as of FYE2024 (FYE2023: 82).

The Company is a subsidiary of **Türkiye Vakıflar Bankası T.A.O.** (referred to as "the Bank"), which ranks 2nd among Turkish banks in terms of asset size with its consolidated assets of TRY 4.02tn. Vakıfbank holds 62.12% of the Company's share as of FYE2024, while the remaining shares are publicly traded. The Company has been publicly traded on the Borsa İstanbul (BIST) since 1991 under the ticker symbol "**VAKFN**".

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• Moderate financial performance despite the retreat in the profitability indicators in 1Q2025, • Improving leverage indicators in parallel to sector including cash injection in 2024, • Well-distributed balance sheet structure on the asset and liability side in terms of the market risk, • As a bank-owned leasing company, harnessing from strong brand name of Vakıfbank with wide branch network, • Established position in the sector along with shareholders' extensive experience in finance sector, • As a publicly traded company, compliance with corporate governance best practices, experience of senior management and continuity of well-established risk management practices.	• Worsened NPL level together with the ascent in the risk perception, • Credit risk concentration among the top fifty customers, • Challenging macro environment and highly competitive market conditions.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at **'AA (tr)'**. Moderate financial performance, improving leverages including cash injection, intra-group synergy with Vakıfbank branches as well as sentiment to interest rates, increasing NPL, customer concentration and geopolitical and economic concerns across the globe have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's Sectorial regulations, trend in NPL ratios, profitability ratios, cash flow generation and the Company's market share and market conditions will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

1. Rating Rationale

With respect to the factors mentioned below, JCR Eurasia Rating affirmed the Long-Term National Issuer Credit Rating of Vakıf Finansal Kiralama A.Ş. at **'AA (tr)'** and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** in JCR Eurasia Rating's notation system which denotes the investment-grades with very high credit quality.

When the global and national scale rating matching published by JCR Eurasia Rating is considered, the Company's Long-Term International Foreign and Local Currency Issuer Credit Ratings have been determined as **'BB'** as parallel to sovereign ratings of Republic of Türkiye.

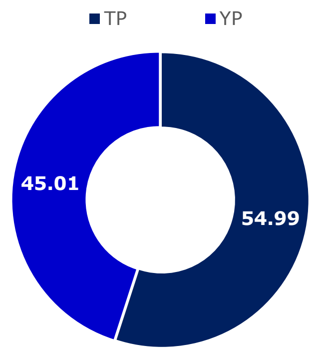
Moderate Financial Performance Despite the Retreat in the Profitability Indicators in 1Q2025

Asset size of Vakıf Leasing rose to TRY 31.00bn by depicting with a slowing growth rate at 18.18% in comparison to previous year through the lease receivables which constituted 77.10% of total balance sheet size as major driver of growth in FYE2024. Besides, the lease receivables of the Company enlarged by 22.36% in FYE2024. Sectoral breakdown of leasing receivables between 2022 and 2024 is as follows:

Sectoral Breakdown (%)	2022	2023	2024
Manufacturing Sector	46.43	38.38	41.10
Construction	19.88	16.57	21.00
Transportation and Storage	0.82	10.63	13.22
Health and Social Services	7.61	8.61	7.61
Real Estate and Rental	5.88	8.24	6.42
Wholesale and Retail Trade	10.95	11.2	4.14
Mining and Quarrying	4.02	3.04	2.03
Hotels and restaurants	1.06	1.1	1.37
Others	3.35	2.23	3.11
Total	100	100	100

The depth look at the lease receivables structure reveals that 54.99% is denominated in local currency for FYE2024., reflecting a shift to foreign currency by taking into consideration the previous period's weight on LC at 67.90%. Besides, the maturity breakdown of the lease receivables weighted more by %48 at shorter than 1 year of maturity in FYE2024 (FYE2023: 50%).

Portfolio Currency Composition (%)



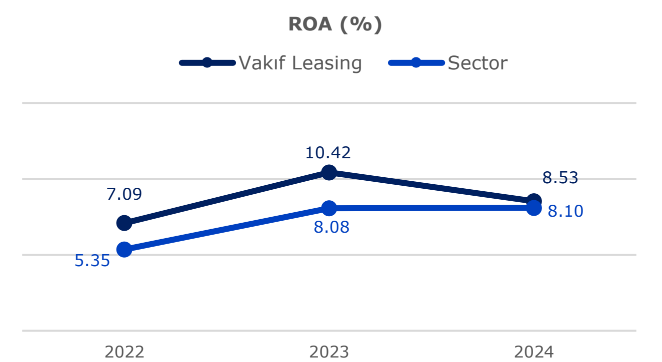
Vakıf Leasing's turnover realized as USD 591.57mn in FY2024 from USD 752.21mn in FY2023 with a 21.35% of decline compared to previous year. Additionally, the number of transactions, declined to 910 and number of customers to 664 in FYE2024. Despite the decline in the market share in terms of transactions, the Company managed to maintain its market share at 9.27% as regard asset size with a slight retreat in FYE2024 (FYE2023: 9.65%).

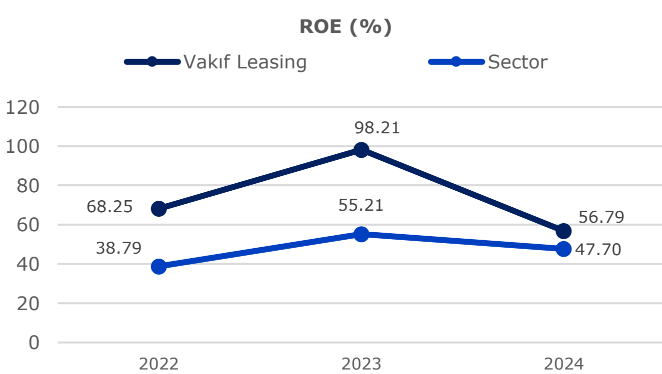
Vakıf Leasing's finance lease income climbed to TRY 6.75bn by depicting 74.75% of growth rate compared to previous year. According to the Company's independent audit report, average compound interest on lease receivables realized as 42.91%, 11.62% and 10.12% for TRY, USD and EUR receivables, respectively in FYE2024. (FYE2023: TRY:32.27%, USD:9.59%, EUR:8.18%).

Gross profit increased by 80.73% in FY2024 compared to previous year. (FY2022: TRY 307.46mn). Provision expenses depicted a skyrocketed increase with three digits of growth in FY2024. Vakıf Leasing posted TRY 1.65bn profit at the bottom line in FY2024 with 14.49% of increase compared to previous year. Hiking interest rates along with the tight monetary policy implemented by CBRT as part of the fight against inflation have increased the funding costs of the leasing companies and narrowed profit margins generally in the sector. Besides, customer demand has declined and companies have approached high-interest leasing agreements more cautiously. We note that the decline in Vakıf Leasing's profit margins is a situation experienced throughout the sector and stood above the sector averages despite getting closer to it in FYE2024.

(TRY mn)	FY2022	FY2023	FY2024
Operating Income	1.107.48	3,870.51	6,752.01
Financial Expenses (-)	800.02	2,616.87	4,486.29
Gross Profit / Loss	307.46	1,253.64	2,265.71
Operating Expenses (-)	80.17	176.64	310
Gross Operating Profit / Loss	227.29	1,076.99	1,955.71
Other Operating Income	578.59	1,031.68	824.77
Provision Expenses (-)	30.45	51.54	338.02
Other Operating Expenses (-)	83.62	0.75	2.37
Net Operating Profit / Loss	691.81	2,056.39	2,440.09
Income Tax Expense from Discontinued Operations (-)	173.24	613.3	787.86
Net Profit / Loss from Discontinued Operations	518.57	1,443.08	1,652.24

In addition, as it is shown at the below graph, ROAE, which is accounted for pre-tax profit over average equities, realized as 56.79% and ROA as 8.53% in FY2024.

