

# VAKIF FAKTORİNG A.Ş.

FINANCIAL STATEMENTS TOGETHER  
WITH INDEPENDENT AUDITOR'S REPORT FOR  
THE PERIOD 1 JANUARY - 31 DECEMBER 2021

*(Convenience translation at publicly announced financial statements, related disclosures and audit report originally issued in Turkish – see in Note 2)*



**Building a better  
working world**

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

## **INDEPENDENT AUDITOR’S REPORT**

**To the Shareholders of Vakıf Faktoring A.Ş.**

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

#### **1. Opinion**

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of Vakıf Faktoring A.Ş. as at 31 December 2021, 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 Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communiqué and Circular on Accounting Policies of Financial Leasing, Factoring and Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority (“BRSA”) together referred as “BRSA Accounting and Financial Reporting Legislation” which includes provisions of Turkish Financial Reporting Standards (“TFRS”) for the matters which are not regulated by the aforementioned regulations.

#### **2. Basis for Opinion**

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

#### **3. Key Audit Matters**

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

<b>Key Audit Matter Impairment of Factoring Receivables</b>	<b>How the Key Audit Matter Addressed in the Audit</b>
<p>The determination of impairment of factoring 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 factoring receivables which are impaired and not to allocate reasonable impairment provision for the related receivables. Provisions for factoring receivables are disclosed in Note 5.</p>	<p>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 factoring receivables and impaired factoring receivables and their provisions.</p> <p>In addition, in accordance with our risk assessment, whether the factoring 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.</p>

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

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

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

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

#### **5. Auditors’ Responsibilities for the Audit of the Financial Statements**

In an independent audit, as auditors our responsibilities are:

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

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



We also:

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

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

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

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

**B. Other Matter**

Financial statements of the Company as at 31 December 2020 were audited by another auditor who expressed an unqualified opinion in their report on 17 February 2021.

**C. 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 2021 - 31 December 2021 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.

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

**Additional paragraph for convenience translation to English**

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

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

Emre Çelik, SMMM  
Partner

11 February 2022  
Istanbul, Turkey

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**VAKIF FAKTORING A.Ş.**

**DECEMBER 31, 2021 AS AT  
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)**

	ASSETS	Note	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH, CASH EQUIVALENTS AND BALANCES AT CENTRAL BANK	3	62.663	32.658	95.321	75.439	3.755	79.194
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL ASSETS	11	-	-	-	2.013	-	2.013
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	4	8.157	-	8.157	6.897	-	6.897
V.	FINANCIAL ASSETS AT AMORTISED COST (Net)	5	6.119.063	889.602	7.008.665	5.424.511	270.645	5.695.156
5.1	Factoring Receivables	5	6.117.335	889.602	7.006.937	5.418.769	270.645	5.689.414
5.1.1	Discounted Factoring Receivables (Net)		3.514.361	186.768	3.701.129	1.438.676	55.778	1.494.454
5.1.2	Other Factoring Receivables		2.602.974	702.834	3.305.808	3.980.093	214.867	4.194.960
5.2	Savings Financing Receivables		-	-	-	-	-	-
5.2.1	From the Savings Fund Pool		-	-	-	-	-	-
5.2.2	From the Equity		-	-	-	-	-	-
5.3	Financial Loans		-	-	-	-	-	-
5.3.1	Consumer loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	Leasing Transactions (Net)		-	-	-	-	-	-
5.4.1	Finance lease receivables		-	-	-	-	-	-
5.4.2	Operating Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		-	-	-	-	-	-
5.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6	Non Performing Receivables	5	50.454	16.425	66.879	52.248	10.077	62.325
5.7	Allowance For Expected Credit Losses / Specific Provisions (-)	5	(48.726)	(16.425)	(65.151)	(46.506)	(10.077)	(56.583)
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)	6	2.558	-	2.558	2.399	-	2.399
VIII.	INTANGIBLE ASSETS (Net)	7	2.069	-	2.069	1.195	-	1.195
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSETS		158	-	158	-	-	-
XI.	DEFERRED TAX ASSET	8	51.219	-	51.219	-	-	-
XII.	OTHER ASSETS	10	10.969	111	11.080	3.763	76	3.839
	SUBTOTAL		6.256.856	922.371	7.179.227	5.516.217	274.476	5.790.693
XIII.	ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	9	220	-	220	-	-	-
13.1	Held for Sale		220	-	220	-	-	-
13.2	Non-Current Assets From Discontinued Operations		-	-	-	-	-	-
	<b>TOTAL ASSETS</b>		<b>6.257.076</b>	<b>922.371</b>	<b>7.179.447</b>	<b>5.516.217</b>	<b>274.476</b>	<b>5.790.693</b>

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

**VAKIF FAKTORING A.Ş.**

**DECEMBER 31, 2021 AS AT  
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)**

	LIABILITIES	Note	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	LOANS RECEIVED	12	4.613.722	869.858	5.483.580	4.028.285	494.057	4.522.342
II.	FACTORING PAYABLES		7.309	-	7.309	672	-	672
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASING PAYABLES		2.361	-	2.361	2.119	-	2.119
V.	MARKETABLE SECURITIES (Net)	13	767.915	-	767.915	761.121	-	761.121
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	11	221.062	-	221.062	-	-	-
VIII.	PROVISIONS	15	5.770	27.654	33.424	5.424	15.642	21.066
7.1	Provision for Restructuring		-	-	-	-	-	-
7.2	Reserves For Employee Benefits	15	2.280	-	2.280	1.424	-	1.424
7.3	General Loan Loss Provisions	15	3.490	27.654	31.144	4.000	15.642	19.642
7.4	Other provisions		-	-	-	-	-	-
IX.	CURRENT TAX LIABILITIES	14	70.271	-	70.271	9.284	-	9.284
X.	DEFERRED TAX LIABILITY	14	-	-	-	269	-	269
XI.	SUBORDINATED DEBT		-	-	-	-	-	-
XII.	OTHER LIABILITIES	14	2.522	329	2.851	524	105	629
	<b>SUBTOTAL</b>		<b>5.690.932</b>	<b>897.841</b>	<b>6.588.773</b>	<b>4.807.698</b>	<b>509.804</b>	<b>5.317.502</b>
XIII.	LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	EQUITY	16	590.674	-	590.674	473.191	-	473.191
14.1	Issued capital	16	350.000	-	350.000	250.000	-	250.000
14.2	Capital Reserves	16	-	-	-	-	-	-
14.2.1	Equity Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		-	-	-	-	-	-
14.3	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss		5.595	-	5.595	4.398	-	4.398
14.4	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		-	-	-	-	-	-
14.5	Profit Reserves		118.793	-	118.793	120.687	-	120.687
14.5.1	Legal Reserves		23.191	-	23.191	18.286	-	18.286
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		95.602	-	95.602	102.401	-	102.401
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		116.286	-	116.286	98.106	-	98.106
14.6.1	Prior Years' Profit or Loss		-	-	-	-	-	-
14.6.2	Current Period Net Profit Or Loss		116.286	-	116.286	98.106	-	98.106
	<b>Total equity and liabilities</b>		<b>6.281.606</b>	<b>897.841</b>	<b>7.179.447</b>	<b>5.280.889</b>	<b>509.804</b>	<b>5.790.693</b>

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



**VAKIF FAKTORING A.Ş.**

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

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

	OFF BALANCE SHEET ITEMS	Note	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>RECOURSE FACTORING TRANSACTIONS</b>		117.441	277.394	394.835	1.000	474.188	475.188
<b>II.</b>	<b>NON-RECOURSE FACTORING TRANSACTIONS</b>		848.668	240.990	1.089.658	52.152	889.517	941.669
<b>III.</b>	<b>SAVING FINANCE AGREEMENTS TRANSACTIONS</b>		-	-	-	-	-	-
<b>IV.</b>	<b>GUARANTEES RECEIVED</b>	23	-	-	-	-	-	-
<b>V.</b>	<b>GUARANTEES GIVEN</b>	23	1.003.788	-	1.003.788	852.035	-	852.035
<b>VI.</b>	<b>COMMITMENTS</b>	23	-	-	-	-	-	-
6.1	Irrevocable Commitments		-	-	-	-	-	-
6.2	Revocable Commitments		-	-	-	-	-	-
6.2.1	Lease Commitments		-	-	-	-	-	-
6.2.1.1	Financial Lease Commitments		-	-	-	-	-	-
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	23	475.450	668.341	1.143.791	55.058	49.181	104.239
7.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
7.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
7.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
7.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
7.2	Trading Transactions		-	-	-	-	-	-
7.2.1	Forward Buy/Sell Transactions		475.450	668.341	1.143.791	55.058	49.181	104.239
7.2.2	Swap Buy/Sell Transactions		-	-	-	-	-	-
7.2.3	Options Buy/Sell Transactions		475.450	668.341	1.143.791	55.058	49.181	104.239
7.2.4	Futures Buy/Sell Transactions		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
<b>VIII.</b>	<b>ITEMS HELD IN CUSTODY</b>		3.206.369	1.436.675	4.643.044	5.166.820	1.167.957	6.334.777
	<b>TOTAL OFF BALANCE SHEET COMMITMENTS</b>		<b>5.651.716</b>	<b>2.623.400</b>	<b>8.275.116</b>	<b>6.127.065</b>	<b>2.580.843</b>	<b>8.707.908</b>

