

**ANNUAL REPORT  
2021**





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# CONTENTS

<b>INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT</b>	<b>2</b>
<b>CORPORATE PROFILE</b>	<b>5</b>
<b>CHAIRMAN STATEMENT</b>	<b>6</b>
<b>1 - GENERAL INFORMATION</b>	<b>10</b>
1.1 - The Relevant Accounting Period of Report	10
1.2 - Company Trade Name, Address and Branch Information	10
1.3 - Shareholder and Organization Structure of the Company	11
1.4 - Disclosures on Preferred Shares	11
1.5 - Information about Governing Body, Top Management and number of Staff	12
1.6 - Transactions Concerning the Members of the Board of Directors within the Framework of Permission Granted by the General Assembly of the Company	16
<b>2 - FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE BOARD OF DIRECTORS</b>	<b>17</b>
<b>3 - RESEARCH AND DEVELOPMENT STUDIES</b>	<b>17</b>
<b>4 - COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS RELATED TO THE OPERATIONS</b>	<b>17</b>
4.1 - Information on the Investments of the Company in the Relevant Accounting Period	17
4.2 - Information on the Company's Internal Control System and Internal Audit Activities	17
4.3 - Information on Direct or Indirect Participations of the Company and Share Ratios	17
4.4 - Information on the Company's Own Shares	17
4.5 - Disclosures on the Private Audit and Public Audit in the Accounting Period	17
4.6 - Information on the Lawsuits which may affect Consequences of the Company's Financial Status and Activities, against the Company	17
4.7 - Explanations on the Administrative and Judicial Sanctions Imposed on the Company and the Members of the Governing Body on the grounds of Unlawful Practices	17
4.8 - Determined Targets and Ordinary General Assembly	18
4.9 - Extraordinary General Assembly	23
4.10 - Donations and Aids	23
4.11 - Legal Actions to the Company or to the Company with a Judge Company, to the Benefit of a Company Under His or a Company Affiliated to the Judge Company and All Other Measures to Be Taken for the Beneficiary Company or a Company Associated with It or Not to Be Taken in the Past Activity Year	23
4.12 - In the event that the legal action is taken or the measure is taken or not taken according to the rules and conditions that are taken in the legal process, it is determined whether an appropriate counteraction is provided in each legal transaction and if the measure taken is not damaged or if the company is damaged	23
<b>5 - FINANCIAL POSITION</b>	<b>26</b>
5.1 - Financial Position and Assessment Regarding Results of Operations and Strategy	26
5.2 - Sales, Productivity and Profitability Ratios	33
5.3 - Assessing whether the company capital has been unfulfilled:	33
5.4 - Profit Share Distribution Policy	34
<b>6 - RISKS AND ASSESSMENT OF MANAGEMENT</b>	<b>36</b>
6.1 - Risk Management Policy	36
6.2 - Information on the Early Detection and Management of Risk Committee and Reporting	37
6.3 - Future Risks	37
<b>7 - OTHER SUBJECTS</b>	<b>38</b>
7.1 - Special Activities Occurred After the End of Fiscal Year	38
7.2 - Additional Information	38
<b>APPENDIX</b>	<b>39</b>
Appendix.1 Organization Chart	
Appendix.2 Audited Balance Sheet and Income Statement for the year 2020.	40
<b>DIRECTORY</b>	

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



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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of A&T Finansal Kiralama Anonim Şirketi

## Opinion

We have audited the annual report of A&T Finansal Kiralama Anonim Şirketi (the "Company") for the period between 1 January 2021 and 31 December 2021, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

## Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2021 and 31 December 2021 on 15 February 2022.

### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") the Company's management is responsible for the following regarding the annual report:

- a) The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the and financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's and financial statements. The annual report shall also clearly indicates the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- c) The annual report also includes the matters below:
  - Significant events occurred in the Company after the reporting period,
  - The Company's research and development activities.
  - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

### Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the and financial information included in the annual report in accordance with the TCC and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited and financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA. Standards on Auditing issued by POA require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
Etiler, Taksim, SMMMM  
Partner DENETÇİ  
15 February 2022  
İstanbul, Turkey

# **GROWING** ALONG WITH OUR CUSTOMERS

OUR TOP PRIORITY IS SUPPORTING THE SMALL AND MEDIUM-SIZED BUSINESSES THAT ARE THE MAINSTAYS OF THE REAL SECTOR. WE ENTER INTO LONG TERM RELATIONSHIPS WITH CUSTOMERS AND GROW ALONG WITH THEM.



## CORPORATE PROFILE

# STRONG FINANCIAL STRUCTURE, A SKILLED TEAM, AND EXPERTISE....

FOUNDED IN 1997, A&T LEASING IS A SUBSIDIARY OF A&T BANK, WHICH CONTROLS A 99.98% STAKE IN THE COMPANY. IT IS A FINANCIAL LEASING COMPANY WITH A STRONG FINANCIAL STRUCTURE, A HIGHLY SKILLED TEAM, AND EXTENSIVE EXPERTISE. A&T LEASING'S GROWTH STRATEGY IS INFORMED BY THE GOAL OF INCREASING MARKET PENETRATION THROUGH FINANCIAL LEASING TRANSACTIONS AIMED AT DEFINED CUSTOMER GROUPS IN NICHE MARKETS.

SEEKING PRIMARILY TO SUPPORT THE SMALL- AND MEDIUM-SIZED BUSINESSES THAT ARE THE BEDROCK OF TURKEY'S REAL SECTOR, THE COMPANY COMMANDS A STRONG POSITION IN THE BUSINESS AND CONSTRUCTION EQUIPMENT AND THE MANUFACTURING-INDUSTRY PRODUCTION AND METALWORKING MACHINERY GROUPS THAT ACCOUNT FOR A SUBSTANTIAL VOLUME OF THE LEASING INDUSTRY'S BUSINESS.

HEADQUARTERED IN İSTANBUL AND WITH A BRANCH OFFICE IN ANKARA, A&T LEASING ALSO SERVES CUSTOMERS THROUGH BRANCHES OF ITS PARENT, A&T BANK. SEEKING TO GROW ITS OWN CUSTOMER BASE THROUGH COLLABORATIONS WITH VENDORS AND OTHER BUSINESS PARTNERS, THE COMPANY ENGAGES IN AN ONGOING EFFORT TO EXPAND ITS SERVICE NETWORK AND CUSTOMER-ACCESS CAPABILITIES.