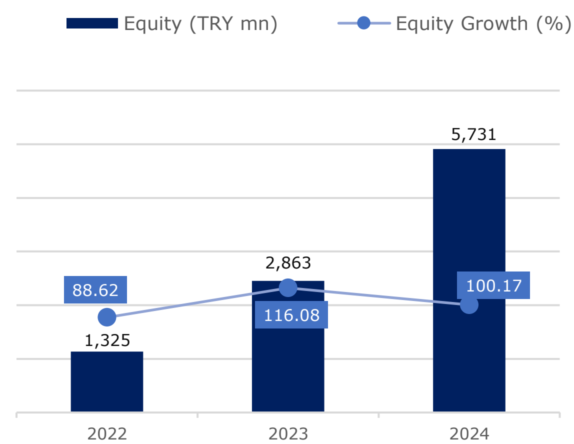




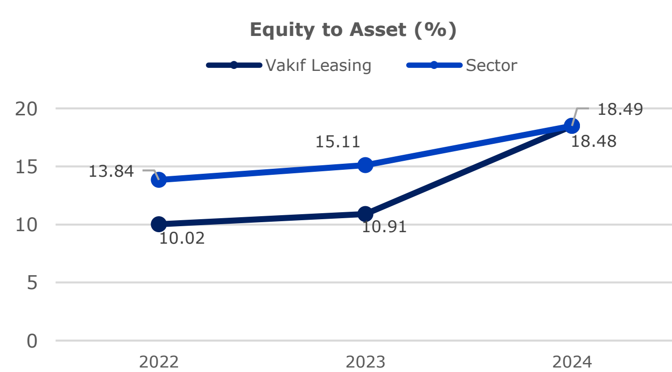
Besides, based on the financial results as of 1Q2025 issued by the Company, the Company posted TRY 29.65bn (FYE2024: TRY 31.00bn) of asset size with TRY 22.70bn of leasing receivables (FYE2024: TRY 23.90bn) including TRY 1.47bn of operating income (1Q2025: TRY 1.62bn) and TRY 286.61mn of net profit (1Q2024: TRY 308.28mn). We note that the profitability indicators continued to shrink in 1Q2025 and the trend on quarter and year basis will be closely monitored for the upcoming periods.

<u>Improving Leverage Indicators in Parallel to Sector Including Cash Injection in 2024</u>

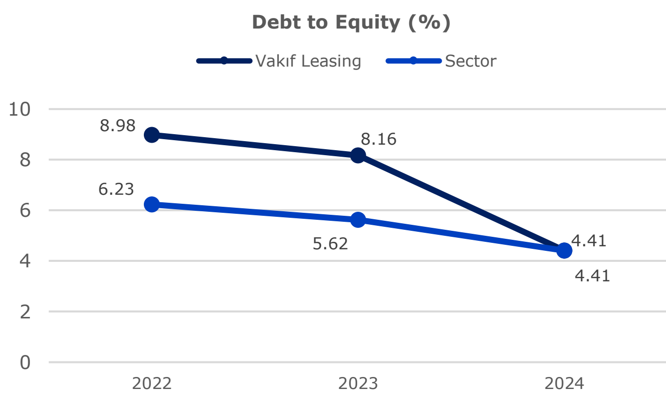
The equity level of Vakıf leasing enhanced by 100.17% in FYE2024 thanks to internal source generation capacity. The equity growth was not only driven by the net profit of the period, but also the capital increase as the Company enhanced its paid-in capital to TRY 3.5bn, up from TRY 1.00bn in FYE2024. TRY 1bn of the capital increased was made through the cash injection and rest of it through the retained earnings.



Whilst Vakıf Leasing was behind the sector averages in the manner of equity to asset indicator which realized at 10.91% in FYE2023 and also demonstrating an increasing gap range with the sector before, the Company's relevant indicators improved to 18.48% in FYE2024. The capital injection underpinned the equity level and the operational sustainability despite slowing down profitability performance as elaborated in the heading of "Moderate Financial Performance Despite the Retreat in the Profitability Indicators in 1Q2025 ".

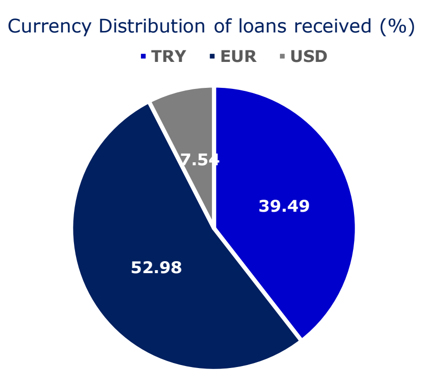


Debt to equity has been following a decreasing trend for Vakıf Leasing and the sector since FYE2022. Whilst Vakıf Leasing's relevant indicator waved above the sector despite its decreasing trend before, it fell to 4.41% in FYE2024, same as the sector average.



Well-Distributed Balance Sheet Structure on the Asset and Liability Side in terms of the Market Risk

The Company's financial borrowing distribution by currency weighted on the FC side in FYE2024, shifting from TRY in FYE2023. Whilst average interest rate for FX loans hovered between 5 and 7%, range for the interest rate of TRY loans was between 36% and 43% depending on the floating or the fixed-rate in FYE2024. Due to increasing borrowing costs, Vakıf Leasing shifted to FC side on the indebtedness.



The Company's leasing receivables weighted on the domestic currency side at 54.99% with a decrease in FYE2024 in comparison to previous year. The average interest rate for the leasing receivables was concordantly parallel to the borrowing costs, realised at the 42.91% on average in FYE2024 (FYE2023: 32.27%). As the borrowing side shifted to foreign currency, the leasing receivables also depicted same path. Concordantly, the Company's FX risk position decreased to TRY 29.6mn in FYE2024, down from TRY 1.32bn in FYE2023.

FX Position (TRY mn)	FYE2023	FYE2024
Assets	9,933.22	15,001.32
Liabilities (-)	8,613.19	14,971.72
Net FX Position	**1,320.02**	**29.60**

However, whilst the Company's FX position decreased, Vakıf Leasing took the interest rates in the market together with the FX risk into consideration. The balance sheet distribution in the manner of interest rate and FX risk together was maintained as its balanced structure.

As a Bank-Owned Leasing Company, Harnessing From Strong Brand Name of Vakıfbank with Wide Branch Network

Presently there are 20 leasing companies in Türkiye, 15 of which are bank subsidiaries. Although Vakıf Leasing has 5 branches which are located in Adana, Ankara, Antalya, Bursa and İzmir, geographically diversified and extensive branch network of Vakıfbank enables Vakıf Leasing to reach a multitudinous customer. Vakıf Leasing continues its operations with a wide customer portfolio and service network throughout the country, backed by the corporate power of nearly a thousand branches of Vakıfbank.

Vakıf Leasing get benefit from opportunities of being a bank affiliate company including access to funding, customer reach, credibility and economies of scale reducing costs. Existence of Vakıfbank, parent shareholder of Vakıf Leasing, through its 944 branches across all over Türkiye enable the Company to access these opportunities. In addition, Vakıfbank is a significant resource of human for the Company, particularly in management levels thanks to its well qualified staff force.

Established Position in the Sector along with Shareholders' Extensive Experience in Finance Sector

Vakıf Leasing was established in 1988 as a subsidiary of Vakıfbank and its shares has been listed in BIST since 1991, which rendered the Company the first publicly-traded leasing Company in Türkiye. Having successfully operated exceeding 35 years, Vakıf Leasing continues not only to support investments that will contribute to national development and employment and increase national income, but also to provide added value for Türkiye.

BIST Indices that Vakıf Finansal Kiralama A.Ş. is included are BIST Financials / BIST All Shares-100 / BIST All Shares / BIST Main / BIST Leasing Factoring.

Vakıfbank is one of the building blocks of the Turkish finance sector and has prominence through its contribution to the Türkiye's leading investment projects. Vakıfbank was rated by JCR Eurasia Rating and affirmed with the ratings of **'AAA (tr)'** on the Long Term National Local Scale on June 24, 2024.

As a Publicly Traded Company, Compliance with Corporate Governance Best Practices, Experience of Senior Management and Continuity of Well-Established Risk Management Practices

Compliance with corporate governance best practices provides guidance and sustainability for companies through the enhancement of their efficiency via transparent, widely accepted and continuously monitored processes and policies.

Founded in 1988, Vakıf Leasing is Türkiye's first publicly traded leasing company whose shares have been traded on the BIST since 1991. Vakıf Leasing has reached a high standard of compliance with the Corporate Governance Practices such as a comprehensive risk management framework, high degree of transparency, presence of three independent members on the Board, establishment of all committees required by the principles (audit, corporate governance and early detection of risk), and comprehensive website, quality of financial reporting along with an emphasis on sustainability and efficiency which contributes to its current set of ratings.

Vakıf Leasing's website includes history, products, information on up-to-date operational performance, international structure, career and news, financial reports and investor relations. These factors contribute to the Company's transparency level and to the investors' risk perception for the Company accordingly.