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

**VAKIF FAKTORING A.Ş.**

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

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

STATEMENT OF PROFIT OR LOSS		Note	Audited Current Period 1 January - 31 December 2021	Audited Prior Period 1 January - 31 December 2020
<b>I.</b>	<b>OPERATING INCOME</b>		<b>772.176</b>	<b>358.094</b>
	<b>FACTORING INCOME</b>	<b>17</b>	<b>772.176</b>	<b>358.094</b>
1.1	Interest received from Factoring Receivables		769.365	352.762
1.1.1	Discounted		352.805	120.091
1.1.2	Other		416.560	232.671
1.2	Fees and Commissions Received from Factoring Receivables		2.811	5.332
1.2.1	Discounted		1.003	1.225
1.2.2	Other		1.808	4.107
	<b>FINANCE LOAN INCOME</b>		-	-
1.3	Interest Received from Finance Loans		-	-
1.4	Fees and Commissions Received from Finance Loans		-	-
	<b>LEASE INCOME</b>		-	-
1.5	Financial Lease Income		-	-
1.6	Operating Lease Income		-	-
1.7	Fees and Commissions Received from Lease Transactions		-	-
	<b>SAVING FINANCE INCOME</b>		-	-
1.8	Dividends Received from Savings Financing Receivables		-	-
1.9	Fees and Commissions Received from Savings Financing Receivables		-	-
<b>II.</b>	<b>FINANCING EXPENSES (-)</b>	<b>18</b>	<b>(603.973)</b>	<b>(221.254)</b>
2.1	Dividends Given to the Savings Fund Pool		-	-
2.2	Interest on Funds Borrowed		(481.958)	(177.963)
2.3	Interest on Factoring Payables		-	-
2.4	Financial Lease Expenses		(371)	(264)
2.5	Interest on Securities Issued		(94.790)	(30.929)
2.6	Other Interest Expenses		-	-
2.7	Fees and Commissions Given		(26.854)	(12.098)
<b>III.</b>	<b>GROSS PROFIT/LOSS (I-II)</b>		<b>168.203</b>	<b>136.840</b>
<b>IV.</b>	<b>OPERATING EXPENSE (-)</b>	<b>19</b>	<b>(31.036)</b>	<b>(18.270)</b>
4.1	Personnel Expenses		(15.889)	(12.864)
4.2	Provision Expense for Employment Termination Benefits		(682)	(179)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(14.465)	(5.227)
4.5	Other		-	-
<b>V.</b>	<b>GROSS OPERATING PROFIT/LOSS (III+IV)</b>		<b>137.167</b>	<b>118.570</b>
<b>VI.</b>	<b>OTHER OPERATING INCOME</b>	<b>20</b>	<b>1.141.711</b>	<b>338.693</b>
6.1	Interest Received from Banks		9.536	3.121
6.2	Interest Received from Marketable Securities Portfolio		-	-
6.3	Dividend Income		-	-
6.4	Capital Market Transactions Profit		-	-
6.5	Interest From Derivative Financial Transactions		12.078	2.013
6.6	Foreign Exchange Gains		1.113.232	329.539
6.7	Other		6.865	4.020
<b>VII.</b>	<b>PROVISIONS</b>		<b>(8.861)</b>	<b>(1.300)</b>
7.1	Specific Provisions		(8.861)	(1.300)
7.2	Expected Loss Provisions		-	-
7.3	General Provisions		-	-
7.4	Other		-	-
<b>VIII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>20</b>	<b>(1.109.218)</b>	<b>(330.138)</b>
8.1	Impairment of Marketable Securities		-	-
8.2	Impairment of Property and Equipment		-	-
8.3	Capital Market Transactions Loss		-	-
8.4	Loss from Derivative Financial Transaction		(229.717)	-
8.5	Foreign Exchange Loss		(879.327)	(330.019)
8.6	Other		(174)	(119)
<b>IX.</b>	<b>NET OPERATING INCOME/EXPENSE (V+...+VIII)</b>		<b>160.799</b>	<b>125.825</b>
<b>X.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-
<b>XI.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-
<b>XII.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XIII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (IX+X+XI+XII)</b>		<b>160.799</b>	<b>125.825</b>
<b>XIV.</b>	<b>TAXATION ON INCOME FROM CONTINUING OPERATIONS (±) (±)</b>	<b>21</b>	<b>(44.513)</b>	<b>(27.719)</b>
14.1	Current Tax Provision		(96.064)	(27.258)
14.2	Deferred Tax Expense Effect (+)		-	(461)
14.3	Deferred Tax Income Effect (-)		51.551	-
<b>XV.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)</b>		<b>116.286</b>	<b>98.106</b>
<b>XVI.</b>	<b>INCOME FROM DISCONTINUING OPERATIONS</b>		-	-
16.1	Income from Assets Held for Resale		-	-
16.2	Income from Investment and Associates, Subsidiaries and Joint Ventures		-	-
16.3	Other income		-	-
<b>XVII.</b>	<b>EXPENSES FROM DISCONTINUING OPERATIONS (-)</b>		-	-
17.1	Expenses from Assets Held for Resale		-	-
17.2	Income from Investment and Associates, Subsidiaries and Joint Ventures		-	-
17.3	Other Expenses		-	-
<b>XVIII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUING OPERATIONS (XVI-XVII)</b>		-	-
<b>XIX.</b>	<b>TAXATION ON INCOME FROM DISCONTINUING OPERATIONS (±)</b>		-	-
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Expense Effect (+)		-	-
19.3	Deferred Tax Income Effect (-)		-	-
<b>XX.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)</b>		-	-
<b>XXI.</b>	<b>NET PROFIT/LOSSES (XV+XX)</b>		<b>116.286</b>	<b>98.106</b>
	Earnings Per Share	25	0,3322	0,2803

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

**VAKIF FAKTORING A.Ş.****DECEMBER 31, 2021 FOR THE YEAR OF  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited Current Period 31 December 2021	Audited Prior Period 31 December 2020
<b>I.</b>	<b>CURRENT PROFIT/LOSS</b>	<b>116.286</b>	<b>98.106</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>1.197</b>	<b>2.010</b>
2.1	<b>Items not to be reclassified under profit and loss</b>	<b>1.197</b>	<b>2.010</b>
2.1.1	Revaluation differences of property and equipment	-	-
2.1.2	Revaluation differences of intangible assets	-	-
2.1.3	Defined benefit plans remeasurement gains / losses	-	-
2.1.4	Other comprehensive income items not to be reclassified under profit and loss	1.260	2.116
2.1.5	Taxes on other comprehensive income not to be reclassified under profit or loss	(63)	(106)
<b>2.2</b>	<b>Items to be reclassified under profit and loss</b>	<b>-</b>	<b>-</b>
2.2.1	Foreign exchange differences from foreign currency transactions	-	-
2.2.2	Income/expenses on revaluation or reclassification of available for sale financial assets	-	-
2.2.3	Income/loss on cash flow hedge derivative financial assets	-	-
2.2.4	Income/loss from foreign investment hedge derivative financial assets	-	-
2.2.5	Other comprehensive income items to be reclassified under profit and loss	-	-
2.2.6	Taxes on other comprehensive income to be reclassified under profit or loss	-	-
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>117.483</b>	<b>100.116</b>

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

**VAKIF FAKTORING A.Ş.**

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

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

STATEMENT OF CHANGES IN EQUITY	Paid in Capital	Capital Reserves	Share Cancellation Profits	Other Reserves	Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement			Accumulated other comprehensive income or losses to be reclassified under profit or loss statement			Profit Reserves	Prior Period Net Income /(Loss)	Net Profit /Loss	Total Equity
					1	2	3	4	5	6				
<b>Prior Period (01.01.2020 - 31.12.2020)</b> <b>(Audited)</b>														
<b>I. Period Opening Balance (01.01.2020)</b>	170.000	-	-	-	-	51	2.337	-	-	-	69.570	-	131.117	373.075
<b>II. Changes in Accounting Policies according to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Balance (I+II)</b>	170.000	-	-	-	-	51	2.337	-	-	-	69.570	-	131.117	373.075
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	2.010	-	-	-	-	-	98.106	100.116
<b>V. Increase in Paid in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase from Internal Resources</b>	80.000	-	-	-	-	-	-	-	-	-	51.117	-	(131.117)	-
<b>VII. Inflation Adjustments to Paid in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (31.12.2020)</b>	250.000	-	-	-	-	51	4.347	-	-	-	120.687	-	98.106	473.191
<b>Current Period (01.01.2021 - 31.12.2021)</b> <b>(Audited)</b>														
<b>I. Period Opening Balance (01.01.2021)</b>	250.000	-	-	-	-	51	4.347	-	-	-	120.687	-	98.106	473.191
<b>II. Changes in Accounting Policies according to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Balance (I+II)</b>	250.000	-	-	-	-	51	4.347	-	-	-	120.687	-	98.106	473.191
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	1.197	-	-	-	-	-	116.286	117.483
<b>V. Increase in Paid in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase from Internal Resources</b>	100.000	-	-	-	-	-	-	-	-	-	(1.894)	-	(98.106)	-
<b>VII. Inflation Adjustments to Paid in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (31.12.2021)</b>	350.000	-	-	-	-	51	5.544	-	-	-	118.793	-	116.286	590.674

- (1) The accumulated revaluation increases/losses on property and equipment,
- (2) The accumulated remeasurement gains/losses on defined benefit plans,
- (3) Other (Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement),
- (4) Foreign currency translation differences
- (5) The accumulated revaluation increases/losses on available for sale asset,
- (6) Other (Cash flow hedge gains/losses, accumulated other comprehensive income or losses to be reclassified under profit or loss statement)

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

**VAKIF FAKTORING A.Ş.**

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

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

	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>187.010</b>	<b>106.384</b>
1.1.1 Interest Received/Factoring Income	570.734	339.470
1.1.2 Interest Paid/Leasing Expense	(515.777)	(177.893)
1.1.3 Dividend Received	-	-
1.1.4 Fees and Commissions Received	2.811	5.332
1.1.5 Other Income	6.865	3.421
1.1.6 Collections from Previously Written-off Doubtful Receivables	6.641	(3.861)
1.1.7 Payments to Personnel and Service Suppliers	(31.036)	(26.274)
1.1.8 Taxes Paid	(33.110)	(30.283)
1.1.9 Other	179.882	(3.528)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>(172.940)</b>	<b>(446.698)</b>
1.2.1 Net (Increase) Decrease in Factoring Receivables	(1.096.481)	(2.862.018)
1.2.2 Net (Increase) Decrease in Finance Loans	-	-
1.2.3 Net (Increase) Decrease in Lease Receivables	-	-
1.2.4 Net (Increase) Decrease in Savings Financing Receivables	-	-
1.2.5 Net (Increase) Decrease in Other Assets	(58.717)	(5.386)
1.2.6 Net Increase (Decrease) in Factoring Payables	6.637	(1.699)
1.2.7 Net Increase (Decrease) in Lease Payables	-	-
1.2.8 Net (Increase) Decrease in Savings and Financing Debts	242	(87)
1.2.9 Net Increase (Decrease) in Funds Borrowed	899.872	2.416.529
1.2.10 Net Increase (Decrease) in Due Payables	-	-
1.2.11 Net Increase (Decrease) in Other Liabilities	75.507	5.963
<b>I. Net Cash Used in Operating Activities</b>	<b>14.070</b>	<b>(340.314)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
2.1 Acquisition of Investments, Associates and Subsidiaries	-	-
2.2 Disposal of Investments, Associates and Subsidiaries	-	-
2.3 Purchases of Property and Equipment	(1.894)	(2.577)
2.4 Disposals of Property and Equipment	120	154
2.5 Financial Assets Reflected in Revenue	-	-
Disposals of Fair Value Differences of Other Comprehensive		
2.6 Financial Assets Reflected in Revenue	-	-
2.7 Purchase of investment securities held to maturity	-	-
2.8 Sale of investment securities held to maturity	-	-
2.9 Other	(1.736)	-
<b>II. Net Cash (Used in)/Provided from Investing Activities</b>	<b>(3.510)</b>	<b>(2.423)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
3.1 Cash Obtained from Funds Borrowed and Securities Issued	1.951.138	748.467
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(1.957.932)	(341.270)
3.3 Issued Capital Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(1.766)	-
3.6 Other	-	-
<b>III. Net Cash Provided from Financing Activities</b>	<b>(8.560)</b>	<b>407.197</b>
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>14.140</b>	<b>9.911</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>	<b>16.140</b>	<b>74.371</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>79.157</b>	<b>4.786</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>95.297</b>	<b>79.157</b>

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

**VAKIF FAKTORING A.Ş.**

**DECEMBER 31, 2021 FOR THE YEAR OF  
STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)**

	Current Period (*) 31 December 2021	Prior Period 31 December 2020
<b>I. DISTRIBUTION OF CURRENT PERIOD PROFIT</b>		
1.1 CURRENT PERIOD PROFIT	160.799	125.825
1.2 TAXES AND DUTIES PAYABLE (-)	(44.513)	(27.719)
1.2.1 Corporate Tax (Income Tax)	(96.064)	(27.258)
1.2.2 Withholding Tax	-	(461)
1.2.3 Other taxes and duties (**)	51.551	-
<b>A. NET PERIOD PROFIT (1.1-1.2)</b>	<b>116.286</b>	<b>98.106</b>
1.3 PRIORS YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	(51.551)	-
<b>B. DISTRIBUTABLE NET PERIOD PROFIT [(A)-(1.3+1.4+1.5)]</b>	<b>64.735</b>	<b>98.106</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Preferred Stocks	-	-
1.6.3 Participation in Redeemed Shares	-	-
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 Participation in Redeemed Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Owners of the profit /loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVE (-)	-	-
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION FROM RESERVES</b>	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 SHARE TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Preferred Stocks	-	-
2.3.3 Participation in Redeemed Shares	-	-
2.3.4 To Profit Participated Bonds	-	-
2.3.5 To Owners of the profit /loss Sharing Certificates	-	-
2.4 SHARE TO PERSONNEL (-)	-	-
2.5 SHARE TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>	-	-
3.1 TO OWNERS OF STOCKS	0,3322	0,2803
3.2 TO OWNERS OF STOCKS (%)	33,22	28,03
3.3 TO OWNERS OF PREFERRED STOCKS	-	-
3.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>	-	-
4.1 TO OWNERS OF STOCKS	-	-
4.2 TO OWNERS OF STOCKS (%)	-	-
4.3 TO OWNERS OF PREFERRED STOCKS	-	-
4.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-

(\*) As of the date of finalization of the financial statements 31 December 2021 the General Assembly has not been held yet.