## CHAIRMAN STATEMENT

**THE STRONG RECOVERY THAT STARTED IN THE THIRD QUARTER OF 2020 WILL CONTINUE AND WE EXPECT THAT THE POSITIVE ENVIRONMENT WILL CONTINUE IN 2022 BOTH FOR THE FINANCIAL LEASING SECTOR AND A&T FİNANSAL KİRALAMA A.Ş.**



# 36.13

## TL BILLION

THE LEASING SECTOR REACHED A TOTAL TRANSACTION VOLUME OF TL 36.13 BILLION AS OF 31.12.2021.

Dear Esteemed Shareholders and Colleagues;

Global economic activity continues to recover thanks to the easing of preventive measures for pandemic, a faster increase in vaccine use and supportive economic policies. Inflation rates are rising globally due to supply constraints caused by global supply chain disruptions, demand-pull factors caused by reopening, and commodity prices. Signals for the possible changes in advanced economies' monetary policy stance weigh on fund flows to emerging economies (EMs). Having picked up strongly since the third quarter of 2020, domestic economic activity remained robust in the third quarter of 2021 thanks to brisk external demand and recovery in services sectors.

In 2021, the current account balance improved significantly due to the boom in exports, the recovery in service revenues, especially in tourism, and the decline in gold imports. The recent increase in inflation stemmed from supply-side

factors such as increases in food and import prices, especially in energy, and supply difficulties. On the other hand, strong economic activity reflected positively on profitability, liquidity and debt service indicators of the real sector.

The asset quality of the banking sector remains strong, well above the expectations made in the early pandemic. The banking sector has strong liquidity buffers to manage the funding and liquidity risks. The banking sector has a strong balance sheet structure against the TL and FX interest rate risk. The profitability of the banking sector has been recovering since the second half of 2021, after declining in 2020 and in the first half of 2021 when the adverse effects of the pandemic became evident.

The sectors where the leasing sector is expected to concentrate in 2022 are as follows: Renewable and green energy, rooftop solar power plants (GES), tourism, e-commerce, logistics, food packaging, health and health equipment and textiles.





# 541.1

## TL MILLION

THE FINANCIAL LEASE RECEIVABLES OF A&T FINANSAL KIRALAMA A.Ş. WERE REALIZED AS TL 541.1 MILLION AS OF 31.12.2021

While, the leasing sector closed the first quarter of 2021 with a business volume of TL 6.86 billion, this figure reached to TL 36.13 billion as of 31.12.2021. This improvement shows that there was significant recovery in 2021. Therefore, the cumulative business volume of the sector increased by 54% between the periods of 31.12.2020 and 31.12.2021. "Financial Leasing Receivables" of the sector was TL 67.4 billion as of 31.12.2020. The said amount realized TL 97.7 billion for the period 31.12.2021. The "Financial Lease Receivables" of A&T Finansal Kiralama A.Ş. were realized as TL 352 million for the period of 31.12.2020 and TL 541.1 million as of 31.12.2021 with 54%. While, NPL value of the sector increased from TL 4.09 billion as of 31.12.2020 to TL 5.09 billion as of 31.12.2021 with 24%. The NPL value for A&T Leasing decreased by 74% from TL 3.52 million to

TL 931 thousand for the year-end periods of 2020 and 2021. The strong recovery that started in the third quarter of 2020 will continue and we expect that the positive environment will continue in 2022 both for the financial leasing sector and A&T Finansal Kiralama A.Ş.

On behalf of the Board of Directors, I would like to extend our thanks to our clients, shareholders and creditor institutions for their valuable support and confident and also to extend our thanks to the general management and all the employees of the company for their effort and achievements.

**Wail J A BELGASEM**  
Chairman

## GENERAL MANAGER STATEMENT

THE LEASING SECTOR REMAINED ON ITS TRADITIONAL LANE IN 2021 AND USED A SIGNIFICANT PART OF ITS RESOURCES IN THE FINANCING OF CONSTRUCTION MACHINERY, PRODUCTION MACHINERY AND TEXTILE MACHINERY. THE DISTRIBUTION OF EQUIPMENT FINANCED BY OUR COMPANY IS PARALLEL TO THIS.

CONSIDERING THAT THE TEXTILE INDUSTRY IS EXPORT-ORIENTED, WE ALLOCATED MORE RESOURCES TO TEXTILE MACHINERY IN 2021.

Dear Shareholders,

The pandemic, which entered our lives in 2019, caused a global economic crisis. It has destroyed production processes and the supply chain. Naturally, negative effects were seen in our country. Financial leasing activities, which are the most important instruments in financing investments, were also seriously affected by COVID 19, which spread at the beginning of 2020. The increase in the exchange rate in August 2018 had already negatively affected the leasing sector and the business volume had dramatically decreased. Increases in exchange

rates directly affect leasing activities. The reason for this is that machinery investments are based on imports. While the positive development in business volume started in the second half of 2019, the spread of the pandemic at the beginning of 2020 caused the transaction volume to decrease again.

For this reason, 2021 has been the year to heal the wounds of the pandemic. Considering the figures as of 31.12.2021, we see that sector's financial leasing receivables increased from TL 67.4 billion to TL 97.7 billion. A&T Finansal Kiralama A.Ş. has also obtained



**IN 2021, WE SEE THE LEASING SECTOR START DEALING WITH RENEWABLE ENERGY INVESTMENTS. WE THINK THAT THIS AREA WILL GAIN IMPORTANCE IN 2022.**

results parallel to the sector. Our company's financial leasing receivables increased by 54% compared to 2020 and exceeded TL 541 million.

The leasing sector remained on its traditional lane in 2021 and used a significant part of its resources in the financing of construction machinery, production machinery and textile machinery. The distribution of equipment financed by our company is parallel to this. Considering that the textile industry is export-oriented, we allocated more resources to textile machinery in 2021. Our activities in the textile sector will continue in 2022. In

2021, we see the leasing sector start dealing with renewable energy investments. We think that this area will gain importance in 2022 due to the increase in energy prices and environmental awareness.

I would like to take this opportunity to thank our shareholders for their support, our devoted employees, and all our customers and stakeholders for their trust.

With all respect.