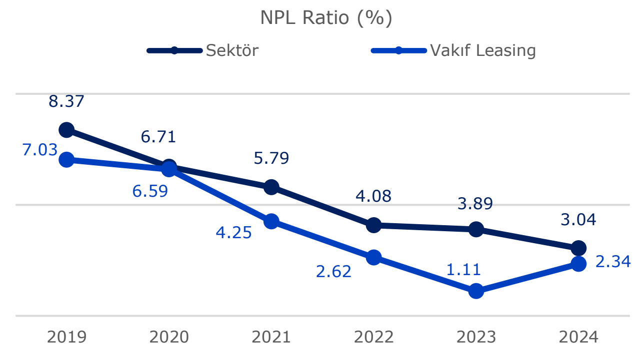
As a publicly traded Company, Vakıf Leasing is required by capital market law to adopt certain principles and establish bodies and units in compliance with the aforementioned standards. Vakıf Leasing has committed to these threshold standards and internalized the corporate governance culture throughout the organization with its qualified management team. The experience and background senior management team in the leasing sector contribute to the Company's value. The Company benefits from an experienced team and presence of a well-functioning control organization compatible with its size.

Worsened NPL Level Together with the Ascent in the Risk Perception

Vakıf Leasing's net leasing receivables increased by 22.36% and non-performing loan volume by 160.66% reached to TRY 572.71mn in FYE2024, up from 219.72mn in FYE2023. The Company did not apply any write-off in FYE2023. Concordantly, the provisions increased to TRY 240.63mn in FYE2024, up from TRY 147.40mn in FYE2023. The Company devote its provisions pursuant to the 6th article of the Regulation Governing the Accounting Practices and Financial Statements of the Financial Leasing, Factoring, Financing and Saving Financing Companies rather than IFRS 9. Whilst the NPL portfolio over than 1 year constituted 81.15% in FYE2023, it decreased to 29.92% in FYE2024. As the average aging of the total NPL got younger due to the latest entrances to NPL portfolio during 2024, the coverage ratio declined to 42.02% in FYE2024, down from 67.09% in FYE2023. Based on the data procured from the Company, it was observed that 34% of the new entries to NPL portfolio in 2024 were in the textile sector, 24% in the energy sector and 23% in the construction sector. The detail of net finance lease receivables overdue is as follows:

(TRY mn)	**FYE2022**	**FYE2023**	**FYE2024**	**1Q2025**
Not overdue and not impaired	8,056	19,375	22,703	21,556
Overdue but not impaired	147	159	1,200	1,148
Impaired	221	220	573	1,431
Provision for impairment (-)	128	147	241	417
NPL Coverage Ratio (%)	**58.06**	**67.09**	**42.02**	**29.13**
Finance lease receivables, net	**8,296**	**19,606**	**24,235**	**23,718**
Impaired receivables				
151-240 days	34	34	206	979
241-365 days	40	4	196	108
>1 year	146	178	171	344
Non-performing receivables, net	**221**	**220**	**573**	**1,431**

As it is shown at the below graph, whilst Vakıf Leasing had depicted a declining NPL trend between 2019 and 2023 in parallel to sector, the Company's NPL increased to 2.34% in FYE2024, up from 1.11% in FYE2023. Vakıf Leasing's relevant indicator waved below the sector average despite the material entrances in NPL portfolio in FYE2024.



The collaterals received for the leasing receivables for which it has set aside special provisions are given below in the table. There is a collateralized structure for 38.70% of the total NPL amount in FYE2024.

(TRY mn)	FYE2022	FYE2023	FYE2024	1Q2025
Mortgage	36	41	73	116
Others	1	2	149	**379**
Total Collaterals	**37**	**43**	**222**	**494**

Besides, as depicted above in the tables, the Company recorded TRY 1.43bn of NPL with 29.13% of coverage ratio. NPL ratio of Vakıf Leasing increased to 5.93% in 1Q2025. We note that the sector indicator is yet to be issued publicly as of reporting date of the rating report, the increase in NPL of the Company is evaluated as sharply increased. In addition to the collaterals and the special provisions, the existence of the assets subject to leasing operations also provide protection to the Company. The increase in the number of the firms in concordat has increased the potential for companies to face payment difficulties and the risk perception in the market generally, which has negatively affected the asset quality of the Company. All the issues mentioned above have been evaluated as a negative reference in terms of financial stability, profitability and reputation during the rating process and will be closely monitored by JCR-ER in the coming periods.

Credit Risk Concentration Among the Top Fifty Customers

Vakıf Leasing's customers decreased to 664 in FYE2024, down from 716 in FYE2023, although the Company increased its finance lease receivables. Customer concentration risk is the level of revenue risk that a portfolio holds as a result of relying on a small pool of customers and is a measure of how total revenue is distributed among the Company's customer base.

Customer Concentration (%)	2022	2023	2024
First 10	25	31	34
First 20	34	43	48
First 50	49	58	63

According to the data obtained from the Company management, top 50 customers represented 63% of total finance leases as of FYE2024 (FYE2023: 58%). On the other hand, despite customer concentration, it must be noted that, the fact that the Company's customer base is also Vakıfbank's customer, the Company utilizes from assessment and grading methodology of Vakıfbank.

Challenging Macro Environment and Highly Competitive Market Conditions

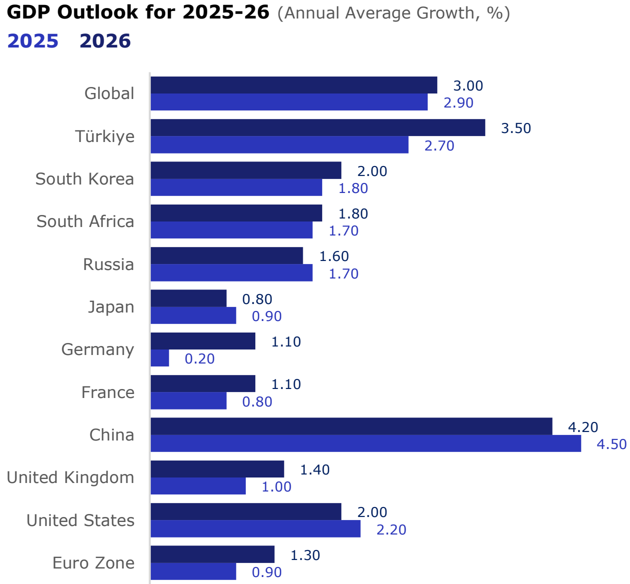
Companies based in Türkiye face several headwinds, stemming from both global and domestic conditions. Major central banks hiked rates at the most rapid pace in near history and net lending standards tightened as well within a period of approximately 1 year from the second half of 2022. In Türkiye, Central Bank of Republic of Türkiye (CBRT) also joined the hiking central banks in June 2023, at a rapid pace as well. CBRT hiked the rates from 8.5% to 50% in a quick succession targeting ex-ante real interest and gradually lifted previously implemented macroprudential measures affecting bank lending. The aim of administration is to achieve a soft landing via curbing consumption, though selective lending to support exports & investments persist. As such, export-focused growth policies of China loom as a threat to domestic exports, who also face a slow growth in key markets and significant production costs.

While the first easing step came from ECB in June, 2024, Fed followed ECB on September's FOMC meeting with the aim to achieve a soft-landing. Financial conditions, which have remained tight for an extended period, are expected to continue easing further compared to the past two years with the monetary easing steps. The CBRT also joined the global monetary expansion cycle at the last meeting of 2024, reducing its the policy rate, which had been at 50% for a prolonged period, by 250bp in each of three consecutive meetings to 42.5%.

Recent statements from the US, indicating that additional tariffs will be imposed on many countries, including China. The adoption of a more aggressive trade policy by countries, especially China, in response to the US will cause global trade to be reshaped on the negative side. This may adversely impact global growth in the near future. On the other hand, the concerns that these tariffs will exert pressure on prices in the upcoming period also play a role in shaping the expectations of central banks.

Accompanied by tightening financial conditions, a weak growth outlook emerged in 2023, especially in Europe. Despite initiated monetary easing steps as of half of 2024, while the Eurozone ended 2024 with a growth rate of 0.9%, below its pre-pandemic average, the German economy where economic activity deteriorated contracted by 0.2% in 2024.

GDP Outlook for 2025-26 (Annual Average Growth, %)



Recently, geopolitical tensions have been rising again in the Middle East. On the other hand, there has been no concrete development regarding a possible ceasefire between Russia and Ukraine. The potential effects of these ongoing developments on global supply chains will be closely monitored.