(\*\*) Since it is considered by the Banking Regulation and Supervision Agency that the income amounts related to the deferred tax assets cannot be classified as cash or internal source and therefore the portion of the period income resulting from these assets should not be subject to profit distribution and capital increase. As of 31 December 2021, the Company's deferred tax income, which will not be subject to profit distribution, is 51.551 TL (31 December 2020: None).

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

## VAKIF FAKTORING A.Ş.

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

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

#### 1 - ORGANIZATION AND NATURE OF OPERATIONS

Vakıf Faktoring A.Ş. (previously Vakıf Finans Factoring Hizmetleri A.Ş.) ("The Company"), was incorporated on 28 January 1998 to provide factoring services to industrial and commercial firms. The Company provides factoring services, that is a financial product which ensure 'guarantee', 'finance' and 'collection' services by way of assignment to a company called 'factor' of the trade receivables arising from sale of goods and/or services by firms to within the country.

At the General Meeting held on 31 March 2015, the Company title "Vakıf Finans Factoring Hizmetleri A.Ş." was decided to change as "Vakıf Faktoring A.Ş." and the new title was registered to Turkish Trade Registry on 13 April 2015.

The Company serves both domestic and international factoring services.

The Company operates in accordance with "Financial 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 Regulating and Supervision Agency (BRSA).

As of 31 December 2021 and 31 December 2020, the compositions of the authorized and paid-in share capital are as follows:

	Share		Share	
	31 December		31 December	
	2021	(%)	2020	(%)
Türkiye Vakıflar Bankası T.A.O.	274.375	78,39	195.982	78,39
Türkiye Sigorta A.Ş. <sup>(*)</sup>	47.969	13,71	34.263	13,71
Vakıf Finansal Kiralama A.Ş.	13.281	3,79	9.487	3,79
Vakıfbank Per. Öz. Sos. Güv. Vakfı	8.906	2,54	6.362	2,54
Vakıf Pazarlama Sanayi ve Tic. A.Ş.	5.469	1,57	3.906	1,57
<b>Share Capital</b>	<b>350.000</b>	<b>100</b>	<b>250.000</b>	<b>100</b>

<sup>(\*)</sup> Güneş Sigorta A.Ş., which owns 13,71% of the company's capital, Ziraat Sigorta A.Ş. and Halk Sigorta A.Ş. with all its assets and liabilities, Güneş Sigorta A.Ş. The "Announcement Text", the amendment text of the articles of association and the issuance document regarding the merger of the Capital Markets Board ("CMB") It was approved by its decision dated 16 July 2020 and numbered 44/908. After the merger operations, Güneş Sigorta A.Ş. was named after Türkiye Sigorta A.Ş. title.

The Company has 52 employees as of 31 December 2021 (31 December 2020: 49).

The Company is registered in Turkey and located in the address below:  
Şerifali Mahallesi, Bayraktar Bulvarı, No:62, Ümraniye/İSTANBUL.

The Company carries its operations mainly in one geographical region (Turkey). The Company has branches in Ankara and Izmir which are opened in 2017.

#### Approval of Financial Statements

Prepared financial statements as of 31 December 2021 dated and ended account term, the financial statements were approved by the Board on February 11, 2022. The General Assembly has authority to amend the financial statements.

## **VAKIF FAKTORING A.Ş.**

### **DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS** (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

## **2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **2.1 Basis of Preparation**

#### **2.1.1 Basis of Preparation of Financial Statements**

The Company prepared the accompanying financial statements in thousands of Turkish Lira (“TL”) according 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’ published in the Official Gazette dated 24 December 2013 and numbered 28861 by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, preparations made according to the Turkish Financial Reporting Standards (“TFRS”) regulations included in; “BRSA Accounting and Financial Reporting Regulations”. The financial statements have been prepared on the historical cost basis except for the derivative financial instruments, which are measured at fair value.

The COVID-19 epidemic, which emerged in China, spread to various countries in the world, and caused potentially fatal respiratory tract infections, negatively affected both regional and global economic conditions, as well as causing disruptions in operations, especially in countries that were over-exposed to the epidemic. As a result of the spread of COVID-19 around the world, various measures have been taken and still continue to be taken in our country, as in the world, in order to prevent the transmission of the virus. In addition to these measures, economic measures are also taken in order to minimize the economic effects of the virus epidemic on individuals and businesses in our country and around the world. The Company Management anticipates that the effects of the current situation will not be at significant levels in the financial statements prepared as of 31 December 2021. In addition, estimates and assumptions used in the future will be reviewed.

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

Preparation of financial statements requires the amounts of the reported assets and liabilities or disclosed conditional assets and liabilities and income and estimation and assumption which affects the expense amounts which are reported in the relevant period. These estimations are based on the management's best opinion and knowledge and real consequences may be different than these estimations.

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

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



## **VAKIF FAKTORING A.Ş.**

### **DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)**

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

##### **2.1 Basis of Presentation (Continued)**

###### **2.1.3 Reporting Currency**

The financial statements are presented in the currency (functional currency) valid in the main economic environment in which the Company operates. The financial position and operating results of the business are expressed in thousand Turkish Lira, which is the functional currency of the Company and the presentation currency for the financial statements.

Financial statements have been prepared in thousands of TL, based on historical cost, except for financial assets and liabilities that are expressed with their fair values.

###### **2.1.4 Adjustment of Financial Statements in High Inflation Periods**

The financial statements have been adjusted for inflation in accordance with the “Turkish Accounting Standard for Financial Reporting in Hyperinflationary Economies” (“TAS 29”) until 31 December 2004. With the Circular dated 28 April 2005 published by the BRSA, it was announced that it was decided to terminate the inflation accounting application applied in the banking system and the inflation accounting application was terminated as of January 1, 2005 in the preparation of the financial statements.

In the statement made by the Public Oversight, Accounting and Auditing Standards Authority on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74,41%, TAS 29 Financial Inflationary Economies in 2021 financial statements. It has been stated that there is no need to make any adjustments within the scope of the Reporting Standard. In this respect, while preparing the financial statements as of 31 December 2021, no inflation adjustment was made according to TAS 29.

###### **2.1.5 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.

###### **2.1.6 Going concern**

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

###### **2.1.7 Comparative Information and Adjustment of Prior Period Financial Statements**

The financial statements of the Company are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. When the presentation or classification of the items of the financial statements changes, the prior period financial statements are reclassified accordingly in order to ensure comparability.

## **VAKIF FAKTORING A.Ş.**

### **DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)**

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

##### **2.1 Basis of Presentation (Continued)**

##### **2.1.8 Critical Accounting evaluations, estimates and assumptions**

Preparation of the financial statements should be in accordance with BRSA’s Accounting and Financial Reporting Standards along with 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 judgments 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 recognized in the year in which the estimate is revised and in any future years affected.

The main notes using estimates are as follows:

- Factoring receivables, non-performing receivables
- Employee benefits
- Provisions, contingent assets and liabilities

##### **2.1.9 Changes and Errors in Accounting Estimates**

Changes in accounting estimates are applied prospectively in the current period when the change is made, if the change is related to future periods, both in the period in which the change is made and in future periods. There has been no significant change in the accounting estimates of the Company in the current period. Identified significant accounting errors are applied retrospectively and prior period financial statements are restated.

##### **2.2 Changes in Accounting Policies**

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated accordingly. There are no major changes in the accounting policies of the Company in the current period.

##### **2.3 Amendments in standards and interpretations**

###### **2.3.1 New and revised standards and comments**

###### **a) The new standards, amendments and interpretations**

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

## VAKIF FAKTORING A.Ş.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

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

##### 2.3 Amendments in standards and interpretations (Continued)

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

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

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

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

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

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

##### **Relief from discontinuing hedging relationships**

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

##### **Separately identifiable risk components**

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

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

**2.3 Amendments in standards and interpretations (Continued)**

**Additional disclosures**

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

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

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

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

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

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

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

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

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

**2.3 Amendments in standards and interpretations (Continued)**

**Amendments to TAS 16 – Proceeds before intended use**

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. The standard will not have an impact on the financial position and performance of the Company.

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

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

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

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17. The standard will not have an impact on the financial position and performance of the Company.

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

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

## **VAKIF FAKTORING A.Ş.**

### **DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)**

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

##### **2.3 Amendments in standards and interpretations (Continued)**

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

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

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

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

##### **2.4 Summary of Significant Accounting Policies**

Valuation principles and accounting policies followed in the preparation of these financial statements are summarized below.

###### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, deposits at banks and highly liquid investments with maturity periods of less than three months and that are not subject to significant change in Value (Note 3).

###### **Financial Instruments**

Financial assets and liabilities if there is a legal party to these financial instruments of the Company is located in the Company’s balance sheet.

**DECEMBER 31, 2021 FOR THE YEAR OF  
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**2- BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of Significant Accounting Policies (Continued)**

**Financial assets**

As a result of the purchase or sale of financial assets that are subject to a contract with the condition of delivery of the investment instruments in accordance with the period determined by the relevant market, the related assets are recorded or removed from the records. Financial assets are classified as “financial assets at fair value through profit or loss”, “financial assets whose amortized cost is measured”, financial assets at fair value through profit or loss” and “loans”. These financial assets are included or excluded according to the third part of TFRS 9 Financial Instruments, related to the classification and measurement of financial instruments published in the Official Gazette dated 19 December 2017 and numbered 29953 by Public Oversight Accounting and Auditing Standards Authority (POA).

The Company includes financial assets only when the Company is a legal party to those financial instruments. In the initial recognition of a financial asset, the business model determined by the Company management and the contractual cash flows of the financial asset are considered.

**(i) Financial assets at fair value through other comprehensive income**

Financial assets at fair value through profit or loss are measured at fair value on the basis of fair value and discounted cash flows reflected in the financial statements as at the balance sheet date.

Securities representing a share in the capital, which are classified as financial assets at fair value through other comprehensive income, are accounted for at their fair values. Exceptionally, cost may be an appropriate estimation method in determining fair value. This is only possible if there is not enough recent information on the measurement of fair value or if fair value can be measured by more than one method and the cost best reflects the fair value estimation among these methods.

At initial recognition, an entity may irrevocably choose to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income. Dividends from the investment in question are recognized as profit or loss.

*Financial leasing transactions*

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

**(i) The lessor position**

In financial leasing, the asset subject to lease is monitored in the financial statements as a receivable equal to the net lease investment. Financing income related to financial leasing is determined to bring a fixed periodic return to the net investment within the scope of financial leasing, and the portion of the interest income that is not accrued in the relevant period is followed in the unearned interest income account. Lease payments received are deducted from the gross lease investment amount, reducing the principal and unearned finance income.

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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

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

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### (ii) The lease position

In accordance with the "IFRS 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 assets entitled to use, the unpaid lease payment amounts have been discounted with the 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 the 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 expending the leases subject to IFRS 16 Leases standard or taking them into prepaid expenses. Changes that will affect the lease obligation are re-measured 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.

##### **Factoring and other receivables**

Factoring receivables and payables are recognized net of any transaction costs through the initial costs. In subsequent periods of the initial recognition, the factoring receivables are shown through amortizing the difference between the initial cost and the present value of repayment amounts which is calculated by using effective interest method, in the income statement.