**İhsan BİLİCİ**  
General Manager

# 1 - GENERAL INFORMATION

## 1.1 - The Relevant Accounting Period of Report

This Activity Report belongs to the period between 01.01.2021 and 31.12.2021

## 1.2 - Company Trade Name, Address and Branch Information

Company Trade Name:	A&T Finansal Kiralama A.Ş.
Trade Registration No:	372702
Mersis Number:	1116858435411604
Related Tax Office:	Ümraniye
Registered Tax Number:	001 008 5428
Address:	Örnek Mahallesi Finans Çıkmaızı Sokak No.4 Ataşehir/ İSTANBUL
Telephone:	0216 445 57 01 Pbx
Fax:	0216 445 57 07
Web:	<a href="http://www.atleasing.com.tr">www.atleasing.com.tr</a>
E-Mail:	<a href="mailto:atleasing@atleasing.com.tr">atleasing@atleasing.com.tr</a>
Ankara Branch:	Havuzlu Sokak No. 3 Aşağı Ayrancı /ANKARA
Telephone:	0312 419 51 03-04
Fax:	0312 439 37 81
Incorporation Date (Issuance Date and Registered Date):	4 July 1997

Certificate of activity was obtained with the BRSA's decision dated 24 October 2007 and numbered 2437.

### 1.3 - Shareholder and Organization Structure of the Company

A&T Finansal Kiralama A.Ş. was founded in 1997 as the subsidiary of Arab-Turkish Bank to perform leasing transactions. The capital of A&T Finansal Kiralama A.Ş. was TL 116,000,000 in 2020. Capital was increased to TL 126,000,000 as of March 2021.

The Shareholder structure of the company has not changed during year 2021

The Shareholder Structure of the company is as follows.

SHAREHOLDERS	SHARE RATE %	SHARE AMOUNT (TL)	ACQUISITION DATE
ARAP TÜRK BANKASI A.Ş.	99.98	125,974,800.00	Since Establishment
SALİH HATİPOĞLU	0.005	6,300.00	07.07.2008
FEYZULLAH KÜPELİ	0.005	6,300.00	09.11.2009
AZİZ AYDOĞDUOĞLU	0.005	6,300.00	14.09.2010
ERDEM ÖZENCİ	0.005	6,300.00	29.08.2013
<b>TOTAL</b>	<b>100.00</b>	<b>126,000,000.00</b>	

### Organization Structure of the Company

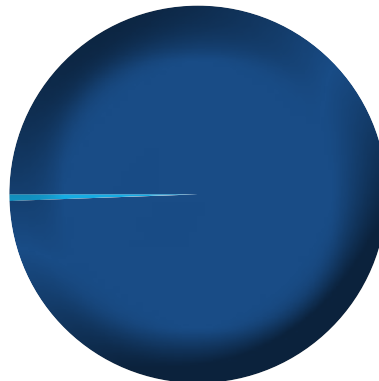
With the Board of Directors decision dated 20.05.2021 and numbered 21 /4-1, there have been changes in the Organizational Chart of the Company. The new Organization chart of the company is as in Annex 1.

### 1.4 - Disclosures on Preferred Shares

There is no preferred share in the Company's Shareholding structure.

A&T Finansal Kiralama A.Ş. Shareholder Structure (%)

**0.02%**  
Other



**99.98%**  
Arap Türk Bankası A.Ş.

## 1 - GENERAL INFORMATION

### 1.5 - Information about Governing Body, Top Management and number of Staff

## BOARD OF DIRECTORS



**Wail J A Belgasem**  
Chairman

A graduate of Garyounes University (Libya), Department of Accounting in 1993, Wail J. A. Belgasem, has been working at Libyan Foreign Bank since 1994. He served in the Internal Auditing Department, L/Cs Department, Participations Department and Banking Operation Department between 1994 and 1998. Mr. Belgasem was employed in the Rep. Office for BACB between 1998 and 2007. He served as Assistant Manager of Marketing & Foreign Relations Department between 2007 and 2009, Deputy Manager of Marketing & Foreign Relations Department from 2009 to 2011. Having served as Board Member at Aresbank (Spain) between 2013 and 2017. Mr. Belgasem has been Deputy Manager of the International Finance Department between October 26, 2011 and May 03, 2019. After serving as a Member of the Board of Directors at A&T Bank from July 21, 2017 until May 03, 2019, Mr. Belgasem was appointed as A&T Bank's General Manager on May 03, 2019, and started this position on June 10, 2019. Mr. Belgasem is the Chairman of the Board of Directors of A&T Finansal Kiralama A. Ş. He has 26 years of professional experience.



**Fatma Sezin Uçar**  
Deputy Chairman

Fatma Sezin Uçar graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration with an honor degree in 2000. In Turkey İş Bankası A.Ş. she acted as an Assistant Credit Specialist in Corporate Loans Allocation Department (2000-2005), Credit Specialist (2005-2009) and Assistant Credit Manager (2009-2015). Since 2015, Mrs. Uçar has been working as a Unit Manager in the same department. In the General Assembly of A&T Finansal Kiralama A.Ş. held on 29/03/2018, Mrs. Uçar became the Board Member while she was appointed as the Deputy Chairman of the Board of Directors at the same date.



**Aflah Omar Magsi**  
Board Member

A graduate of Tillotson College, Huston USA, Department of Accounting in 1984, Aflah Omar Magsi, has been working at Libyan Foreign Bank since 1985. Respectively he served in the Cash Operations Management and Financial Planning between January 1985-May 1990 and in the Letter of Credit Management between May 1990-August 1993. From July 1993 to August 1999 he worked as Deputy Managing Director at Arab Investment and Trade Bank / Abu Dhabi and he served in the Banking Operations Management at Libyan Foreign Bank between August 1999-October 2003. Aflah Omar Magsi was the Office Manager of the Investment Office in the Gambia. From January 2004 to August 2009 he served in the Banking Operations Management at Libyan Foreign Bank. From September 2009 to December 2018 he served in the Cash Management and as Board Secretary at Arab Investment and Trade Bank / Abu Dhabi. Mr. Magsi has been serving as Manager of the Payments and Reconciliation Department at Libyan Foreign Bank since January 2019. Aflah Omar Magsi was appointed as a Member of the Board of Directors at A&T Bank on May 03, 2019 and serving as a Member of the Audit Committee at A&T Bank from July 26, 2019 until January 31, 2020. Mr. Magsi who was appointed as Deputy Chairman of the Board of Directors at A&T Bank on September 04, 2020, has 36 years of professional experience.