Global slowdown's impact on Türkiye

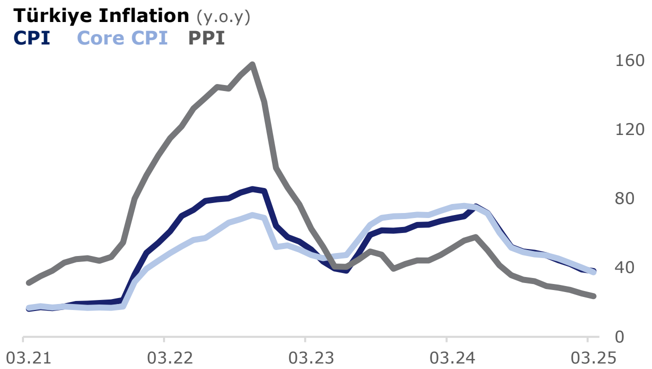
Türkiye's exports has exhibited recovery signs for first half of 2024 and it made a positive contribution to growth after a long break. In 2024, Turkish exports to EU realized as USD 108.5bn which was USD 104.3bn in FY2023.

Given the weakness in the manufacturing industry in our largest trading partner, Germany, and China's aggressive stimulus policies as well as aggressive trade policy that adversely affect global trade export developments will be closely monitored.

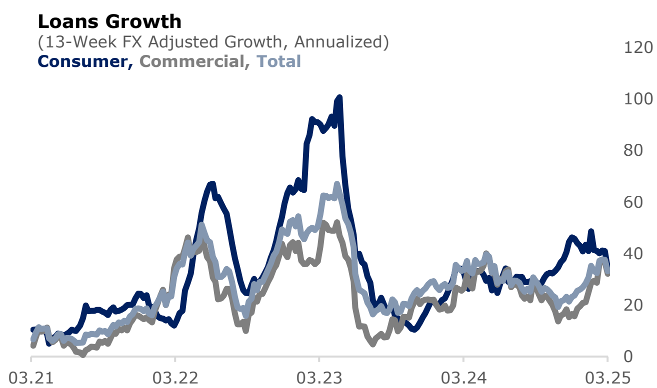
Further pressurizing the Turkish exporters are cost factors, mainly in terms of wages and energy prices. Minimum wage increased to TRY 30,621.48 including total costs to the employer (gross: TRY 26,005.50, net: TRY 22,104.67) for 2025. The latest increase in minimum wage pushed the total cost to employers to USD 747, using expected average USDTRY for the aforementioned year. Therefore, the expected level of minimum wage would realize above the average and would pressurize small scale businesses with labor intensive manufacturing and domestic focus. On the other hand, adjusting for US CPI, real minimum wage in USD terms is actually below the average, implying export focused companies should be able to manage these levels of increasing minimum wage.

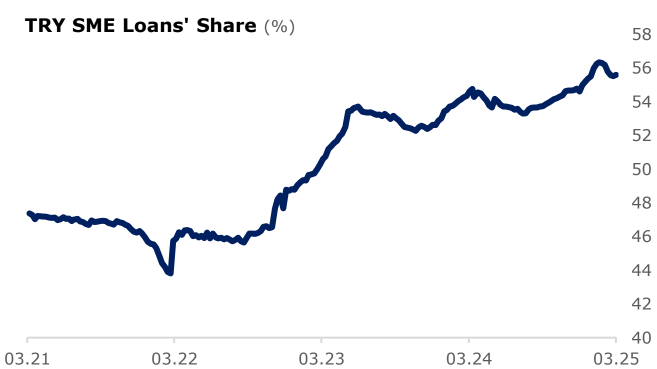
Historically tightened domestic financial conditions have started to ease slightly, particularly in credit costs

Current economic program entails high interest rates at a level that would curb leveraged consumption and inventory hoarding as carrying costs rise. On the fiscal side, tax regulations and additional tightening measures aim to support the efforts to limit consumption. Moreover, long list of previously announced macroprudential regulations in the banking system are lifted, liberating banks to pursue more independent asset-liability management. This resulted in much higher credit interest rates. As a result of tight monetary policy, the Consumer Price Index (CPI) growth rate has followed a consistent downward trend since June 2024, reaching 38.1% as of March 2025.

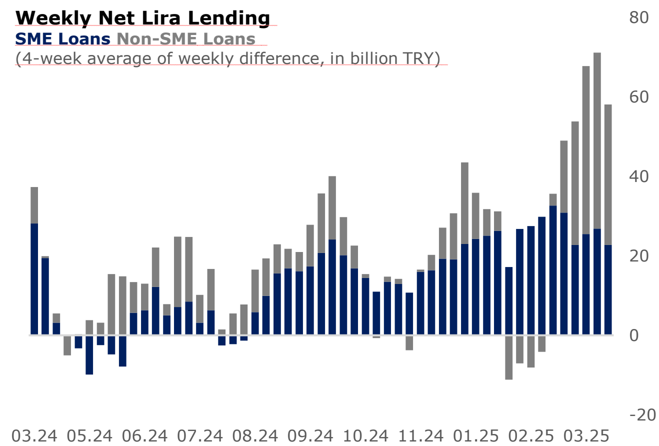


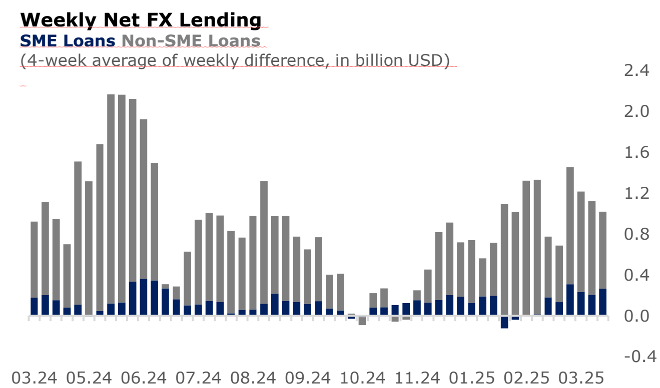
Current economic program has affected loan growth and the growth rate is not as high as the excessive pace observed in the first half of 2023, as intended by the administration.





Due to high TRY loan interest rates, lending in local currency had slowed quite notable particularly in early 2Q2024, substituted for FX lending by large firms with access. As a result, CBRT had imposed monthly lending limits to FX lending. In March, 2025, the monthly growth limit for FX commercial loans has been reduced from 1% to 0.5% by CBRT. Recently, Lira lending has gained a bit more strength though in real terms the lending volume is still quite restrictive compared to the 2023.





Determined to fight inflation, CBRT has taken the measures in order to preserve macro financial stability, support the monetary transmission mechanism, and sterilize excess liquidity while keeping interest rates at high levels. Therefore, the slowdown in both FX and LCY lending and prohibitively high TL interest rates have been keeping fresh liquidity flows to the non-financial corporates at a low level.

Access to finance and the cost of financing are still substantial topics affecting Turkish corporates, as the selective lending policies aimed to supporting exports, agricultural production, investments and high-tech have resulted in a divergence in financial conditions. Recently, in order to facilitate access to financing for high value-added export firms, the CBRT increased the daily limits of rediscount credits from TRY 3bn to TRY 4bn. In this sense, current outlook is more accommodative for export, technology and investment-oriented firms. On the other, real appreciation of Lira as intended to support disinflation is a headwind for exporters particularly in highly competitive sectors.

On the other hand, in January, 2025, CBRT announced changes on macroprudential framework on behalf of SMEs. Accordingly, monthly growth limit for SME loans has been increased from 2% to 2.5%, whilst reduced monthly growth limit for other commercial loans from 2% to 1.5%. Furthermore, it was announced that TRY SME loans granted through the Small and Medium Enterprises Development Organization or funded by international development finance institutions to promote sustainability will be exempt from the loan growth limit.

Within the scope of reducing of inflation, tightening financial conditions has been contributing to a weakening of demand, as expected, and exerting pressure on economic activity. While leading indicators clearly illustrate the impact of the economic slowdown, a further deterioration in activity is expected. In this context, as mentioned before, the CBRT reduced its the policy rate, which had been at 50% for a prolonged period, to 42.5% in order to facilitate a soft landing for the economy.

Recently, in addition to the ongoing global economic pressures exacerbated by trade tensions impacting interest and exchange rates, CBRT implemented a series of additional policy interventions in response to the sharp rise in both the level and volatility of exchange rates observed in March. In this context, the CBRT increased the overnight borrowing rate from 44% to 46%, suspended weekly repo auctions, and increased the weighted average funding rate to 46% in an effort to stabilize the currency market and mitigate further volatility. The effects of future policy adjustments in domestic and global side on economic activity will be closely monitored.