##### **Provisions for impairment**

Provision is made for factoring receivables and other receivables, which may be doubtful in the future, and is deducted from the current period profit by writing an expense. Provision for non-performing loans is the amount that the Company has allocated by evaluating its loan portfolio in terms of quality and risk, taking into account the economic conditions and other factors, and the relevant legislation, in order to cover possible future losses related to current factoring receivables.

Within the scope of the "Regulation Amending the Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 2 May 2018 and numbered 30409, companies have been granted the right to allocate expected credit loss provision within the scope of IFRS 9, provided that they notify the BRSA. The effective date of the regulation is 30 September 2018. In this context, the Company did not prefer to apply the expected credit loss provision calculation model within the scope of IFRS 9, defined in article 6/A of the relevant regulation, for its receivables from factoring transactions; as in previous periods.



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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

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

##### 2.4 Summary of Significant Accounting Policies (Continued)

According to the provisions of the relevant Regulation, at least 20% of factoring receivables whose collection is delayed more than 90 days but not more than 180 days from the due date, after taking into account the collaterals, of factoring receivables whose collection is delayed for more than 180 days but not more than 1 year from the due date, after taking into account the collaterals. 100% of the factoring receivables, whose collection is overdue for more than 1 year from the due date, must be set aside at least 50%, after taking into account the collaterals.

Factoring receivables that are less than 1 year overdue are classified as Receivables to be Liquidated under Non-Performing Receivables, and factoring receivables that are overdue for more than 1 year are classified as Loss Receivables.

##### Funds Borrowed

Funds borrowed are recognized at initial cost net off transaction costs. In subsequent periods, borrowings are recognized at amortized cost calculated as the present value of repayments by using effective interest rate method and the difference between the initial costs are recognized in the profit and loss.

##### Property and equipment

Property and equipments acquired before 1 January 2005 are measured at cost restated for the effects of inflation at 31 December 2004 less accumulated depreciation. Property and equipments acquired after 31 December 2004 are measured at cost less accumulated depreciation.

To change any part of property and equipment, expenses in the future economic benefits of the asset are capitalized enhancing qualities. All other costs are recognized in the income statement on an accrual basis.

Property and equipments are depreciated over the estimated useful lives by using the straight-line method.

Depreciation periods reflecting the average useful lives of property, plant and equipment are given below:

Definition	Year
Furniture and fixtures	5
Motor vehicles	5
Leasehold	5

Leasehold improvements are amortized over the periods of the respective leases on the straight-line basis.

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

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### Intangible Assets

Intangible assets consist of computer software expenses and they are amortized from inflation adjusted costs until 31 December 2004 in five years. Maintenance expenses for computer software are recognized in financial statements as expense. Furthermore, the expenses which will increase the useful life and benefit of the current computer programmes must be capitalized by means of adding to the cost of softwares.

###### Definition

###### Year

Computer software licenses

3-5

###### Impairment in assets

###### *Financial Assets*

Financial assets other than financial assets at fair value through profit or loss are subject to an assessment at each balance sheet date to determine whether there is any indication of impairment. If after the recognition of financial assets one or more events occur and if there is objective evidence that there is impairment on future cash flows of the financial asset or group of assets, the financial asset is impaired and impairment loss is recognized.

The Company recognizes specific provision for factoring receivables in accordance with the Communiqué No: 28861 on the “Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies” and “Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Consumer Financing Companies and its Explanation” published in the same date and number issued at 24 December 2013 by BRSA.

The impairment loss is deducted from the carrying value of the other financial assets valued at amortized cost.

With the exception of available-for sale equity instruments, impairment losses recognized after the date of the impairment if events occurred with a reversal can be related objectively.

The cancellation of financial assets measured at amortized cost is recognized in the income statement.

Increase occurring after the impairment of the fair value of available for sale equity instruments are recognized directly in equity.

###### *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.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement.

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 assessment of the time value of money and the risks specific to the asset.

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

**2.4 Summary of Significant Accounting Policies (Continued)**

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the impairment loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment is canceled only to the extent that the net of amortization and depreciation do not exceed the book value of the asset.

**Capital and Dividends**

Ordinary shares are classified as equity. Ordinary dividends on ordinary shares are recognized in the period in which they are declared. Capital increase from current shareholders are recognized over the nominal values which are registered and approved at the annual general meeting. In Turkey, companies can increase their capital by distributing shares from retained earnings shares (“Bonus Shares”) to existing shareholders. When earnings per share are calculated, these bonus shares are considered as issued shares. Accordingly, weighted number of share average used in earnings per share calculation is obtained by applying bonus shares as retroactive. There is no difference between principal and proportional earnings for any period.

**Employee benefits**

Severance provisions are accounted at present value of the contingent liabilities arising from the retirement of Company’s employees and calculated according to Turkish Labor Law. Severance provisions are calculated based on an accrual basis after completion of one year service by each employee and recognized in the financial statements. Obligations related to employee termination and vacation rights are accounted for in accordance with “Turkish Accounting Standard for Employee Rights” (“TAS 19”) and are classified under “reserve for employee benefits” account in the balance sheet.

Severance payment obligation recognized in the balance sheet is arise due to the possible obligation that may rise in the future due to retirement of employees and it is calculated at present value and recognized in the financial statements.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority (POA) 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 recognized the actuarial gains and losses that occur in related reporting periods in the “Statement of Comprehensive Income” and present any accumulated profit/loss under Equity as “Benefit Plan Recalculation Gains/Losses” in the Statement of Financial Position.

**Provisions, contingent asset and liabilities**

In accordance with TAS 37, “Provisions, Contingent Assets and Liabilities”, a provision is recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specific criteria are not met, the Company discloses the related issues in the accompanying notes. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability if the time value of the money is significant to the provision. To determine the discount rate the interest rate in related markets and risks associated with the liability are considered. Contingent assets are disclosed in the notes and not recognized unless it is realized.

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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

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

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### **Derivative financial instruments**

Company’s activities, expose the company to financial risks, risks that caused by changes in currency and interest rates. The Company uses derivatives (mainly currency swaps) to manage the financial risks associated with exchange rate fluctuations related to the future economic and credit conditions of the company.

Derivatives calculated at fair value at the date of settlement. For the next reporting periods, derivatives are recalculated at fair value again. The company does not specify derivatives as a form of hedging and accordingly the change in the value of these derivatives in terms of the fair values has been correlated.

###### **Income and expense recognition**

###### *Factoring income*

Factoring revenue consists of factoring interest and commission income collected or accrued on advances given to the customers. A certain percentage of the total amount of invoices subject to factoring transaction is composed of factoring commission income. Factoring interest and commission income is recognized on accrual basis.

###### *Other income and expenses*

Other income and expenses are recognized on an accrual basis.

###### *Finance expenses*

Other finance expenses are recognized on an accrual basis using effective interest method.

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

**2.4 Summary of Significant Accounting Policies (Continued)**

**Taxes calculated on the basis of the company’s earnings**

Income taxes include the current (corporate) tax and deferred tax.

***Corporate tax***

With the temporary article added to the Corporate Tax Law No. 5520 with Article 11 of the Law No. 7316, the tax rate for the corporate earnings of the corporations belonging to the 2021 taxation period (for the institutions designated as special accounting period, the accounting periods starting in the relevant year) is 25%, the tax rate for the year 2022. It has been determined that it will be applied as 23% for the corporate earnings of the period.

The tax income or expense for the period includes current tax and deferred tax. Tax income or expense for the period is recognized in profit or loss, except for those relating to business combinations or items recognized directly under other comprehensive income or equity.

Current period tax includes the tax liability or receivable calculated on the taxable portion of the profit or loss for the period and with the tax rates enacted at the reporting date, as well as any adjustments related to the tax liability of previous years.

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

***Deferred tax***

Deferred tax is calculated over the temporary differences between the recorded values of assets and liabilities in the financial statements and the values used in the tax base. Deferred tax is not recognized in the initial recognition of goodwill, in the initial recognition of assets and liabilities that affect neither financial nor commercial profit or loss in non-business combinations, and differences in associates and joint ventures that are unlikely to be reversed in the near future. Deferred tax is calculated with the tax rates expected to apply when temporary differences are reversed, based on the laws in effect at the reporting date. Deferred tax asset and deferred tax liability can be set off if there is a legal right to set off tax assets and tax liabilities and if the taxes are subject to the same financial authority and the acquisition of tax assets and the fulfillment of tax liabilities are simultaneous.

Deferred tax assets calculated on unused tax losses, investment incentives, tax deductions and deductible temporary differences are recognized to the extent that it is probable that taxable profits will be realized in the future that will enable the temporary differences to be used. The deferred tax asset is reviewed in each reporting period and its carrying amount is reduced to the extent that it is unlikely that the tax benefit will be realized.

The Company calculates and accounts deferred tax in accordance with TAS 12 “Income Taxes” for the temporary differences between the accounting policies and valuation principles applied and the tax base value determined in accordance with the tax legislation. Deferred taxes related to assets directly associated with equity are associated with equity account group and netted off with related accounts in this group.

## VAKIF FAKTORING A.Ş.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

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

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### Related parties

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 or 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’

###### Subsequent events

It refers to the events that occur in favor or against the company between the reporting period and the date of authorization for the publication of the balance sheet. IAS 10, "Turkey on the incident Accounting Standard after the Balance Sheet Date", in the case under the provisions of the balance sheet date, the question of new evidence, or the related events regarding that such events has occurred after the balance sheet date and require restating these events, financial statements, company financial statements in new situation corrects properly. If the events in question do not require correction of the financial statements, the Company explains the related issues in the related footnotes.

###### Statement of cash flows

The Company prepares cash flow statements 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 and the repayments of these sources. Due to nature of the transaction short term borrowings are shown under cash flows from operating activities starting from 1 January 2014.

As of 31 December 2021, and 31 December 2020, the cash and cash equivalents are as follows:

	31 December 2021	31 December 2020
Cash	-	5
<i>Banks</i>		
- Time deposits	94.513	78.431
- Demand deposits	784	721
	<b>95.297</b>	<b>79.157</b>

The bank account consists of time and demand deposits. As of 31 December 2021, 24 TL interest is accrued (31 December 2020: TL 37).

## VAKIF FAKTORING A.Ş.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

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

##### 2.4 Summary of Significant Accounting Policies (Continued)

###### Segment reporting

An operating segment includes the performance of the Company's business activities, including revenues and expenses incurred from transactions with other operating segments, which are capable of generating revenue and expenditure. Furthermore, operating segment is subject to evaluation from the Board of Directors (which acts as the decision-making instrument of the company) and should produce measurable performance results and distinguished financial information.

Since the Company operates in a single business and in a single area, Turkey, there is no segment reporting in the financial statements.

###### Effects of foreign currency's rates

Income and expenses deriving from transactions in foreign currencies have been translated into TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from conversion of foreign currency items have been included in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to TL at the exchange rate the date that the fair value was determined.

The foreign exchange rates used by the Company as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
US DOLAR	12,9775	7,3405
EURO	14,6823	9,0079
GBP	17,4530	9,9438

###### Information on leasing activities

Leases by which the risks and rewards belongs to lessor are classified as operating leases. Payments made under operating leases are recognized as an expense in the income statement on a straight-line basis over the lease term.

###### Earnings per share

Earnings per share is calculated by dividing the profit or loss by the weighted average number of ordinary shares outstanding during the period.