**Şemsettin Demirdağ**  
Board Member

Şemsettin Demirdağ graduated from Gazi University, Department of Management in 2005. Mr. Demirdağ, who worked as a Sales Representative in many companies in the Textile Sector until 2001, worked as a Sales Representative in Coca-Cola between the years 2001 and 2005. Continuing his career as an Inspector at Ziraat Bank between 2007-2016. Mr. Demirdağ also worked at Ziraat Bank Regional Coordinatorship as Sales and Performance Manager in Ankara between 2016-2018. Mr. Demirdağ who has been working at Ziraat Bank as Branch Manager since 2018, acted as the Board Member of Mesa İmalat A.Ş. in 2021. Mr. Demirdağ is for the time being Ziraat Bank Ankara Corporate Manager and Board Member of A&T Finansal Kiralama A.Ş.



**Mert Orkun Civelek**  
Board Member

Mert Orkun Civelek graduated from the Geology Department of the Middle East Technical University in 1998. After a year of training in Ziraat Bank A.Ş. banking school, he started his career as a specialist in the Foreign Relations Department of Ziraat Bank Ankara Branch. After working as a specialist in the Import-Export department of this branch until 2001, he worked as a Corporate Relations Specialist in the Ankara Corporate Branch of the bank until 2014. Between the year 2014 and 2019, he worked as a Branch Manager in different branches of Ziraat Bank. Since 2019, Mr. Civelek has been working as a Branch Manager in Ziraat Bank Ankara Public Corporate Branch. Mr. Civelek has been a member of the Board of Directors of A&T Leasing A.Ş. since September 2020.

Mert Civelek was the Board Member in our Annual Report dated 31.12.2020, completed his term on 17.06.2021.



**İhsan Bilici**  
Board Member & General Manager

İhsan Bilici graduated from Bursa Economic and Commercial Sciences Academy in 1980. He received his master's degree in business administration from Doğuş University. İhsan Bilici started his career as an inspector at Anadolu Bank in 1981. Between 1990-1996, he worked as the manager of various branches in T. Emlak Bank. Bilici later continued as Head of Credit Department and Regional Head. He served as a representative at the Berlin Representative of Emlak Bank. Bilici, who transferred to A&T Finansal Kiralama A.Ş. in 1998, has been serving as the General Manager and Board Member since this date.

## Board of Directors

NAME SURNAME	DUTY	APPOINTMENT DATE
WAL J A BELGASEM	Chairman	01.07.2019
FATMA SEZİN UÇAR	Deputy Chairman	29.03.2018
AFLAH OMAR MAGSI	Board Member	11.12.2019
ŞEMSETTİN DEMİRDAĞ	Board Member	17.06.2021
İHSAN BİLİCİ	Board Member & General Manager	04.07.1997



## 1 - GENERAL INFORMATION

### 1.5 - Information about Governing Body, Top Management and number of Staff

## SENIOR MANAGEMENT



**İhsan Bilici**  
General Manager

İhsan Bilici graduated from Bursa Economic and Commercial Sciences Academy in 1980. He received his master's degree in business administration from Doğuş University. İhsan Bilici started his career as an inspector at Anadolu Bank in 1981. Between 1990-1996, he worked as the manager of various branches in T. Emlak Bank. Bilici later continued as Head of Credit Department and Regional Head. He served as a representative at the Berlin Representative of Emlak Bank. Bilici, who transferred to A&T Finansal Kiralama A.Ş. in 1998, has been serving as the General Manager and Board Member since this date.



**Moataz Mohamed A Tamer**  
Deputy General Manager

Mr. Moataz Mohamed Tamer took charge as a Deputy General Manager of Arab & Turkish leasing company since 2019. He has over 12 years' experience in the fields of Banking.

Prior to joining Arab & Turkish leasing company, Mr. Tamer served as Assistant Manager at International Finance Department in Libyan Foreign Bank. He was Member on the "Direct and Indirect Credit Products Evaluation" committee.

Mr. Tamer holds a Bachelor's Degree in Business Administration from Tripoli University.



## MANAGEMENT TEAM



**Aziz Aydoğduoğlu**  
Director

He graduated from Marmara University, Department of Business Administration in 1992.

He started his career as an Accounting Specialist in 1993. He joined A&T Leasing in 1999 after working in different firms.

He speaks English fluently.

He has Public Accountant and Independent Auditors Certificates.



**H. Çisel Semerciöz**  
Operation Manager

She graduated from İstanbul University, Department of Economics (in English) in 1994. She received her master's degree in International Economics from Marmara University in 1999.

She started her career as an Import Specialist at Hektaş Ticaret T.A.Ş. in 1994. She joined A&T Leasing in 2007 after working in different firms.

She speaks English fluently.



**Volkan Bimgöl**  
Marketing Manager

He is a graduate of Anadolu University, Faculty of Economics.

He started his career in 1998 as a Budget Control Analyst. After working in the Treasury, Operation and Marketing Departments of different leasing companies, he joined A&T Leasing in 2009.

He speaks English fluently.

## 1 - GENERAL INFORMATION

### 1.5 - Information about Governing Body, Top Management and number of Staff

## MANAGEMENT TEAM



**Celal Şahin**  
Credit Manager

He graduated from Istanbul University, Department of Public Administration in 1988.

He started his business life in 1991 as a specialist of Financial Analysis in Halkbank. After working 16 years at different financial institutions, he joined A&T Leasing in 2007.



**Cem Çınar**  
Treasury Manager

He graduated from Gazi University, Department of Economics in 1990.

He started his career as an Import-Export Officer in Citibank A.Ş. in 1995. He joined A&T Leasing in 2007 after working in different firms.

He speaks English fluently.



**Ekrem Sağanak**  
Ankara Branch Manager

He graduated from Bilkent University, Department of Public Administration and Political Science.

He started his career as an Assistance specialist in Akbank T.A.Ş. and after worked in Alternatif Lease in Ankara. He joined A&T Leasing in 2013.

He speaks English fluently.

### Personnel Number

20 persons are employed in the company (including branch) as of 31.12.2021

### 1.6 - Transactions Concerning the Members of the Board of Directors within the Framework of Permission Granted by the General Assembly of the Company

At the Ordinary General Assembly meeting held on 23.03.2021, the Board of Directors gave the necessary authority and permissions to the members of the Board of Directors to perform the procedures specified in Articles 395 and 396 of the Turkish Commercial Code.