2. Rating Outlook

JCR Eurasia Rating has determined **'Stable'** outlook on Long-Term National Issuer Credit Rating and Short-Term National Issuer Credit Rating perspectives of Vakıf Leasing, considering the moderate financial performance, improving leverages including cash injection, intra-group synergy with Vakıfbank branches as well as sentiment to interest rates, increasing NPL, customer concentration and uncertainties across the globe.

Additionally, the outlook on the International Long-Term Issuer Credit Rating perspectives of Vakıf Leasing have been determined as **'Stable'** in line with the sovereign rating outlooks of the Republic of Türkiye.

Significant factors that may be taken into consideration for any future change in ratings and outlook status include;

Factors that Could Lead to an Upgrade

- Growing income stream and further improvement in profitability indicators with a more stable trend,
- Solid growth performance in assets volume together with the improving asset quality,
- Further improvement in leverage ratios,
- Stable and improvements in diversification of customer base,
- Reduction in financing costs and robust economic growth in the domestic and international markets,
- Upgrades in sovereign ratings and economic growth prospects of Türkiye.

Factors that Could Lead to a Downgrade

- Further contraction in performance and profitability indicators,
- More deteriorating asset quality and liquidity profile,
- Increasing cost of funding and its effect on profitability,
- Potential deterioration in accessing external financial resources,
- Possible regulatory actions that would restrain the profitability & growth performance of the sector,
- A sharp slump in growth in the domestic and international markets,
- Downgrades in the sovereign rating level of Türkiye.

The Company's Sectorial regulations, trend in NPL ratios, profitability ratios, cash flow generation and the Company's market share and market conditions will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

3. Projections

Balance sheet and income statement projections for FYE2025 and following years have not been submitted by the Company.

4. Company Profile & Industry

a. History and Activities

Vakıf Leasing was established in 1988 and has been publicly traded since 1991 under the ticker of **"VAKFN".** It was the first leasing company listed on the BIST and had a 37.88% free float of its paid-in capital of TRY 3.5bn as of December, 2024.

The Company has been subject to the "Financial Leasing, Factoring, Financing and Saving Financing Companies Law" dated December, 2012 and conducts its activities within the framework of Regulation on Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies dated April 24, 2013.

The Company offers leasing services of investment support for domestic and international assets and capital goods needed by SMEs through its headquarters and five regional offices in Adana, Ankara, Antalya, Bursa and İzmir as well as the widespread branches of Vakıfbank. The labor force of the headquarters and regional offices was 85 people as of FYE2024 (FYE2023: 82).

In addition, the Company's organizational chart did not change compared to last year and was composed of 12 units (law-monitoring and liquidation, credits, risk monitoring & asset management, financial affairs and investor relations, human resources, administrative affairs, marketing, operations & insurance, IT, financing, risk management and internal control) structured under a general manager and a deputy general manager.

Vakıf Leasing's Board has 7 members, including one member as a general manager. The Company formed 3 different committees, namely Early Risk Detection Committee, Corporate Governance Committee and Audit Committee.

Board of Directors	
Hazım AKYOL	Chairman
Cem ÇUBUKÇU	Vice Chairman / Independent Member
Affan Kemal SÖKMEN	Member
Eren SÜZEN	Member
Savaş Atanur KAZAZ	Independent Member
Selçuk Gökbayrak	Independent Member
Metin ÖZETCİ	Member /General Manager

b. Shareholders, Subsidiaries & Affiliates

As of December 2024, the paid in capital of Vakıf Leasing is TRY 3.5bn. Vakıf Leasing enhanced its paid-in-capital level to TRY 2bn through the cash injection and then to TRY 3.5bn through the accumulated profit in FY2024 and the share of Vakıfbank is currently at 62.12.The table below indicates the shareholding structure of Vakıf Leasing as of FYE2023 and FYE2024:

Vakıf Leasing's Shareholder Structure

	December, 2023		December,2024	
TRY mn	**Amount-TRY**	**%**	**Amount-TRY**	**%**
Vakıfbank	620.45	62.05	2,174.22	62.12
Public Held	379.54	37.95	1,325.78	37.88
Total	**1,000.00**	**100**	**3,500.00**	**100**

Vakıfbank, with paid-in capital, asset size and net profit figures of TRY 9.92bn, TRY 4.02tn and TRY 40.38bn, respectively in FYE2024, held the majority stake of the Company shares over the years. Vakıfbank was rated by JCR Eurasia Rating and affirmed with the ratings of **'AAA (tr)'** on the Long Term National Local Scale on June 24, 2024.

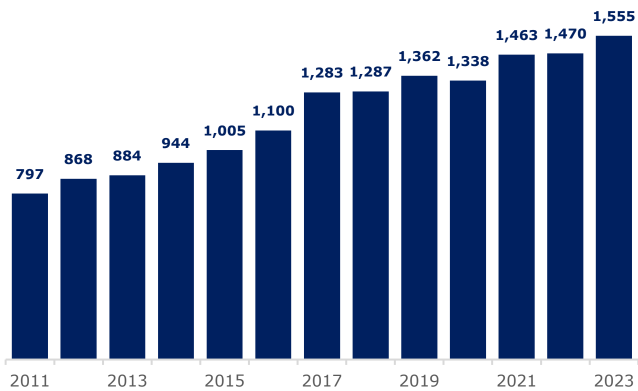
Moreover, the Company has 3 affiliates which are Vakıf Faktoring Hizmetleri A.Ş., Vakıf Pazarlama Sanayi ve Tic. A.Ş., Vakıf Yatırım Menkul Degerler A.Ş. Vakif Faktoring A.S. provides leasing and factoring services. The Company offers loan prepayment, monitoring the collection, agreement, invoice amount, and credit to business enterprises for relatively short periods. Vakıf Pazarlama Sanayi ve Tic. A.Ş. offers support services. Vakıf Yatırım Menkul Değerler A.Ş. operates as an institutional brokerage firm. The Company offers portfolio management, capital raising, financial planning, and advisory services.

Company Name	Ownership 2022	Ownership 2023
Vakıf Faktoring A.Ş.	3.79	3.79
Vakıf Pazarlama Sanayi ve Tic.A.Ş.	3.27	3.27
Vakıf Yatırım Menkul Değerler A.Ş.	0.25	0.25

c. Industry Assessment

Leasing companies support economic activity via providing right-of-use of assets within a financing framework. Since fixed asset investment strongly correlates with the general economic conditions, leasing sectors potential closely relate with general economic activity. As Türkiye's economy and infrastructure develops, leasing sector serves to fulfil an essential role.

Leasing volumes across world follows upward trend.
Leasing Volume (billion USD)



Source: Solifi, JCR-ER

Leasing volumes across the world grow modestly, especially in the developed markets. However, as indicated in penetration rates, the sector received a double-digit share of fixed asset investments in developed countries. While Türkiye is increasing its leasing volume, it is possible to say that there is a growth potential in this field, considering the share of the sector in the global financing volume.

Leasing Volumes by Country in 2023 (billion USD)

Ranking		Annual Volume	Growth (%)	Penetration Rate (%)
1	USA	508	1	21
2	China	349	13	12
3	UK	101	4	40
4	Germany	98	20	28
5	France	65	12	34
6	Japan	69	10	4
26	Türkiye	4	11	-

Source: AFI, JCR-ER

Due to banks' dominant presence in Turkish financial markets, customers refer to the banks as first financing sources. The fact that most banks in Türkiye also own leasing companies mean they can capture the leasing market share via their subsidiaries as well.

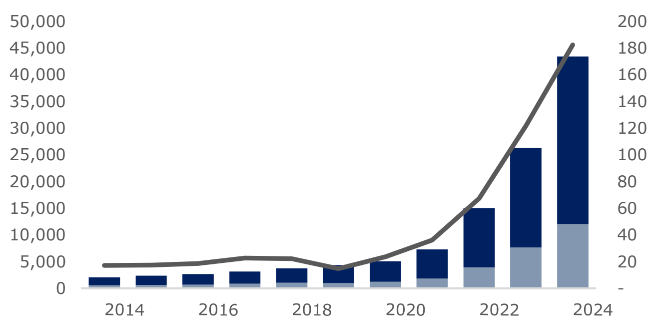
The monetary tightening measures initiated in the second half of 2023 and carried into 2024 led to a slowdown in bank lending to the real sector. As a result, businesses unable to secure financing through banks increasingly turned to financial leasing companies as an alternative. However, the high-interest-rate environment made financial leasing products costly, resulting in a decline in transaction volumes during 2024. Nevertheless, with the easing in market interest rates during the second half of 2024, financial leasing receivables experienced a notable increase compared to the first two quarters of the year.