**VAKIF FAKTORING A.Ş.****DECEMBER 31, 2021 FOR THE YEAR OF  
NOTES TO THE FINANCIAL STATEMENTS**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)**3- CASH AND CASH EQUIVALENTS**

	<u>31 December 2021</u>		<u>31 December 2020</u>	
	TL	FC	TL	FC
Cash	-	-	5	-
Banks				
- <i>Time deposit</i>	61.855	32.658	74.761	3.670
- <i>Demand</i>	784	-	636	85
Interest rediscount	24	-	37	-
<b>TOTAL</b>	<b>62.663</b>	<b>32.658</b>	<b>75.439</b>	<b>3.755</b>

	31 December 2021	31 December 2020
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>95.321</b>	<b>79.194</b>
Interest income accruals on cash and cash equivalents	(24)	(37)
<b>Total in the cash flow statement cash and cash equivalents</b>	<b>95.297</b>	<b>79.157</b>

**4- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (NET)**

	<u>31 December 2021</u>		<u>31 December 2020</u>	
	Amount	Effective Rate	Amount	Effective Rate
Not publicly traded				
Vakıf Enerji ve Madencilik A.Ş.	8.157	%18,58	6.897	%18,58
<b>TOTAL</b>	<b>8.157</b>		<b>6.897</b>	

Vakıf Energy and Mining Inc. (Vakıf Enerji) based on the valuation report prepared by a valuation company with CMB license, as of 31 December 2021 the value of the company is determined as TL 43.911 and the value of the Company's share in the capital is calculated as TL 8.157.



**VAKIF FAKTORING A.Ş.**

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

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**5- FACTORING RECEIVABLES**

As of 31 December 2021, and 31 December 2020, factoring receivables are as follows:

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b><i>Factoring Receivables Discounted</i></b>				
Domestic factoring receivables	3.669.743	1.100	1.486.084	-
Export factoring receivables	-	186.272	1.186	56.075
Unearned factoring income	(155.382)	(604)	(48.594)	(297)
<b>TOTAL</b>	<b>3.514.361</b>	<b>186.768</b>	<b>1.438.676</b>	<b>55.778</b>
<b><i>Other Factoring Receivables</i></b>				
Domestic factoring receivables	2.423.732	-	3.796.988	-
Foreign factoring receivables	179.242	702.834	183.105	214.867
<b>TOTAL</b>	<b>2.602.974</b>	<b>702.834</b>	<b>3.980.093</b>	<b>214.867</b>
<b>Factoring receivables NET</b>	<b>6.117.335</b>	<b>889.602</b>	<b>5.418.769</b>	<b>270.645</b>

As of 31 December 2021, forward term checks and notes received by the Company against its factoring receivables amounting to TL 2.467.631 are followed under the custodian securities (31 December 2020: TL 948.033).

As of 31 December 2021, and 31 December 2020, the breakdown of total factoring receivables by industrial groups is as follows:

	<b>31 December 2021</b>	<b>(%)</b>	<b>31 December 2020</b>	<b>(%)</b>
Motor vehicles manufacturing and sales	1.192.687	17,02	2.048.092	36,00
Machinery and equipment	1.399.759	19,98	700.883	12,32
Energy	517.468	7,39	653.191	11,48
Construction	659.819	9,42	483.185	8,49
Information	626.116	8,94	436.444	7,67
Transportation	336.885	4,81	389.766	6,85
Textile	536.594	7,66	333.382	5,86
Food	234.839	3,35	126.034	2,22
Iron and steel	13.476	0,19	24.241	0,43
Other (*)	1.489.294	21,25	494.196	8,69
<b>Total</b>	<b>7.006.937</b>	<b>100,00</b>	<b>5.689.414</b>	<b>100,00</b>

(\*) TL 704.042 of the other item in the sectoral distribution of factoring receivables consists of refactoring transactions.

As of 31 December 2021, and 31 December 2020, maturity distribution of net factoring receivables are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Until 1 month	901.522	993.862
1 – 3 month	2.385.865	2.565.381
3 – 12 month	3.489.088	2.039.999
1 year and above	230.462	90.172
<b>Total</b>	<b>7.006.937</b>	<b>5.689.414</b>

**VAKIF FAKTORING A.Ş.**

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**5 - FACTORING RECEIVABLES (Continued)**

As of 31 December 2021 and 31 December 2020, the breakdown of doubtful receivables and provisions are as follows:

	<u>31 December 2021</u>		<u>31 December 2020</u>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Liquidated Loans	629	-	6.455	-
Uncollectible Receivables	49.825	16.425	45.793	10.077
Specific Provisions	(48.726)	(16.425)	(46.506)	(10.077)
<b>Doubtful receivables, net</b>	<b>1.728</b>	<b>-</b>	<b>5.742</b>	<b>-</b>

As of 31 December 2021, and 31 December 2020, the aging analysis of the impaired factoring receivables and specific provisions are as follows:

	<u>31 December 2021</u>		<u>31 December 2020</u>	
	<b>Total doubtful factoring receivables</b>	<b>Provision</b>	<b>Total doubtful factoring receivables</b>	<b>Provision</b>
Overdue 3-6 months	399	80	3.847	563
Overdue 6-12 months	230	115	2.608	1.443
Overdue over 1 year	66.250	64.956	55.870	54.577
<b>Total</b>	<b>66.879</b>	<b>65.151</b>	<b>62.325</b>	<b>56.583</b>

Movements in specific provision for factoring receivables within the period are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Balance at 1 January	56.583	56.506
Provision for the period	8.861	1.301
Recoveries during the period (-)	(6.641)	(3.861)
Exchange rate effect	6.348	2.637
<b>Balance at the end of the period</b>	<b>65.151</b>	<b>56.583</b>

As of 31 December 2021 and 31 December 2020, the breakdown of collateral taken against factoring receivables of the Company is as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Cheques and notes received	120.667	139.994
<b>Total</b>	<b>120.667</b>	<b>139.994</b>

## VAKIF FAKTORING A.Ş.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

#### 6 - TANGIBLE ASSETS

Movements of tangible assets during the year ended 31 December 2021 and 31 December 2020 are as follows:

	1 January 2021	Additions	Disposal	31 December 2021
<b>Cost</b>				
Machinery and equipment	1.163	291	-	1.454
Vehicles	120	-	(120)	-
Furniture and fixtures	409	5	-	414
Vehicles with the right of use <sup>(*)</sup>	1.748	1.393	-	3.141
Buildings with the right of use <sup>(*)</sup>	2.119	205	-	2.324
	<b>5.559</b>	<b>1.894</b>	<b>(120)</b>	<b>7.333</b>
	1 January 2021	Current year depreciation	Disposal	31 December 2021
<b>Accumulated depreciation</b>				
Machinery and equipment	(871)	(287)	-	(1.158)
Vehicles	(78)	(4)	82	-
Furniture and fixtures	(299)	(11)	-	(310)
Vehicles with the right of use <sup>(*)</sup>	(765)	(781)	-	(1.546)
Buildings with the right of use <sup>(*)</sup>	(1.147)	(614)	-	(1.761)
	<b>(3.160)</b>	<b>(1.697)</b>	<b>82</b>	<b>(4.775)</b>
<b>Net Carrying Value</b>	<b>2.399</b>	<b>197</b>	<b>(38)</b>	<b>2.558</b>

<sup>(\*)</sup> Includes lease agreements made within the scope of TFRS 16.

	1 January 2021	Additions	Disposals	31 December 2021
<b>Cost</b>				
Machinery and equipment	973	190	-	1.163
Vehicles	120	-	-	120
Furniture and fixtures	371	38	-	409
Vehicles with the right of use <sup>(*)</sup>	758	990	-	1.748
Buildings with the right of use <sup>(*)</sup>	2.181	92	(154)	2.119
	<b>4.403</b>	<b>1.310</b>	<b>(154)</b>	<b>5.559</b>
	1 January 2021	Current year depreciation	Disposals	31 December 2021
<b>Accumulated depreciation</b>				
Machinery and equipment	(691)	(180)	-	(1,158)
Vehicles	(49)	(29)	-	-
Vehicles with the right of use <sup>(*)</sup>	(333)	(432)	-	(310)
Buildings with the right of use <sup>(*)</sup>	(541)	(649)	43	(1,546)
Furniture and fixtures	(288)	(11)	-	(1,761)
<b>Total</b>	<b>(1.902)</b>	<b>(1.301)</b>	<b>43</b>	<b>(3.160)</b>
<b>Total Carrying Value</b>	<b>2.501</b>	<b>9</b>	<b>(111)</b>	<b>2.399</b>

<sup>(\*)</sup> Includes lease agreements made within the scope of TFRS 16.

As of 31 December 2021 and 31 December 2020, the Company has no tangible assets acquired through financial leasing.

**VAKIF FAKTORING A.Ş.****DECEMBER 31, 2021 FOR THE YEAR OF  
NOTES TO THE FINANCIAL STATEMENTS**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)**7- INTANGIBLE ASSETS**

Movements of intangible assets during the year ended 31 December 2021 and 31 December 2020 are as follows:

	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2021</b>
<b>Cost</b>				
Computer Software	2.384	1.736	-	4.120
	<b>2.284</b>	<b>1.736</b>	-	<b>4.120</b>

	<b>1 January 2021</b>	<b>Current year depreciation</b>	<b>Disposals</b>	<b>31 December 2021</b>
<b>Accumulated amortization</b>				
Computer software	(1.189)	(862)	-	(2.051)
<b>Total</b>	<b>(1.189)</b>	<b>(862)</b>	-	<b>(2.051)</b>
<b>Net carrying value</b>	<b>1.195</b>	<b>874</b>	-	<b>2.069</b>

	<b>1 January 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2021</b>
<b>Cost</b>				
Computer Software	1.116	1.268	-	2.384
	<b>1.116</b>	<b>1.268</b>	-	<b>2.384</b>

	<b>1 January 2021</b>	<b>Current year depreciation</b>	<b>Disposals</b>	<b>31 December 2021</b>
<b>Accumulated amortization</b>				
Computer software	(985)	(204)	-	(1.189)
<b>Total</b>	<b>(985)</b>	<b>(204)</b>	-	<b>(1.189)</b>
<b>Net carrying value</b>	<b>131</b>	<b>1.064</b>	-	<b>1.195</b>

As of 31 December 2021 and 31 December 2020, the Company does not have any internally generated intangible assets.

## VAKIF FAKTORING A.Ş.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

#### 8- DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefits resulting from the reversal of taxable temporary differences will flow to or from the Company. Deferred tax assets and liabilities are recognized at the tax rates that are expected to be applied at the reversal of taxable temporary differences.

In accordance with the law on the amendment of the law on the collection procedure of public receivables and some laws published in the Official Gazette dated April 22, 2021 and numbered 31462, the corporate tax rate of the corporations for the 2021 taxation period is 25%, the corporation tax rate for the 2022 taxation period It has been decided to apply the corporate tax rate on income as 23% and 20% in 2023 and beyond.

As of 31 December 2021, and 31 December 2020, deferred tax assets and liabilities calculated over the accumulated temporary differences that are subject to deferred tax have been prepared and reflected in the financial statements by using the applicable tax rates in the periods when the assets are expected to be realized or the liabilities are expected to be fulfilled.