## 2 - FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE BOARD OF DIRECTORS

The total amount of payments made between 01.01.2021 and 31.12.2021 to the Members of the Board of Directors and Senior Management is TL 6,314,117.31.

## 3 - RESEARCH AND DEVELOPMENT STUDIES

There are no research and development activities between 01.01.2021 and 31.12.2021.

## 4 - COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS RELATED TO THE OPERATIONS

### 4.1-Information on the Investments of the Company in the Relevant Accounting Period

Tangible Fixed Assets Investments in the relevant year are TL 36,653.58.

Intangible Fixed Assets Investments are TL 12,800.00.

Real Estate Investment:  
TL 11,000.03.

### 4.2 - Information on the Company's Internal Control System and Internal Audit Activities

The company conducts its operations in accordance with the "Financial Leasing, Factoring and Financing Companies Law" numbered 6361, "Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies", which came into force after being published in the Official Gazette No. 28627 dated 24 April 2013. An Internal Control system has been established in order to execute the Company's activities in accordance with the obligations and ensure timely availability of information. Deputy Chairman of the Board of Directors Fatma Sezin

UÇAR has been appointed as the Board Member responsible for the Internal Control Department with the Board of Directors decision dated 29.03.2018. Internal Control activities are carried out under the Deputy Chairman of the Board of Directors, Mr. Sezin UÇAR. Internal Control Activities are carried out as Daily, Weekly and Monthly controls, and an annual report is submitted to the Board of Directors every 6 months.

### 4.3 - Information on Direct or Indirect Participations of the Company and Share Ratios

There is no Direct or indirect subsidiaries of the Company.

### 4.4 - Information on the Company's Own Shares

The company does not have its own shares acquired.

### 4.5 - Disclosures on the Private Audit and Public Audit in the Accounting Period

The Company is audited with an independent audit firm and by the Arap Türk Bankası A.Ş. every year which is the main shareholder.

The Company is also subject to the supervision and supervision of the Banking Regulation and Supervision Agency.

In 2021, BRSA (BDDK) did not conduct any audit at the Company's headquarters.

There was no public audit in 2021.

### 4.6 - Information on the Lawsuits which may affect Consequences of the Company's Financial Status and Activities, against the Company

There are no lawsuits filed against the Company which may affect the financial situation and activities of the Company.

### 4.7 - Explanations on the Administrative and Judicial Sanctions Imposed on the Company and the Members of the Governing Body on the grounds of Unlawful Practices

There are no administrative or judicial sanctions imposed on the Company and the Members of the Board of Directors due to violations of the provisions of the legislation.

## 4 - COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS RELATED TO THE OPERATIONS

### 4.8 - Determined Targets and Ordinary General Assembly

The 2021 budget, figures and realization rates, defined by the Board of Directors of the Company are shown in the table below.

ASSETS	31.12.2021 Current Period	31.12.2021 Budget	Variance	%
<b>BANKS</b>	<b>112,599,509.68</b>	<b>53,448,792.00</b>	<b>59,150,717.68</b>	<b>110.67</b>
<i>RECEIVABLES FROM LEASING TRANSACTIONS (Net)</i>	<b>498,892,475.74</b>	<b>392,395,160.00</b>	<b>106,497,315.74</b>	<b>27.14</b>
<i>Finance Lease Receivables</i>	541,104,753.09	385,838,202.00	155,266,551.09	40.24
<i>Other</i>	0.00	0.00	0.00	n.m.
<i>Unearned Income (-)</i>	-61,163,067.39	0.00	-61,163,067.39	n.m.
<i>Ongoing Contracts</i>	4,402,767.13	0.00	4,402,767.13	n.m.
<i>Given Advances for Leasing Transactions</i>	16,376,303.88	0.00	16,376,303.88	n.m.
<i>Non-Performing Loans (NPL) from leasing Transactions</i>	930,687.54	14,945,071.00	-14,014,383.46	-93.77
<i>Specific Provisions (-)</i>	-2,758,968.51	-8,388,113.00	5,629,144.49	-67.11
<b>PROPERTY AND EQUIPMENT (Net)</b>	<b>10,136,717.35</b>	<b>10,039,794.00</b>	<b>96,923.35</b>	<b>0.97</b>
<b>INTANGIBLE ASSETS (Net)</b>	<b>530,741.70</b>	<b>518,176.00</b>	<b>12,565.70</b>	<b>2.42</b>
<b>OTHER ASSETS</b>	<b>7,325,004.06</b>	<b>5,148,777.00</b>	<b>2,176,227.06</b>	<b>42.27</b>
<i>Leasing Insurance Receivables</i>	1,295,925.61	0.00	1,295,925.61	n.m.
<i>Expenses Related Next Periods</i>	5,547,860.17	0.00	5,547,860.17	n.m.
<i>Other</i>	481,218.28	0.00	481,218.28	n.m.
<b>TOTAL ASSETS</b>	<b>629,543,635.17</b>	<b>462,074,425.00</b>	<b>167,469,210.17</b>	<b>36.24</b>