In order to ensure a soft landing, the CBRT also joined the global monetary expansion cycle at the last meeting of 2024, reducing its the policy rate, which had been at 50% for a prolonged period, by 250bp in each of three consecutive meetings to 42.5%. Although rates are still high, the leasing sector's ability to pass on both high rates and potential future cuts to its borrowing and lending costs will be a key factor in determining profitability going forward.

Meanwhile, the CBRT's restrictions on commercial bank loan growth are expected to push real sector companies toward alternative financing options, including leasing. Given these dynamics, it will be crucial for the sector to closely monitor market conditions and adapt accordingly.

In 2024 Türkiye has made fixed asset investment of TRY 12,000bn. Leasing companies financed TRY 182.3bn of this total fixed asset investment. The penetration rate, which represents the ratio of leasing business volume to total fixed asset investment, was 1.6% in FYE2023, decreased to 1.5% in the 2024.

GDP (excluded fixed asset investment) (in billion TRY, left axis)
Fixed Asset Investment (in billion TRY, left axis)
Financial Leasing Business Volume (in billion TRY, right axis)



Source: AFI, JCR-ER

According to the data from BRSA, which is the regulating body of the sector indicates that sector's asset size jumped by 23.0% and reached to TRY 334.5bn compared to 2023 year-end figure, as of

December 2024. In the mentioned period, financial assets which includes net leased assets, non-performing receivables and allowances increased by 23.7% and recorded as TRY 236.6bn.

Selected Balance Sheet Items for Financial Leasing Companies
(in million TL)

	2023	2024	1M2025
Cash, Cash Equivalents and Central Bank	17,697	12,508	11,610
Financial Assets (Net)	191,309	236,628	240,856
Leasing (Net)	*188,998*	*234,274*	*237,374*
Non-Performing Receivables	*7,659*	*7,348*	*8,336*
Allowances for Expected Credit Loss	*5,890*	*5,644*	*5,520*
Other Financial Assets	*542*	*650*	*666*
Tangible Assets (Net)	10,514	15,236	15,044
Other Assets	52,337	70,127	71,523
Total Assets	**271,857**	**334,499**	**339,033**
Funds Borrowed	187,602	215,996	216,423
Securities Issued	10,567	14,213	16,227
Other Liabilities	32,623	42,433	42,722
Shareholders' Equity	41,065	61,857	63,661
Paid-in Capital	*9,778*	*13,016*	*13,016*
Total Liabilities and Equity	**271,857**	**334,499**	**339,033**

Source: BRSA, JCR-ER

Given that a significant portion of the sector's business volume is based on FX-denominated assets, it is crucial to highlight that a substantial share of financial assets is also FX-denominated. Consequently, FX fluctuations have a notable impact on the balance sheet, particularly regarding financial assets. During the period under review, net lease assets increased by 24.0% compared to year-end 2023, while non-performing receivables decreased by 4.1%. The sector maintained its prudent approach from previous periods, as evidenced by the provision allowance ratio for non-performing receivables, which stood at 76.8 as of FYE2024.

In the 2024, sectoral leasing volume composition of the industry did not display any change. The service industries, led by the construction and Wholesale and Retail, had a share of more than 56%, while the manufacturing industries share downed to the 38.7% in FYE2024.

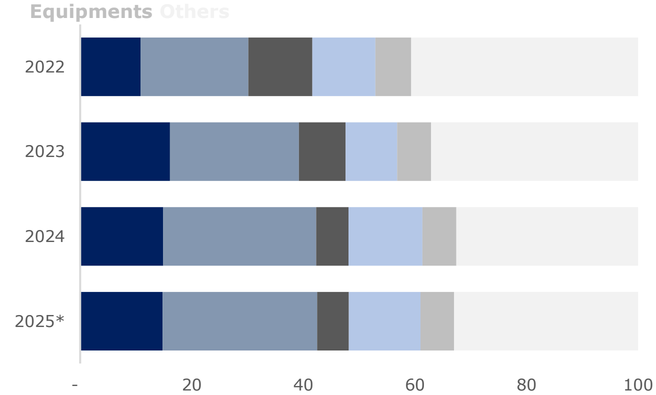
Leasing Volume by Sectors
(in million TRY)

	2022	2023	2024	1M2025
Manufacturing Total	**35,459**	**52,752**	**70,475**	**6,256**
Main Metal Industry and Production of Material	*5,526*	*7,988*	*13,264*	*607*
Textile and Textile Products	*8,677*	*9,941*	*9,989*	*630*
Other	*21,256*	*34,823*	*47,222*	*5,019*
Services Total	**29,418**	**70,694**	**102,934**	**8,222**
Construction	*10,384*	*28,247*	*49,704*	*4,901*
Wholesale and Retail	*6,473*	*17,025*	*15,156*	*1,116*
Other	*12,561*	*25,422*	*38,074*	*2,205*
Agriculture Total	**1,671**	**2,913**	**4,272**	**368**
Other Sectors	**710**	**1,627**	**4,582**	**666**
Total	**67,258**	**127,986**	**182,263**	**15,512**

Source: BRSA, AFI, JCR-ER

The leasing volume to construction sector increased to TRY 49.7bn in FYE2024 from TRY 28.2bn, compared to FYE2023. The wholesale and retail trade sector showed a decrease of 11.0% from TRY 17.0bn to TRY 15.2bn. The textile sector's business volume, on the other hand, stood similar to the FYE2023 in this period.

Financial Assets by Types (Share %)



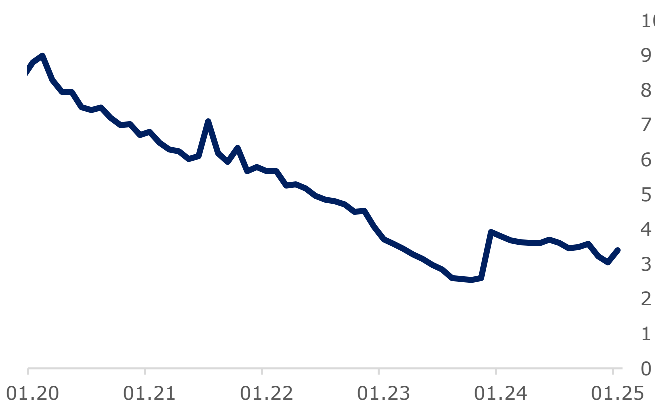
Source: BRSA, JCR-ER
* As of January 2025

Sector assets have gradually moved from textile machines to road vehicles, business, and construction machinery. At the same time, renewable energy equipment has kept a share of 6% in total financial assets.

While the sector is cautious about non-performing receivable, NPL rate has been decreasing since 2020.

Although the regulation which allowed financial institutions allows to delete non-performing receivables from account, the positive signal that leasing companies are well-behaved to manage its non-performing receivables. Even though the nominal amount of non-performing receivables decreased from TRY 7.7bn in FYE2023 to TRY 7.3bn in FYE2024, the rate of non-performing loans as of FYE2024 has been calculated as 3.1%.

NPL Rate (%)



Source: BRSA, JCR-ER

Increases in assets are reflected in financing side of balance sheet. Leasing companies use security issuance and bank loans as sources of finance along with retained earnings. As of FYE2024, the funds borrowed increased by 15.1% compared to FYE2023 and amounted to TRY 216.0bn. In the same period, the volume of securities issued in the sector increased by 34.5%, from TRY 10.6bn to TRY 14.2bn.

In this period, paid-in capital account increased by 33.1% and reached TRY 13.0bn. However, retained earnings also make a relative contribution to shareholders' equity. Finally, the sector's equity increased by 50.6%, reaching TRY 61.9bn in FYE2024.

In FYE2024, operating income recorded a growth rate of 65.9% and reached to TRY 53.0bn. The gross profit amount went up more than 55.9% and recorded as TRY 14.0bn. The net profit amount in the sector increased from TRY 14.5bn in FYE2023 to TRY 17.2bn in mentioned period. Compared to the FYE2023, there was a 39.2% increase in net operating profit and a 18.6% increase in net income.

The high-interest-rate environment continues to exert pressure on the leasing sector. Although the CBRT has been cutting policy rate, commercial loan rates reflect it in slow way. In such an environment, the cost of funding would be challenging issue, resulting in substantial financing expenses for leasing companies throughout 1H2025. However, interest rate cuts from the CBRT could eventually help the sector, provided that companies have the pricing power to reflect these reductions in their services. Leasing companies with strong market positions, effective cost management, and the ability to adjust prices in response to changing funding costs will be better positioned to navigate these challenges and improve profitability.