As of 31 December 2021, and 31 December 2020, temporary differences and deferred tax assets and liabilities that are computed using the prevailing corporate tax rates are as follows:

	<u>Temporary Differences</u>		<u>Deferred tax assets/ (liabilities)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Derivative financial liabilities	221.061	-	50.844	-
Provision for severance payment	1.810	1.128	362	226
Allowance provision	470	296	94	59
Other	63	57	16	11
<b>Total deferred tax assets</b>			<b>51.316</b>	<b>296</b>
Fund for increased value of securities representing the capital share	1.260	2.115	63	105
Derivative financial assets for trading	-	2.013	-	403
Other	144	285	34	57
<b>Total deferred tax liability</b>			<b>97</b>	<b>565</b>
<b>Deferred tax assets, net</b>			<b>51.219</b>	<b>(269)</b>
			<b>31 December 2021</b>	<b>31 December 2020</b>
Opening Balance			(269)	298
Deferred tax (expense)/income			51.551	(461)
Classified under Shareholders' Equity			(63)	(106)
			<b>51.219</b>	<b>(269)</b>

## VAKIF FAKTORING A.Ş.

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

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

#### 9- INFORMATION ON ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCOUNTED OPERATIONS

	31 December 2021	31 December 2020
Assets held for sale (*)	220	-
	<b>220</b>	<b>-</b>

(\*) The company purchased real estate from foreclosure amounting to TL 220 in return for the factoring receivables of customers under legal follow-up who did not pay on due date.

#### 10- OTHER ASSETS

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

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Prepaid expenses	4.245	110	1.661	68
Litigation and court costs	650	-	650	-
Tax office receivables	6.038	1	147	-
Other assets	36	-	1.305	8
<b>Total</b>	<b>10.969</b>	<b>111</b>	<b>3.763</b>	<b>76</b>

#### 11- DERIVATIVE FINANCIAL INSTRUMENTS

##### Derivative Financial Assets

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Swap	-	-	2.013	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2.013</b>	<b>-</b>

##### Derivative Financial Liabilities

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Swap	221.062	-	-	-
<b>Total</b>	<b>221.062</b>	<b>-</b>	<b>-</b>	<b>-</b>

## VAKIF FAKTORING A.Ş.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

#### 12- FUNDS BORROWED

As of 31 December 2021, and 31 December 2020, details of funds borrowed are as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Funds Borrowed	4.613.722	869.858	4.028.285	494.057
<b>Total</b>	<b>4.613.722</b>	<b>869.858</b>	<b>4.028.285</b>	<b>494.057</b>

	31 December 2021	31 December 2020
<b>Short-term borrowings</b>		
Short-term secured bank loans	985.679	742.568
Short-term unsecured bank loans	4.390.501	3.610.855
Short-term portion of long-term unsecured bank loans	55.387	134.881
<b>Long-term borrowings</b>		
Long-term unsecured bank loans	52.013	34.038
	<b>5.483.580</b>	<b>4.522.342</b>

#### 13- SECURITIES ISSUED

As of 31 December 2021 and 31 December 2020, details of securities issued are as follows:

	31 December 2021	31 December 2020
Bonds (*)	767.915	761.121
<b>Total</b>	<b>767.915</b>	<b>761.121</b>

(\*) Issued by the Company to qualified investors in Turkey on 08 October 2021 with a nominal value of 100.000 TL, with a 90-day maturity, with the ISIN code "TRFVFAS12214" on 06 January 2022, with a nominal value of 467.180 TL issued on 27 October 2021, 70-day maturity, redemption date 05 January 2022 with ISIN code "TRFVFAS12222", issued November 29, 2021 with a nominal value of 207.000 TL, 91 days maturity, amortization date of 28 February 2022 with ISIN code "TRFVFAS22213", 18% respectively 18,15%, 16.40%, 16,50% annual simple interest bills are traded on the Borsa Istanbul Debt Securities Market Outright Purchases and Sales Market.

## VAKIF FAKTORING A.Ş.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

#### 14- TAXES AND DUTIES PAYABLES

As of 31 December 2021 and 31 December 2020, the current period tax assets are as follows:

	31 December 2021	31 December 2020
Corporate tax provision	96.064	27.258
Prepaid taxes (-)	(33.110)	(21.270)
<b>Current period income tax assets, net (-)</b>	<b>62.954</b>	<b>5.988</b>

As of 31 December 2021 and 31 December 2020, details of taxes and duties payables are as follows:

	31 December 2021	31 December 2020
Corporate tax payable	62.954	5.988
Banking and insurance transactions tax	6.684	2.895
Withholding tax payable	214	215
Premiums payable	315	157
Other	104	29
<b>TOTAL</b>	<b>70.271</b>	<b>9.284</b>

As of 31 December 2021 and 31 December 2020, details of the other payables are as follows:

Other Payables	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Other Purchase Payables	2.511	-	504	-
Commissions Payable to Correspondents		329	20	105
Other	11	-		
<b>TOTAL</b>	<b>2.522</b>	<b>329</b>	<b>524</b>	<b>105</b>

#### 15- PROVISIONS

As of 31 December 2021 and 31 December 2020, details of the provisions are as follows:

	31 December 2021	31 December 2020
Allowance of general provision for		
factoring receivables (*)	31.144	19.642
Provisions for employee severance payments	1.810	1.128
Provisions for unused vacation	470	296
	<b>33.424</b>	<b>21.066</b>

(\*) The related amount represents the provision for factoring receivables that are not delayed in the collection of principal interest or both as of the reporting date and that have a delay of less than 90 days.



## VAKIF FAKTORING A.Ş.

### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

#### 15- PROVISIONS (Continued)

##### *Provisions for severance payment*

According to the Turkish Labor Law, the Company is required to pay severance to its employees who have completed one year of employment and who break off with the Company or retired, who have completed 25 service years (20 women) and earned retirement (58 for women and 60 for men) who are obliged to do military service or pass away. After the legislative amendment on 23 May 2002, some transition process substances relating to the previous service period before retirement were issued.

The maximum severance pay is revised semi-annually and as of 31 December 2021, the full TL 10.596,74 effective from 1 January 2022 in the calculation of the severance pay provision of the Company. (As of 31 December 2020, in the calculation of the severance pay provision of the Company (1 January 2021: 7.638,96 full TL), it is calculated over the severance pay ceiling.

The provision for employee severance payments is not subject to a funding requirement.

The provision for employee severance payments is calculated by using the following assumptions.

	31 December 2021	31 December 2020
Net discount rate	18,45%	12,80%
Expected salary/ limit increase	15,00%	9,50%
Entitlement ratio of the estimated severance pay	95,83%	93,75%

The basic assumption is that the ceiling provision 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 expected effects of inflation.

Movements in reserve for employee severance payments are as follows:

	31 December 2021	31 December 2020
Balance at 1 January	1.128	948
Current service cost	204	132
Interest cost	334	144
Payment during the period	(169)	(146)
Actuarial (loss) / profit	313	50
<b>TOTAL</b>	<b>1.810</b>	<b>1.128</b>

##### *Provisions for unused vacation*

In accordance with the existing labor law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation days over the prevailing wage at the date the contract is terminated. Vacation pay liability is the total undiscounted liability of the deserved and unused vacation days of all employees.

Movements in provision for unused vacation are as follows:

	31 December 2021	31 December 2020
Balance on 1 January	206	177
Increase / (decrease) during the period	174	119
<b>TOTAL</b>	<b>470</b>	<b>296</b>

## VAKIF FAKTORING A.Ş.

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#### 16- SHAREHOLDERS' EQUITY

##### Paid in capital

The Company's paid in capital is amounting to full TL 350.000.000 comprised of 350.000.000 shares with each has a nominal value of TL 1 (full TL). Out of 350.00,000 shares forming the Company's capital, 234.500.000 shares amounting TL 234.500.000 represents Group (A), and 115.500.000 shares amounting TL 115.500.000 represents Group (B).

The Company's shareholder structure is as follows:

	31 December 2021		31 December 2020	
	Amount	Share	Amount	Share
T. Vakıflar Bankası T.A.O.	274.375	78,39	195.982	78,39
Türkiye Sigorta A.Ş.	47.969	13,71	34.263	13,71
Vakıf Finansal Kiralama A.Ş.	13.281	3,79	9.487	3,79
Vakıf Per. Öz. Sos. Güv. Vakfı	8.906	2,54	6.362	2,54
Vakıf Pazarlama ve Tic. A.Ş.	5.469	1,57	3.906	1,56
<b>Paid in capital</b>	<b>350.000</b>	<b>100</b>	<b>250.000</b>	<b>100</b>

Shareholders (TL)	Group	31 December 2021		31 December 2020	
		Amount	Amount (Full TL)	Amount	Amount (Full TL)
Türkiye Vakıflar Bankası T.A.O.	A	183.831.250	183.831.250	131.308.036	131.308.036
	B	90.543.750	90.543.750	64.674.107	64.674.107
Türkiye Sigorta A.Ş.	A	32.139.065	32.139.065	22.956.475	22.956.475
	B	15.829.685	15.829.685	11.306.918	11.306.918
Vakıf Finansal Kiralama A.Ş.	A	8.898.441	8.898.441	6.356.029	6.356.029
	B	4.382.809	4.382.809	3.130.578	3.130.578
Vakıf Per. Öz. Sos. Güv. Vakfı	A	5.967.185	5.967.185	4.262.275	4.262.275
	B	2.939.065	2.939.065	2.099.332	2.099.332
Vakıf Pazarlama ve Tic. A.Ş.	A	3.664.059	3.664.059	2.617.185	2.617.185
	B	1.804.691	1.804.691	1.289.065	1.289.065

##### Capital Reserves

As of 31 December 2021, the Company does not have any capital reserves. (31 December 2020: None).

##### Profit reserves

As of 31 December 2021, profit reserves consist of legal reserves amounting to TL 23.191 and (31 December 2020: TL 18.286), and extraordinary reserves amounting to TL 95.602 (31 December 2020: TL 102.401).

##### 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:

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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

#### 16- SHAREHOLDERS' EQUITY (Continued)

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

Pursuant to the General Assembly decision dated April 6, 2021, the Company's net profit of 98.106 TL after deducting the total of 125.825 TL from its 2020 profit, after deducting 27.719 TL from the tax and legal liabilities to be paid, from the net profit of 4.905 TL, after deducting 4.905 TL from the first order legal reserves, the remaining amount is 93.201 TL. It has been decided that the net profit will be transferred to the extraordinary reserves account to be used in the capital increase in the following periods and the amount to be added to the capital will be distributed to the shareholders as bonus shares. In addition, the Company's capital is stated in the T.R. It was increased from 250.000 TL to 350.000 TL with the General Assembly Decision based on the permission letter of the Ministry of Commerce, General Directorate of Domestic Trade.

#### 17- OPERATING INCOME

For the years ended 31 December 2021 and 31 December 2020, details of operating income are as follows:

	<b>2021</b>	<b>2020</b>
<b>Interest income on factoring receivable</b>		
- Discounted	352.805	120.091
- Other	416.560	232.671
<b>Total</b>	<b>769.365</b>	<b>352.762</b>
	<b>2021</b>	<b>2021</b>
<b>Fees and commissions on factoring receivables</b>		
- Discounted	1.003	1.225
- Other	1.808	4.107
	<b>2.811</b>	<b>5.332</b>
<b>Operating Income</b>	<b>772.176</b>	<b>358.094</b>

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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

#### 18- FINANCING EXPENSE

For the accounting periods ended on 31 December 2021 and 31 December 2020, details of financing expenses are as follows:

	<b>2021</b>	<b>2020</b>
Interest expense on borrowings	481.958	177.963
Interest expense on securities issued	94.790	30.929
Fees and commissions	26.854	12.098
Interest expense on rent proceedings	371	264
<b>Total</b>	<b>603.973</b>	<b>221.254</b>

#### 19- OPERATING EXPENSES

For the accounting periods ended on 31 December 2021 and 31 December 2020, details of operating expenses are as follows:

	<b>2021</b>	<b>2020</b>
Personnel expenses	15.889	12.864
Advertising expenses	6.184	261
Depreciation and amortization expenses	2.559	1.504
Taxes, duties, and fees	1.399	744
Litigation expenses	906	319
Severance pay provision expense	682	179
It expenses	587	285
Cleaning expenses	513	400
Consulting expenses	376	367
Car rental expenses	180	113
Representation and hospitality expenses	107	74
Other expenses	1.654	1.160
<b>Total</b>	<b>31.036</b>	<b>18.270</b>

For the accounting periods ended on 31 December 2021 and 31 December 2020, details of personnel expenses included in operating expenses are as follows:

	<b>2021</b>	<b>2020</b>
Wages and salaries	9.628	7.544
Bonuses and premiums	2.411	2.096
Social security premium employer's share	2.297	1.862
Employee insurance expenses	723	595
Personnel food expenses	360	335
Other	470	432
<b>Total</b>	<b>15.889</b>	<b>12.864</b>

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#### 20- OTHER OPERATING INCOME/EXPENSE

For the accounting periods ended on 31 December 2021 and 31 December 2020, details of other income are as follows:

	2021	2020
Foreign exchange profit/loss, net	233.905	(480)
Interest received from banks	9.536	3.121
Profit/loss from derivative financial transactions, net	(217.639)	2.013
Other, net (*)	6.691	3.901
<b>Total</b>	<b>32.493</b>	<b>8.555</b>

(\*) As of 31 December 2021, TL 6.641 of the related balance consists of the collections made in the current period from the factoring receivables that were posted to the follow-up account in previous years.