<b>LIABILITIES</b>	<b>31.12.2021</b> Current Period	<b>31.12.2021</b> Budget	<b>Variance</b>	<b>%</b>
<b>FUNDS BORROWED</b>	<b>452,072,217.21</b>	<b>295,092,486.00</b>	<b>156,979,731.21</b>	<b>53.20</b>
Short Term Funds Borrowed	31,877,908.34	31,877,908.34	0.00	0.00
Medium Term Funds Borrowed	420,194,308.87	263,214,577.66	156,979,731.21	59.64
<b>MISCELLANEOUS PAYABLES</b>	<b>15,021,459.52</b>	<b>9,470,138.00</b>	<b>5,551,321.52</b>	<b>58.62</b>
Leasing Suppliers	857,835.43	0.00	857,835.43	n.m.
Company Suppliers	14,083.67	0.00	14,083.67	n.m.
Insurance Suppliers	5,846,335.90	0.00	5,846,335.90	n.m.
Customer Advances	8,284,766.40	0.00	8,284,766.40	n.m.
Other	18,438.12	0.00	18,438.12	n.m.
<b>TAX PAYABLES</b>	<b>1,967,202.55</b>	<b>0.00</b>	<b>1,967,202.55</b>	<b>n.m.</b>
Income Tax	1,098,962.48	0.00	1,098,962.48	n.m.
V.A.T.	694,053.36	0.00	694,053.36	n.m.
Social Insurance	174,186.71	0.00	174,186.71	n.m.
<b>PROVISIONS</b>	<b>7,564,443.18</b>	<b>5,781,691.00</b>	<b>1,782,752.18</b>	<b>30.83</b>
Legal Indemnity Provisions	1,807,871.59	1,650,000.00	157,871.59	9.57
Annual Leave Provisions	1,669,777.84	1,480,000.00	189,777.84	12.82
Foreign Staff Indemnity Provisions	820,317.54	860,000.00	-39,682.46	-4.61
Bonus provision	0.00	801,782.00	-801,782.00	-100.00
Tax Provisions	1,426,476.21	989,909.00	436,567.21	44.10
Other Provisions	1,840,000.00	0.00	1,840,000.00	n.m.
<b>SHAREHOLDERS' EQUITY</b>	<b>152,918,312.71</b>	<b>151,730,110.00</b>	<b>1,188,202.71</b>	<b>0.78</b>
Paid-in Capital	126,000,000.00	126,000,000.00	0.00	0.00
Supplementary Capital	5,295,615.79	5,431,437.00	-135,821.21	-2.50
Legal Reserves	6,079,416.92	5,994,294.00	85,122.92	1.42
Extraordinary Reserves	1,493.82	1,494.00	-0.18	-0.01
Profit Or Loss	<b>15,541,786.18</b>	<b>14,302,885.00</b>	<b>1,238,901.18</b>	<b>8.66</b>
Prior Years Income/Loss	2,873,073.22	1,716,654.00	1,156,419.22	67.36
Current Year Income/Loss	12,668,712.96	12,586,231.00	82,481.96	0.66
<b>INCOME STATEMENT ITEMS</b>				
Finance Lease Incomes	36,095,919.84	32,566,417.00	3,529,502.84	10.84
Interest Received From Banks	7,547,531.41	7,879,072.00	-331,540.59	-4.21
Personnel Expenses	11,686,115.00	11,677,292.00	8,823.00	0.08
Personnel Indemnity Provision Expenses	220,832.14	240,000.00	-19,167.86	-7.99
General Office Expenses	2,848,846.66	3,583,544.00	-734,697.34	-20.50
Leasing Expenses	6,374,857.50	0.00	6,374,857.50	n.m.
Annual Leave Provisions	554,868.98	360,000.00	194,868.98	54.13
Foreign Staff Indemnity Provisions	564,436.00	600,000.00	-35,564.00	-5.93
Bonus Provisions	0.00	0.00	0.00	n.m.
Leasing Instr. Rate Difference Provisions	1,840,000.00	0.00	1,840,000.00	n.m.
Interest On Funds Borrowed	8,026,311.37	6,756,767.00	1,269,544.37	18.79

## 4 - COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS RELATED TO THE OPERATIONS

The investment amount was expected to be TL 193,930,091.00 in 2021 however, the actual amount was realized TL 252,248,687.26.

	Budget	Realized
ROE	8.30%	8.64%
ROA	2.72%	2.45%

### Ordinary General Assembly

All decisions taken at the Ordinary General Assembly held on 23.03.2021 were fulfilled.

#### MINUTES OF ORDINARY GENERAL ASSEMBLY OF A & T FİNANSAL KİRALAMA ANONİM ŞİRKETİ HELD ON 23 MARCH 2021

A & T Finansal Kiralama A.Ş. Ordinary General Assembly Meeting for 2020 was held on 23.03.2021 at 10.30 o'clock at the address Vali Konağı Caddesi No: 10 Nişantaşı / İSTANBUL under the supervision of the Ministry Representatives Mrs. Güner KAKI who was appointed by the T.R. Ministry of Trade / İstanbul Provincial Trade Office of Trade Letter dated 22.03.2021, no. E-90726394-431.03-00062536756

It was determined by examining the list of attendants that out of 115,976,800 shares corresponding to the Company's nominal value 115,976,800 representing Arap Türk Bank A.Ş. Salih HATİPOĞLU, Erdem ÖZENCİ in person having 5,800 shares with a nominal value TL 5,800, Salih HATİPOĞLU in person having 5,800 shares

with a nominal value TL 5,800, Feyzullah KÜPELİ in person having 5,800 shares with a nominal value TL 5,800, Aziz AYDOĞDUOĞLU in person having 5,800 shares with a nominal value TL 5,800, totally represented the nominal value of TL 116,000,000 considering the shares corresponding to the share of 116,000,000 are attending. Thus the minimum quorum as stipulated by the law and the articles of incorporation was secured. The shareholders have no objection of the invitations without announcement in accordance with the Turkish Commercial Law Article 416. After confirming that, The Board Members Mr. Wail J A BELGASEM, Mrs. Fatma Sezin UÇAR, Mr. Mert Orkun CİVELEK, Mr. Aflah Omar MAGSI and Mr. İhsan BİLİCİ and Mrs. Elif ÇAĞLAR as a representative of Independent Audit Firm KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. were available in the meeting; as it is perceived in the meeting place that the Share Registry of the Company, the Board of Directors of the Annual Report, the Auditors' Report, Financial Statements, the General Assembly agenda, The Article of Association related with the Article 7 considering the

"Capital" with the old and new forms including the draft amendment with the allowance official letter and attachments of T.C. Trade Ministry of Domestic Trade General Directorate, It was decided to open the meeting by Mrs. Güner KAKI representing the Ministry of Trade.

1. The General Assembly Agenda was declared by the General Manager and Board Member of the company, Mr. İhsan BİLİCİ.
2. In accordance with the 2<sup>nd</sup> article of present agenda, regarding the election of Chairman, the written proposal presented by the shareholders has been voted. The Proposal was accepted unanimously Mr. İhsan BİLİCİ was elected as the Chairman. The Chairman Mr. İhsan BİLİCİ elected Mr. Salih HATİPOĞLU as the Vote Collection Officer and Mr. Aziz AYDOĞDUOĞLU as Minutes Registrar.
3. It has been passed to the agenda to approve the Activity Report of Board of Directors for the activities performed in 2020. The report was read and discussed. Chairman of meeting has put the vote the Activity report of Board of Directors has unanimously approved.