Due to the mentioned reasons, substantial increase has been observed in financial expenses. Financial expenses Financing expenses grew by 69.9% surpassing the operating income, and reached TRY 39.0 in FYE2024. This pressured the gross profit margin. Additionally, another significant rise was observed in operational expenses, which increased by 70.9% in 2024 which supressed the EBIT and net income.

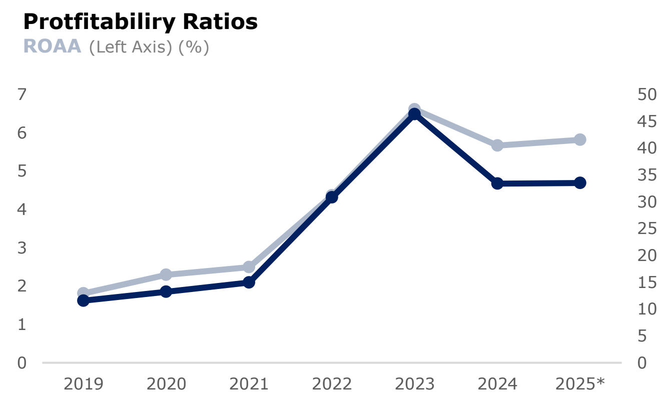
As a result of these developments, an examination of net interest margins (NIM) reveals a slight increase from 6.4% at the end of 2023 to 6.5% by 2024 as per non-inflation adjusted figures. However, relative ease of market interest rates would lift some part of the pressures coming from high funding cost.

Selected Income Statement Items for Financial Leasing Companies
(in million TL)

	2023	2024	1M2024	1M2025
Operating Income	31,953	53,020	4,111	5,198
Financial Lease Income	*31,953*	*53,020*	*4,111*	*5,198*
Financial Expenses	22,958	38,996	3,316	3,143
Gross Profit/Loss	8,996	14,024	795	2,054
Operating Expenses	3,335	5,698	495	720
Other Operating Profit/Loss	11,547	14,032	1,679	1,879
Net Operating Profit/Loss	14,143	19,680	1,698	2,531
Profit from Continuing Operations Before Tax	17,585	21,548	2,020	2,777
Net Profit	14,488	17,180	1,677	2,314

Source: BRSA, JCR-ER

As the increase in total assets outpaced the growth in net profit in 2024, a decline was observed in key profitability indicators. Return on Average Assets (ROAA) dropped from 6.6% in FYE2023 to 5.7% in FYE2024, while Return on Average Equity (ROAE) declined from 46.3% to 33.4%.



Source: BRSA, JCR-ER
*As of 1M2025

Lastly, since inflation accounting rule has not been adopted for the financial institutions, profitability metrics could be turned to normal trend. The accurate trend would be observed after inflation adjustments.

The CBRT joined global central banks in cutting interest rates at the end of 2024, and the policy rate, fell to 42.5% in March 2025. However, it is obvious that financial condition is still tight. In addition to these, with the additional measures taken against the turmoil in financial markets at the end of first quarter of 2025, financing costs have also exceeded the policy rate. In addition to all this, the economic slowdown aimed with monetary tightening has not occurred yet. All these developments seem to cause the soft-landing scenarios to be postponed a little more. In such an environment, we expect leasing companies to act a little more cautiously against the changing conditions and regulations. In this scenario, we will closely monitor the changing market conditions and the actions to be taken by leasing companies.

5. Additional Rating Assessments

The use of the financial instruments exposes the company to credit, liquidity and market risks. The Board of Directors of the Company is responsible for the establishment and supervision of the risk management structure. The board manages the effectiveness of the risk management system through the mechanisms existing within the Group. Additionally, the Company owns the Early Detection of Risk Committee required in the Corporate Governance Principles. The risk management policies and processes of the Company have been configured in a structure aiming to identify and analyze the risks exposure, to determine the appropriate risk limits and controls and to monitor risk and compliance with established limits. Risk management policies and systems are subject to regular revisions to update the changes in the products/services and market conditions. The Company aims to build up a disciplined and constructive control environment in which all employees understand their duties and responsibilities through training and management standards and procedures. Moreover, since the Company is a subsidiary of Vakıfbank on a consolidated basis, it performs a periodical data declaration to Vakıfbank in order to calculate operational, market, credit and liquidity risk exposures.

Credit Risk

Due to its leasing transactions, the Company is exposed to credit risk. By dealing with creditworthy counterparties and, where possible, obtaining sufficient collateral, the Company seeks to mitigate its credit risk. In addition, the financial situation and credibility of customers are analyzed and credit risks are monitored on the basis of these analyses, supplemented by intelligence reports. Credit risk of the Company is concentrated in Türkiye, where operations are carried out. Credit risk is controlled through limits set by the Company Board. Moreover, the Company had a Risk Monitoring Committee with a detailed monitoring process, and an internal scoring system applied for the lease activities up to EUR 250k. The "Customer Delay Report" is prepared daily by the Risk Monitoring and Asset Management Departments and is shared with related departments.

As stated in the audit report, the principle items exposed to credit risk includes receivables from financial leasing activities, other receivables as well as bank deposits which collectively amounted to TRY 28.32bn as of FYE2024 (FYE2023: TRY 22.48bn) indicating a rise in comparison to the previous year arising from increase in receivables from financial leasing activities. Total credit risk exposure comprised 91.34% of total asset size as of FYE2024. (FYE2023: 85.70%) In addition, sector credit concentrations are avoided in order to minimize the associated risks. The Company's lease receivables are diversified across various industries. Besides the other related issues are elaborated in the heading of "worsened NPL level together with the ascent in the risk perception".

Market Risk

Market risk is the risk that changes in the value of a financial instrument may have an impact on the

Company's future cash flows. The objective of market risk management is to control the level of market risk within acceptable parameters through optimization of the return on risk. These include foreign currency risk, interest rate risks and risks relating to changes in the prices of financial instruments and commodities. Market risk is subject to the Company's ALCO meetings held on a weekly basis and managed through regulatory measures revised in accordance with the changing market conditions.

Foreign exchange risk

The Company is exposed to FX risk due to its FX denominated financial leasing activities and funds borrowed. Vakıf Leasing's net FX position recorded a sharp decrease to TRY 29.60mn as of FYE2024 (FYE2023: TRY 1.32bn) due to the increase of the share of FX dominated borrowing structure in the latest year end. The distribution of foreign currency assets and liabilities as of 2023 and 2024 year-end are shown below:

FX Position (TRY mn)	FYE2023	FYE2024
Assets	9,933.22	15,001.32
Liabilities (-)	8,613.19	14,971.72
Net FX Position	**1,320.02**	**29.60**

The effect of a 10% change in the value of TL against the following currencies-USD, EUR, CHF, GBP- on the income statement and shareholders' equity (excluding tax effect) for the accounting periods ending on FYE2023 and FYE2024 is (+/-) TRY 132.00mn and TRY 2.96mn, respectively.

Interest Rate Risk

The main risk to which non-trading portfolios are exposed is the fluctuations in future cash flows due to changes in market interest rates. The Company's borrowings at fixed and floating interest rates expose it to interest rate risk. Interest rate risk is controlled by the Company through an appropriate allocation between fixed and floating rate borrowings.

(TRY mn)	FYE2023	FYE2024
Fixed Interest Rate Financial Instruments		
Financial Assets (Total)	22,377.55	27,606.59
Term Deposit	*2,217.42*	*1,548.11*
Reverse Repo	*-*	*2,155.91*
Financial Lease Receivables, Net	*19,533.95*	*23,902.58*
FVPL	*626.18*	*-*
Financial Liabilities (Total)	4,344.10	9,714.09
Funds Borrowed	4,344.10	9,714.09
Floating Interest Rate Financial Instruments		
Financial Liabilities (Total)	15,799.61	13,901.89
Funds Borrowed	*15,799.61*	13,901.89

As of FYE2024, the Company's has a debt structure with floating interest rate with a weight of 58.87%. The average interest rate for the funds borrowed in TRY for floating rate loans was 35.87% and was 43% for the fixed rate loans in FYE2024.

Liquidity Risk

The liquidity risk management is under the responsibility of Company Board. A suitable liquidity risk management has been formed by the Board to meet the short, medium and long-term funding and liquidity requirements of the Company. The Company manages its liquidity risk by holding an adequate level of funding and borrowing sources through regular following of estimated and realized cash flows and due matching efforts of assets and liabilities. Additionally, the Company's receivables and payables are evaluated weekly in asset and liability meetings (APCO) on the basis of maturity dispute and average interest rate analyses, and monthly information is given to the Board.