#### 21- TAX PROVISION FROM CONTINUING OPERATIONS

In Turkey, it announced in the Official Gazette dated 21 June 2006 5520 Tax Law, the corporate tax rate is 20% according to Article 32. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of July 1, 2021 and being valid for the taxation period starting from January 1, 2021, this rate will be applied as 23% for the taxation period of 2022.

Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax have been redefined according to the cabinet decision numbered 2006/10731, which was announced at Official Gazette dated 23 July 2006 and numbered 26237. In this respect, withholding tax rate on dividend payments, which are made to the companies except those are settled in Turkey or generate income in Turkey via a business or a regular agent, was increased to 15% from 10%. When 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.

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 sets details about implementation. New amendments to transfer pricing are in accordance with the principles of ‘transfer pricing manual’ of OECD.

According to the aforementioned legal regulation, if institutions buy or sell goods or services with related parties at the price or price, they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing, in whole or in part. Purchase, sale, manufacturing and construction transactions, leasing and leasing transactions, borrowing and lending, transactions requiring bonuses, wages and similar payments are considered as the purchase or sale of goods or services under all circumstances. Companies are obliged to fill in the transfer pricing form to be attached to the annual corporate tax return. In this form, the amounts of all transactions made with related companies during the relevant accounting period and the transfer pricing methods related to these transactions are stated.

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

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#### 21- TAX PROVISION FROM CONTINUING OPERATIONS (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies declare Corporate tax to the Tax Authority within 25th day of the fourth month of the following closing date of the related financial year. Tax returns are open for five years from the beginning of the year that follows the date of filling during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, on may issue re-assessments based on their findings.

The reported income tax expense for the years ended 31 December 2021 and 31 December 2020 are different than the amounts computed by applying the statutory tax rate to profits before income taxes as shown in the following reconciliation:

	31 December 2021	31 December 2020
Profit before tax	160.799	125.825
Computed theoretical tax with rate of 25% (*)	(40.200)	(27.682)
- Other	(4.313)	(37)
<b>Current Tax Expense</b>	<b>(44.513)</b>	<b>(27.719)</b>

(\*) 31 December 2020: 22

For the accounting periods ended on 31 December 2021 and 31 December 2020, tax expense in the income statement is summarized below:

	2021	2020
Current period corporate tax provision expense	(96.064)	(27.258)
Deferred tax income/(expense) (Note 8)	51.551	(461)
<b>Total tax expense (-)</b>	<b>(44.513)</b>	<b>(27.719)</b>

As of 31 December 2021 and 31 December 2020, corporate tax provision and prepaid taxes are as follows:

	31 December 2021	31 December 2020
Corporate tax provision	96.064	27.258
Prepaid taxes	(33.110)	(21.270)
<b>Prepaid tax/corporation tax payable</b>	<b>62.954</b>	<b>5.988</b>

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#### 22- RELATED PARTY DISCLOSURES

As of 31 December 2021 and 31 December 2020, the details of receivables from related parties are as follows:

	31 December 2021	31 December 2020
<b>Bank deposit</b>		
T. Vakıflar Bankası T.A.O.	33.223	25.809
<b>Total</b>	<b>33.223</b>	<b>25.809</b>
<b>Derivative financial assets</b>		
T. Vakıflar Bankası T,A,O,	-	2.013
<b>Total</b>	<b>-</b>	<b>2.103</b>
<b>Derivative financial liabilities</b>		
T. Vakıflar Bankası T,A,O,	221.062	-
<b>Total</b>	<b>221.062</b>	<b>-</b>
<b>Prepaid expenses</b>		
Türkiye Sigorta A,Ş,	787	538
Vakıf Yatırım Menkul Değerler	259	648
T. Vakıflar Bankası T,A,O,	2.845	-
<b>Total</b>	<b>3.891</b>	<b>1.186</b>

As of 31 December 2021 and 31 December 2020, the details of the payables from related parties are as follows:

	31 December 2021	31 December 2020
<b>Borrowings</b>		
T. Vakıflar Bankası T,A,O,	2.438.459	2.685.973
<b>Total</b>	<b>2.438.459</b>	<b>2.685.973</b>
<b>Securities issued</b>		
Vakıf Menkul Kıymet Yatırım Ortaklığı A,Ş,	1.424	2.432
<b>Total</b>	<b>1.424</b>	<b>2.432</b>
<b>Payables to related parties</b>		
Türkiye Sigorta A,Ş,	595	408
Other	51	55
<b>Total</b>	<b>646</b>	<b>463</b>

Income and expenses resulting from transactions with related parties for the years ended 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
<b>Interest income from related party</b>		
T. Vakıflar Bankası T,A,O,	109	219
<b>Total</b>	<b>109</b>	<b>219</b>

**VAKIF FAKTORING A.Ş.****DECEMBER 31, 2021 FOR THE YEAR OF  
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**22- RELATED PARTY DISCLOSURES (Continued)**

	31 December 2021	31 December 2020
<b>T. Vakıflar Bankası T.A.O.</b>		
Interest Expense	265.511	72,520
Other Financial Expenses	9.455	1,469
Letter of Guarantee Expenses	47	30
<b>Total</b>	<b>275.013</b>	<b>74,019</b>

	31 December 2021	31 December 2020
<b>Vakıf Finansal Kiralama</b>		
Fixed asset rental income	21	18
<b>Total</b>	<b>21</b>	<b>18</b>

	31 December 2021	31 December 2020
<b>T. Vakıflar Bankası T.A.O.</b>		
Derivative financial transactions income realized throughout the year	5.732	-
Derivative financial loss closed during the year	297	-
<b>Total</b>	<b>5.435</b>	<b>-</b>

	31 December 2021	31 December 2020
<b>Vakıf Menkul Kıymet Yatırım Ortaklığı A.Ş.</b>		
Interest expense on issued securities	222	49
<b>Total</b>	<b>222</b>	<b>49</b>

	31 December 2021	31 December 2020
<b>Vakıf Yatırım Menkul Değerler</b>		
Commission on securities issued	3.585	1.629
<b>Total</b>	<b>3.585</b>	<b>1.629</b>

	31 December 2021	31 December 2020
<b>Other Expenses Paid to Related Parties</b>		
Türkiye Sigorta A.Ş.	519	403
Vakıf Finansal Kiralama	21	18
<b>Total</b>	<b>540</b>	<b>421</b>

**Total salaries and benefits to top management:**

As of 31 December 2021, the Company's total salaries and fees that provided to the top management and the Board of Directors are TL 3.099 (31 December 2020: 1.604 TL).



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#### 23- COMMITMENTS AND CONTINGENCIES

##### *Guarantees*

None (31 December 2020: None).

##### *Collaterals*

As of 31 December 2021 and 31 December 2020, collaterals are comprised of notes given to the following institutions:

	31 December 2021	31 December 2020
Letters of guarantee given to Takasbank	1.000.000	850.000
Collaterals given to courts	3.788	2.035
	<b>1.003.788</b>	<b>852.035</b>

##### *Irrevocable Commitments*

None (31 December 2020: None).

##### *Held in custody securities*

The Company has obtained securities held in custody for its factoring receivables on 31 December 2021 and 31 December 2020 as detailed below:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Customer checks	2.411.831	335.753	1.089.512	142.756
Customer notes	794.538	1.100.922	4.077.308	1.025.201
<b>Total</b>	<b>3.206.369</b>	<b>1.436.675</b>	<b>5.166.820</b>	<b>1.167.957</b>

##### *Derivative Transactions*

As of 31 December 2021 and 31 December 2020, details of commitments are related with derivative transactions as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Swap buy/sell transactions	475.450	668.341	55.058	49.181
<b>Total</b>	<b>475.450</b>	<b>668.341</b>	<b>55.058</b>	<b>49.181</b>

As of 31 December 2021 and 31 December 2020, the maturity distribution of derivative transactions is as follows:

	31 December 2021	31 December 2020
<b>Short Term</b>	1.143.791	104.239
<b>Long Term</b>	-	-
<b>Total</b>	<b>1.143.791</b>	<b>104.239</b>

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#### 24- FINANCIAL RISK MANAGEMENT

The Company’s activities expose it to a variety of financial risks:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk. The Company’s Board of Director’s have overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company’s risk management policies are established to identify and analyze 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 and the Company’s activities. 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.

#### **Credit Risk**

The main activity of the Company is to focus on the sectors with high knowledge, and to perform factoring transactions within the limits of the credit and risk monitoring regulation for the companies operating in these sectors.

Policies related to credit risk are detailed in Loans and Risk Monitoring Regulation and the practices in the Company are carried out within the framework of this regulation. The Credit Committee regularly reviews the Company's credit risk strategy and major credit risk policies. With this strategy, it is aimed to reflect the degree of tolerance of the Company regarding credit risk and the maximize profit expected to be received against various credit risks.

On the other hand, the Company makes sure that the distribution of the portfolio is balanced. The Company also established a risk management legal and monitoring department. With the intelligence program developed by the Company, efforts are made in order to minimize the credit risk and control of credit risk in credit limitation of both customer and assignee receivables and in factoring financing. All these intelligence studies are under the supervision and supervision of the Company's senior management (at the level of General Manager and Assistant General Managers). All operations of the Company are performed by the Central Operation Unit. There is no authorization to make transactions at the contact office level.