4. In accordance with the 4<sup>th</sup> article of the Agenda, It has been passed the approval of 2020 Audited Balance Sheet and Profit / Loss accounts with the reading and negotiation of the Independent Auditors' Report for the year 2020. The Audited Balance Sheet and P & L Account of 2020 which was audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has been read and negotiated. It was approved unanimously by the result of the vote. The year 2020 of Independent Auditor's Report was read, discussed and approved by consensus at the results of the vote.

5. Agenda item was discussed regarding the discharge of the Board members. The discharges of Board Members were presented to vote separately due to their responsibilities regarding the accounts and transactions ended on 31.12.2020. As the result of voting the Board Members were acquitted unanimously. The Board Members did not vote for their own release

according to the Article 436 of the Turkish Commercial Law.

6. The Chairman has read the Board of Directors proposal regarding the distribution of profits. The amount of TL 3,541,103.64 was separated as tax provision and the amount of TL 787,271.18 was separated as 1<sup>st</sup> Legal Reserve from the pre-tax profit amount of TL 15,745,423.62 occurred in 2020. It was also decided to leave the remaining net profit of TL 10,966,343.12 in the company in order to add the profits of previous years, TL 10,000,000.00 of this amount will be used for capital increase and not to distribute profits to shareholders and it was decided to meet the possible tax vulnerability from the profits of previous years.

7. Company's main contract article 7 about "Capital" with regard to amendment of Article T. R. Ministry of Customs and Trade Directorate General of Domestic Trade date 15.03.2021, No. E-50035491-

431.02 and Barcode No. 00062337002 permission result, the draft amendment was discussed. Articles of Association article 7 about "Capital" new form of Article 7 was approved by a unanimous vote by the written acceptance form below.

#### NEW FORM:

#### Article 7: CAPITAL OF THE COMPANY

Capital of the company is 126,000,000.00 (One Hundred Twenty-Six Million) Turkish Lira, divided into 126.000.000 (One Hundred Twenty-Six Million) registered shares, with per nominal value of 1, 00 Turkish Lira each.

The previous capital amount 116,000,000.00 (One Hundred Sixteen Million) Turkish Lira had been fully paid up.

The capital increase of 10,000,000.00 (Ten Million) Turkish Lira has been transferred from the year 2020 profit to bring the total new capital to 126,000,000.00 (One Hundred Twenty-Six Million) Turkish Lira.

NAME AND SURNAME	SHARE AMOUNT (TL)	SHARE QUANTITY
ARAP TÜRK BANKASI A.Ş.	125,974,800.00	125,974,800
SALİH HATİPOĞLU	6,300.00	6,300
FEYZULLAH KÜPELİ	6,300.00	6,300
AZİZ AYDOĞDUOĞLU	6,300.00	6,300
ERDEM ÖZENCİ	6,300.00	6,300
<b>CAPITAL OF THE COMPANY</b>	<b>126,000,000.00</b>	<b>126,000,000</b>

## 4 - COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS RELATED TO THE OPERATIONS

8. The Chairman asked for the voting of the proposal presented by the shareholders determining the per diem payment of Board Members. Starting from the date of 01.04.2021, for the period of their mission, it was decided to make TL payment of equivalent amount of net USD 1,000. To Chairman and Board Members with a unanimous decision. The Foreign Board Members who participate from abroad to Board Meeting are being paid USD 1,400 for covering the Board Meeting Expenses (transportation, accommodation and others).

9. Due to the 9<sup>th</sup> item of the agenda, it was passed to the approval of changes in the Board Membership in the period. Mr. Mert Orkun CİVELEK was appointed as Board Membership on 03.09.2020 by the Board, replaced Mrs. Arca ÖGEL. It was unanimously decided to

approve the changes in the Board Membership in accordance with the Turkish Commercial Law item No.363.

10. The Chairman presented the proposal for vote that was given by the shareholders regarding the election of Board Members. In the proposal, Mr. Wail J A BELGASEM, Mrs. Fatma Sezin UÇAR, Mr. Aflah Omar MAGSI, Mr. Mert Orkun CİVELEK and the General Manager Mr. İhsan BİLİCİ, were advised as a candidate for Board of Directors.

In consequence of presence of **Mr. Wail J A BELGASEM** with a Tax number \*\*\*\*\* and Passport No. \*\*\*\*\* , **Mrs. Fatma Sezin UÇAR** with Identity No. \*\*\*\*\* , **Mr. Aflah Omar MAGSI** with a Tax No. \*\*\*\*\* and Passport No. \*\*\*\*\* , **Mr. Mert Orkun CİVELEK** with Identity No. \*\*\*\*\* and the General

Manager of the company **Mr. İhsan BİLİCİ** with an Identity No. \*\*\*\*\* , It was decided to

be elected as Board Members until the Ordinary General Assembly Meeting where discussion the year 2021 Balance Sheet with unanimous decision.

11. Due to the 11<sup>th</sup> item of the agenda, it was passed to the identification and the fee to be prepared of Auditor for the year 2021. In accordance with the proposal of the Board of Directors, it was decided to sign an Independent Audit Agreement for the year 2021 with an amount of TL 105,000 + VAT yearly with KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG) and it was unanimously decided to authorize the Company General Management to sign the agreement.

Independent Auditor;

Trade Name: KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Address: Levent İş Kuleleri Kule 3, K: 2, 3, 4, 5, 6, 9 Beşiktaş/İstanbul

Tax Office/No: Boğaziçi Corporate/5890269940

Trade Registry Office / No: İstanbul Trade Registry Office/480474

Central Trade Registry No: 0589026994000013



12. The Chairman asked for the vote the permission for Board Members to do transactions required the Turkish Commercial Law with the articles of 395 and 396. It was decided unanimously to give authorization and consent to Board Members of the Company in accordance with the Turkish Commercial Law of the articles 395 and 396.

13. Chairman of the meeting Mr. İhsan BİLİCİ, thanked the participants for the decisions taken in the meeting and ended the meeting. This said record was arranged and signed in the meeting location.

#### 4.9 - Extraordinary General Assembly

No extraordinary general assembly meeting was held during the period.

#### 4.10 - Donations and Aids

There are no donations and donations made during the period.