As of April 24, 2025, cash credit lines worth TRY 92.27bn and TRY 75.26bn out of the total was cash limits. 18.56% of this total cash line was utilized. But we note that the Company also has limits abroad from the international financial institutions.

Operational, Legal Regulatory & Other Risks

The Company tries to minimize the human risk through implementations such as awareness and duties and legislation trainings, transition studies to performance system based on qualitative data, system and automation investments for manual errors, supervision of work processes through control points by Internal

Control, extension the scope of approval mechanisms for risky transactions and creation of authority and limit matrices. In order to ensure information and system security, the independent auditing company and the controlling shareholder Vakıfbank perform periodic IT audits. In addition, in-house trainings are performed to increase the awareness of staff regarding systemic threats. Emergency regulations and emergency action plans have been established in order to minimize and manage external factor risks.

VAKIF FİNANSAL KİRALAMA ANONİM ŞİRKETİ

Balance Sheet ('000 TRY)

	2022	2023	2024
Cash, Cash Equivalents	2,742,139	2,737,177	3,723,413
Financial Assets at Fair Value Difference through P/L (net)	-	626.179	-
Financial Assets at Fair Value Difference through Other Comprehensive Income (net)	46,781	104.561	233,517
Financial Assets Measured at Amortized Cost (net)	8,295,843	19,606,267	24,234,659
Leasing Transactions (net)	8,203,283	19,533,950	23,902,579
Non-Performing Loans	220.694	219.717	572,709
Expected Loss Provisions/Special Provisions (-)	-128.134	-147,400	- 240,629
Tangible Assets (net)	91.749	158.974	247,748
Intangible Assets (net)	1.063	1.121	2,866
Deferred Tax Asset	-	-	-
Current Period Tax Asset	56.228	559.544	-
Others	1,857,568	2,389,249	2,560,536
Assets Held for Sale and from Discontinued Operations (net)	128.48	49.5	-
TOTAL ASSETS	**13,219,851**	**26,232,572**	**31,002,739**
Loans Received	10,850,603	20,143,713	23,615,987
Payables from Leasing Transactions	180	6.666	7,721
Securities Issued (net)	-	730.473	-
Derivative Financial Liabilities	-	-	-
Provisions	25.292	39.696	245,877
Current Tax Liability	30.331	127.131	344,834
Deferred Tax Liability	95.931	171.447	160,066
Others	892.575	2,150,505	897,611
TOTAL LIABILITIES	**11,894,912**	**23,369,631**	**25,272,096**
Paid-in Capital	600,000	1,000,000	3,500,000
Capital Reserves	1.662	13,310	32034
Other Accumulated Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss	112.029	195.294	392038
Profit Reserves	92.682	211.248	154,337
Net Profit/Loss	518.566	1,443,089	1,652,235
TOTAL EQUITY	**1,324,939**	**2,862,941**	**5,730,644**
TOTAL LIABILITIES AND EQUITY	**13,219,851**	**26,232,572**	**31,002,739**

- *Including JCR Eurasia Rating's adjustments where applicable,*

VAKIF FİNANSAL KİRALAMA ANONİM ŞİRKETİ

Income Statement ('000 TRY)

	2022	2023	2024
Operating Income	**1,107,484**	**3,870,513**	**6,752,005**
Leasing Revenues	1,082,375	3,809,540	6,631,373
Fees and Commissions from Leasing	25.109	60.973	120,632
Financing Expenses	-800.022	-2,616,876	-4,486,293
Interests Paid on Used Loans	-751.775	-2,461,838	-4,328,975
Interest Paid on Leasing Transactions	-46	-764	-1,784
Interests Paid on Issued Securities	-	-54.688	-60,535
Fees and Commissions Given	-48.201	-99.586	- 94,999
Gross Profit/Loss	**307.462**	**1,253,637**	**2,265,712**
Expenses from Op. Act.	-80.169	-176.639	-310,000
Gross Operating Profit	**227.293**	**1,076,998**	**1,955,712**
Other Operating Income	578.587	1,031,686	824,766
Provision Expenses (-)	-30,450	51.539	338,015
Other Operating Expenses (-)	-83,620	-754	-2,365
Net Operating Profit/Loss	**691,810**	**2,056,391**	**2,440,098**
Tax Provision for Continuing Operations (±)	-173.244	-613.302	-787,863
Net Profit/Loss for the Period	**518.566**	**1,443,089**	**1,652,235**

- *Including JCR Eurasia Rating's adjustments where applicable,*

VAKIF FİNANSAL KİRALAMA ANONİM ŞİRKETİ

Key Ratios & Metrics

	2022	2023	2024
PROFITABILITY & PERFORMANCE			
Operating ROAA(Ope Net Inc / Assets (avg)) (%)	14.79	23.19	23.87
Operating ROAE(Ope Net Inc /Equ Cap (avg))(%)	142.41	218.42	158.99
ROAA	7.09	10.42	8.53
ROEA	68.25	98.21	56.79
Net Profit/Avg Total Assets	5.31	7.32	5.77
Provisions/Total Income	3.35	2.22	10.94
Growth Rate	109.94	98.43	18.18
Gross Profit Margin	76.21	88.49	78.96
Total Operating Expenses/Total Income	8.83	7.63	10.11
Interest Coverage Ratio	192.02	181.69	155.57
Total Income/Total Expenses (x)	16.50	13.10	9.89
Net Profit Margin	57.13	62.10	53.46
Total Income/Avg Total Assets	9.30	11.78	10.80
Interest Margin (%)	5.53	11.16	11.05
Total Income/Avg Equity	89.54	110.98	71.93
Market Share (%)	8.08	9.65	9.27
LIQUIDITY			
Liquid Assets + Marketable Securities / Equity (%)	206.96	117.48	64.97
Net Interest and Commission / Total Assets (%)	3.31	7.00	9.12
Liquid Assets + Marketable Securities / Total Assets (%)	20.74	12.82	12.01
CAPITAL ADEQUACY			
Equity/Total Assets (Standard Ratio) (%)	10.02	10.91	18.48
Tangible Assets / Total Assets (%)	0.69	0.61	0.80
ASSET QUALITY			
Loan Loss Provision/Total Loans	1.56	0.74	0.97
Total Provision/Profit Before Tax&Provision	4.22	2.45	12.17
NPL Ratio	2.62	1.11	2.34

- *Including JCR Eurasia Rating's adjustments where applicable,*

Rating Info

Rated Company:	Vakıf Finansal Kiralama A.Ş. İnkılap Mahallesi Dr. Adnan Büyükdeniz Caddesi No:7/A İç Kapı No:9 Ümraniye / İstanbul Telephone: +90 216 285 92 00
Rating Report Preparation Period:	01.04.2025 – 22.04.2025
Rating Publishing Date:	28.04.2025
Rating Expiration Date:	1 full year after publishing date, unless otherwise stated
Financial Statements:	FYE2024- FYE2023- FYE2022 | Solo Audit Figures
Previous Rating Results:	April 26, 2024 / Long Term National Scale / 'AA (tr)' Other rating results for the Company are available at www.jcrer.com.tr
Rating Committee Members:	Z.M. Çoktan (Executive Vice President) *zeki.coktan@jcrer.com.tr* , Ö.Sucu *(Manager) omer.sucu@jcrer.com.tr* , M. Hayat *(Manager) merve.hayat@jcrer.com.tr*

Disclaimer

The ratings affirmed by JCR Eurasia Rating are a reflection of the Company's independent audit reports prepared in conformity with Turkish Financial Reporting Standards (TFRS) and International Financial Reporting Standards (IFRS), on and off-balance sheet figures, general market conditions in its fields of activity, unaudited financial statements, information and clarifications provided by the Company, and non-financial figures. Certain financial figures of the Company for previous years have been adjusted in line with the JCR Eurasia Rating's criteria.

The Company's balance sheet composition, asset quality, risk management practices, business profile, liquidity management, history in the sector, profitability figures, revenues, debt structure, growth rates, off-balance sheet commitments, and the financial and non-financial positions of the main shareholders were taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency ratings as well as national ratings.

Considering the fact that there are no additional legal or financial collateral guarantees provided separately for the repayment of the bonds issued, the note assigned for the TRY dominated bond issuance is assigned as the same as the Company's Long and Short-Term National Local Ratings, unless otherwise stated.

Previous rating results and other relevant information can be accessed on www.jcrer.com.tr

This rating report has been composed within the methodologies registered with and certified by the SPK (CMB-Capital Markets Board of Türkiye), BDDK (BRSA-Banking Regulation and Supervision Agency) and internationally accepted rating principles and guidelines but is not covered by NRSRO regulations.

JCR Eurasia Rating
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