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**24 - FINANCIAL RISK MANAGEMENT (Continued)**

**Credit Risk**

Details of the financial assets exposed to credit risk as of 31 December 2021 and 31 December 2020 are as follows:

31 December 2021	Factoring Receivables		Receivable under Follow up		Banks	Other
	Related Party	Non-related Party	Related Party	Non-related Party		
<b>Exposure to maximum credit risk as of reporting date (A+B+C+D+E)</b>	-	<b>7.006.937</b>	-	<b>1.728</b>	<b>95.321</b>	-
- Exposure to maximum credit risk as of reporting date	-	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired or overdue	-	7.006.937	-	-	95.321	-
- Secured portion by any guarantee	-	-	-	-	-	-
B. Net carrying value of financial assets that are restructured/renegeotiated, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-
- Secured portion by any guarantee	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not - or impaired	-	-	-	-	-	-
- Secured portion by any guarantee	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	1.728	-	-
- Overdue (gross book value)	-	-	-	66.879	-	-
- Impairment (-)	-	-	-	(65.151)	-	-
- Secured portion of net book value (*)	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
E. Off balance sheet items with credit risks -	-	-	-	-	-	-

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**24 - FINANCIAL RISK MANAGEMENT (Continued)**

31 December 2020	Factoring Receivables		Receivable under Follow up		Banks	Other
	Related Party	Non-related Party	Related Party	Non-related Party		
<b>Exposure to maximum credit risk as of reporting date (A+B+C+D+E)</b>	-	<b>5.689.414</b>	-	<b>5.742</b>	<b>79.194</b>	-
- Exposure to maximum credit risk as of reporting date	-	-	-	-	-	-
A, Net carrying value of financial assets which are neither impaired or overdue	-	5.689.414	-	-	79.194	-
- Secured portion by any guarantee	-	-	-	-	-	-
B, Net carrying value of financial assets that are restructured/renegotiated, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-
- Secured portion by any guarantee	-	-	-	-	-	-
C, Net carrying value of financial assets which are overdue but not - or impaired	-	-	-	-	-	-
- Secured portion by any guarantee	-	-	-	-	-	-
D, Net carrying value of impaired assets	-	-	-	5.742	-	-
- Overdue (gross book value)	-	-	-	62.235	-	-
- Impairment (-)	-	-	-	(56.583)	-	-
- Secured portion of net book value (*)	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
E. Off balance sheet items with credit risks -	-	-	-	-	-	-

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

##### Liquidity Risk

Liquidity risk is the possibility that the Company will not be able to meet its net financing needs. As a precaution against this risk, the Company's management diversifies its financing resources, and the assets are managed with the liquidity priority to maintain a healthy balance of cash and cash equivalents. Company evaluates its liquidity risks consistently in order to meet its aims to monitor and to determine the change in its funds.

The following table, based on the remaining period until the maturity date of the contract as of the reporting dates, the Company's financial liabilities by relevant maturity groupings by providing the analysis. The amounts disclosed in the table are the contractual undiscounted cash flows:

Expected maturities	31 December 2021					
	Carrying Amount	Contractual Cash Flows	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Non derivative financial liabilities</b>	<b>6.254.346</b>	<b>(6.254.346)</b>	<b>(4.375.214)</b>	<b>(1.827.118)</b>	<b>(52.014)</b>	<b>-</b>
Fund borrowed	5.483.580	(5.483.580)	(3.604.448)	(1.827.118)	(52.014)	-
Securities Issued	767.915	(767.915)	(767.915)	-	-	-
Miscellaneous payables	2.851	(2.851)	(2.851)	-	-	-

Expected maturities	31 December 2020					
	Carrying Amount	Contractual Cash Flows	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>	<b>5.284.092</b>	<b>(5.284.092)</b>	<b>(4.304.097)</b>	<b>(945.958)</b>	<b>(34.037)</b>	<b>-</b>
Fund borrowed	4.522.342	(4.522.342)	(3.542.347)	(945.958)	(34.037)	-
Securities Issued	761.121	(761.121)	(761.121)	-	-	-
Miscellaneous payables	629	(629)	(629)	-	-	-

##### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk management, control the market risk exposures within acceptable parameters, while aiming to optimize the return of risk

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

##### Interest Rate Sensitivity Analysis

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

	31 December 2021	31 December 2020
<b>Fixed Rate</b>		
<i>Financial Assets</i>		
Cash and cash equivalents	95.321	79.194
Factoring receivables	6.130.503	4.829.811
<i>Financial Liabilities</i>		
Funds borrowed	4.337.615	3.307.304
Securities issued	767.915	761.121
<b>Floating Rate</b>		
<i>Financial Assets</i>		
Factoring receivables	876.434	859.603
<i>Financial Liabilities</i>		
Funds borrowed	1.145.965	1.215.038

As of 31 December 2021, the floating rate financial statements have a negligible effect on the pre-tax net loss for the period when the interest rate on renewal dates is 100 basis points higher / lower or all other variables are fixed

##### Foreign Currency Risk

The Company is exposed to currency risk through transactions (such as factoring operations and borrowings) in foreign currencies. The Company monitors the balance of foreign exchange assets and foreign exchange liabilities on a daily basis to minimize the exchange rate risk. In order not to be exposed to foreign exchange risk, the active and passive foreign exchange positions are carried out in a manner that does not give a short position in terms of foreign currency, and in order to balance the foreign exchange liabilities and foreign currency liabilities, it performs swap transactions if deemed necessary.

As of 31 December 2021 and 31 December 2020, the foreign currency position of the Company arising from its foreign currency-based assets and liabilities (foreign currency indexed factoring receivables and loans included) is as follows:

	31 December 2021 (TL Amount)	31 December 2020 (TL Amount)
Foreign Currency Assets (*)	1.569.441	559.192
Foreign Currency Liabilities	(897.841)	(509.804)
	<b>671.600</b>	<b>49.388</b>

(\*) Factoring Receivables denominated in foreign currencies and TL 647.070 are included in the Factoring Receivables (31 December 2020: TL 284.716)

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**24 - FINANCIAL RISK MANAGEMENT (Continued)**

Table below summarizes the Company's foreign currency position risk in detailed as of 31 December 2021 and 31 December 2020. The amounts of foreign currency assets and liabilities held by the Company according to their foreign currency types are as follows:

<b>31 December 2021</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Banks	31.723	935	-	32.658
Factoring receivables (*)	1.287.460	235.406	13.806	1.536.672
Other assets	8	110	-	111
<b>Total Assets</b>	<b>1.319.184</b>	<b>236.451</b>	<b>13.806</b>	<b>1.569.441</b>
<b>Liabilities</b>				
Funds borrowed	621.230	234.809	13.819	869.858
Miscellaneous liabilities	27.654	-	-	27.654
Other liabilities	59	269	1	329
<b>Total Liabilities</b>	<b>648.943</b>	<b>235.078</b>	<b>13.820</b>	<b>897.841</b>
Net foreign currency position due to derivative financial instruments	(668.341)	-	-	(668.341)
<b>Net Foreign Currency Position</b>	<b>1.900</b>	<b>1.373</b>	<b>(14)</b>	<b>3.259</b>

(\*) TL 647.070 foreign currency and foreign currency indexed factoring receivables are included in factoring receivables.

<b>31 December 2020</b>	<b>USD</b>	<b>Euro</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Banks	3.726	23	6	3.755
Factoring receivables (*)	335.855	219.507	-	555.362
Other assets	8	67	-	75
<b>Total Assets</b>	<b>339.589</b>	<b>219.597</b>	<b>6</b>	<b>559.192</b>
<b>Liabilities</b>				
Funds borrowed	275.340	218.717	-	494.057
Miscellaneous liabilities	15.642	-	-	15.642
Other liabilities	24	80	1	105
<b>Total Liabilities</b>	<b>291.006</b>	<b>218.797</b>	<b>1</b>	<b>509.804</b>
Net foreign currency position due to derivative financial instruments	(49.181)	-	-	(49.181)
<b>Net Foreign Currency Position</b>	<b>(598)</b>	<b>800</b>	<b>5</b>	<b>207</b>

(\*) TL 284.716 foreign currency and foreign currency indexed factoring receivables are included in factoring receivables.

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### DECEMBER 31, 2021 FOR THE YEAR OF NOTES TO THE FINANCIAL STATEMENTS (Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated)

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

##### Foreign Currency Sensitivity Analysis

As of 31 December 2021, 10% depreciation of TL against the following currencies will increase the profit for the period before tax by 326 TL (31 December 2020: It will increase the profit for the period by 21 TL). This analysis was made with the assumption that all variables remained constant as of 31 December 2021 and 31 December 2020.

	Profit/(Loss)	Equity	Profit/(Loss)	Equity
US Dolar	190	190	(60)	(60)
Euro	137	137	80	80
Other	(1)	(1)	1	1
<b>Total</b>	<b>326</b>	<b>326</b>	<b>21</b>	<b>21</b>

##### Fair Values of Financial Instruments

31 December 2021	Financial Asset at the Amortized Cost	Loans and Receivables	Financial Asset at the Amortized Cost	Carrying Amount	Fair Value
<b>Financial Assets</b>					
Banks	95.321	-	-	95.321	95.321
Factoring Receivables	-	7.006.937	-	7.006.937	7.006.937
<b>Financial Liabilities</b>					
Funds Borrowed	-	-	5.483.580	5.483.580	5.483.580
Miscellaneous Payables	-	-	2.851	2.851	2.851
Securities issued	-	-	767.915	767.915	767.915

31 December 2020	Financial Asset at the Amortized Cost	Loans and Receivables	Financial Asset at the Amortized Cost	Carrying Amount	Fair Value
<b>Financial Assets</b>					
Banks	79.194	-	-	79.194	79.194
Factoring Receivables	-	5.689.414	-	5.689.414	5.689.414
<b>Financial Liabilities</b>					
Funds Borrowed	-	-	4.522.342	4.522.342	4.522.342
Miscellaneous Payables	-	-	629	629	629
Securities issued	-	-	761.121	761.121	761.121

Due to the short-term nature of financial assets and liabilities, their book values are considered to be close to their fair values.

Banks, factoring receivables and short-term bank loans denominated in TL, which are measured at amortized cost discounted effective interest rate approximately due to the short-term nature and negligible possible gross amount.



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

The fair value of financial assets and financial liabilities are determined as follows:

- First level: Financial assets and liabilities in active markets for identical assets and liabilities are valued using stock market prices.
- Second level: Financial assets and liabilities, the related asset or liability, either directly or indirectly, other than quoted prices included within Level 1 observable market prices used for valuation purposes.
- Third level: Financial assets and liabilities, determining fair value of the asset or liability, are not based on observable market data used in the valuation.

The fair values of financial assets and liabilities are categorized as follows:

	Fair value level as of the reporting date			
	31 December 2021	Level 1	Level 2	Level 3
<b>Financial Assets</b>	<b>8.157</b>	-	-	<b>8.157</b>
Financial assets at fair value through other comprehensive income (*)	8.157	-	-	8.157
Derivative financial assets	-	-	-	-
<b>Financial liabilities</b>	<b>221.062</b>	-	<b>221.062</b>	-
Derivative financial liabilities	221.062	-	221.062	-

  

	Fair value level as of the reporting date			
	31 December 2020	Level 1	Level 2	Level 3
<b>Financial Assets</b>	<b>8.910</b>	-	<b>2.013</b>	<b>6.897</b>
Fair value difference other comprehensive financial assets reflected in income	6.897	-	-	6.897
Derivative financial assets	2.013	-	2.013	-

(\*) The fair value difference of securities representing capital shares in other comprehensive income has been determined according to a study conducted by an independent valuation company.

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#### 25- EARNINGS PER SHARE

The weighted average number of shares of the Group and earnings per share for the period ended 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Weighted average number of outstanding shares	350.000	350.000
Net profit for the period (TL)	116.286	98.106
Basic earnings per share (full TL)	0,3322	0,3924

There are no diluted shares of the Company. Also, in Turkey, companies can increase their capital by distributing shares to existing shareholders from retained earnings shares ("Bonus Shares"). When earnings per shares are calculated, these bonus shares are considered as issued shares. Therefore, the weighted average number of shares used in earnings per share calculation is obtained by applying the retrospective application of the issuance of shares. There is no difference between main and proportional earnings per share for any period.

#### 26- OTHER EXPLANATIONS

Fees regarding the services received by the Company from the Independent Auditor (excluding VAT):

	31 December 2021	31 December 2020
Independent audit fee for the reporting period	148	113
<b>Total</b>	<b>148</b>	<b>113</b>

#### 27 - SUBSEQUENT EVENTS

The 23% annual simple interest bill with the ISIN code "TRFVFAS32212", with a maturity of 61 days and a maturity of 61 days, with a nominal value of TL 16.630, issued on January 5, 2022 by the Company to qualified investors, is traded on the Borsa Istanbul Outright Purchases and Sales Market.