#### 4.11 - Legal Actions to the Company or to the Company with a Judge Company, to the Benefit of a Company Under His or a Company Affiliated to the Judge Company and All Other Measures to Be Taken for the Beneficiary Company or a Company Associated with It or Not to Be Taken in the Past Activity Year

None

#### 4.12 - In the event that the legal action is taken or the measure is taken or not taken according to the rules and conditions that are taken in the legal process, it is determined whether an appropriate counteraction is provided in each legal transaction and if the measure taken is not damaged or if the company is damaged

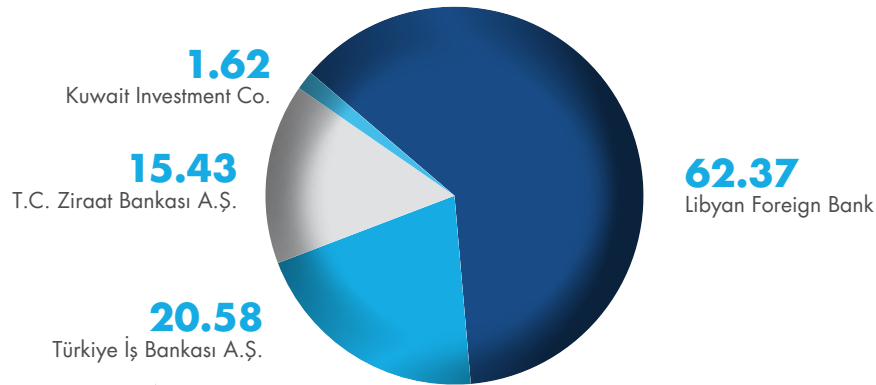
The company, the parent company and its affiliated companies in all transactions carried out in the period of January 1-December 31, 2021 in

accordance with the circumstances of our company, by the control of the dominant company or a subsidiary of a company connected to it for the benefit of the company and the company in 2021 activity or the all measures taken or taken into account for the benefit of an affiliated company, all measures have been evaluated. The Company has not suffered any loss due to a transaction that occurred in accordance with the conditions and conditions known for the 2021 operating year.

This declaration was also given in the conclusion part of the Subsidiary Report prepared according to TTK article 199.

The transactions with the parent company and its affiliated companies are shown below.

#### Arap Türk Bankası Shareholder Structure (%)



## 4 - COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS RELATED TO THE OPERATIONS

**Parent Company: Arap Türk Bankası A.Ş.**

**Shareholders of Arab Turkish Bank and their shares are as follows.**

**Indirect Parent company: Libyan Foreign Bank/Libya**

**Affiliated Companies:**

- Alubaf Arab International Bank Bahrain
- Banco Arabe Espanol, Madrid Spain (Aresbank)
- Banque BIA Paris

**Transactions Effected:**

ARAP TÜRK BANKASI A.Ş.

- Interests Received from Deposits  
None
- Commissions Paid to Letter of Guarantees TL 2,730.00
- Paid Rents TL 34,000.00
- Bank Balance TL 5,545.91 - USD 19,764.05 - EUR 3,339.16
- Interest Received from Leasing Operations TL 743,896.76

- The Interest Payment of Credits Utilized from Indirect Parent Company or Affiliated Corporations.

(TL)

Alubaf Arab International Bank Bahrain	953,675.07
Banco Arabe Espanol, Madrid Spain (Aresbank)	1,968,093.48
Libyan Foreign Bank/Libya	1,796,024.09
Banque BIA, Paris France	1,320,736.47

# CREATIVE SOLUTIONS **THAT MAKE A DIFFERENCE**

WHILE INCREASING OUR PENETRATION RATE IN IDENTIFIED NICHE MARKETS BY PROVIDING CUSTOMERS WITH LEASING PRODUCTS AND SERVICES, WE CREATE CUSTOMIZED SOLUTIONS THAT MAKE A DIFFERENCE.



## 5 - FINANCIAL POSITION

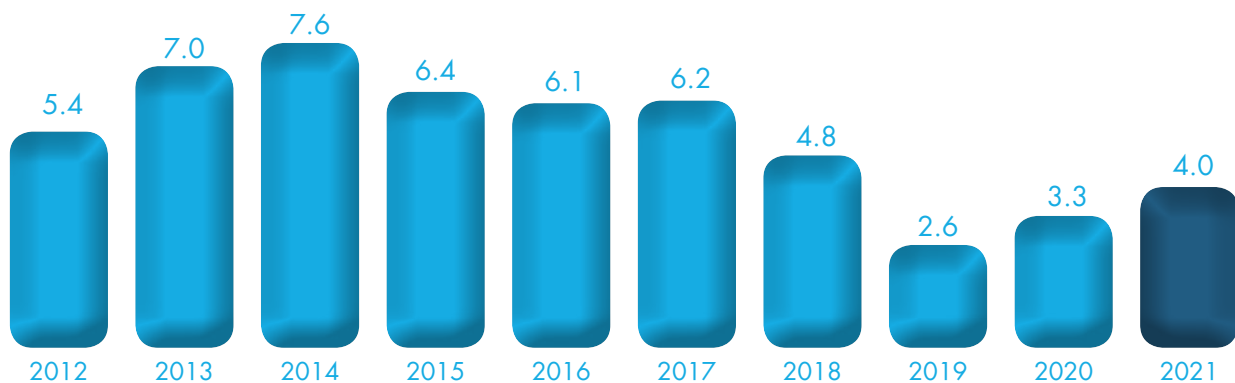
### 5.1 - Financial Position and Assessment Regarding Results of Operations and Strategy

#### 5.1.a Overview of Sector

Business Volume of Financial Leasing Sector is shown below during the years (USD '000)

YEARS	I. Period	II. Period	III. Period	IV. Period	Total
2012	1,092,469	1,502,081	1,375,769	1,389,316	5,359,635
2013	1,387,602	1,905,083	1,784,360	1,912,502	6,989,545
2014	1,624,885	1,865,957	1,920,020	2,226,275	7,637,138
2015	1,477,838	1,690,792	1,527,757	1,566,219	6,364,877
2016	1,339,285	1,672,505	1,396,863	1,726,996	6,129,772
2017	1,392,649	1,472,041	1,618,027	1,706,345	6,193,833
2018	1,469,025	1,504,209	963,520	862,289	4,794,612
2019	410,047	684,611	574,370	885,994	2,557,868
2020	684,524	758,181	812,149	1,047,631	3,302,801
2021	907,647	990,940	1,017,555	1,076,523	3,992,665

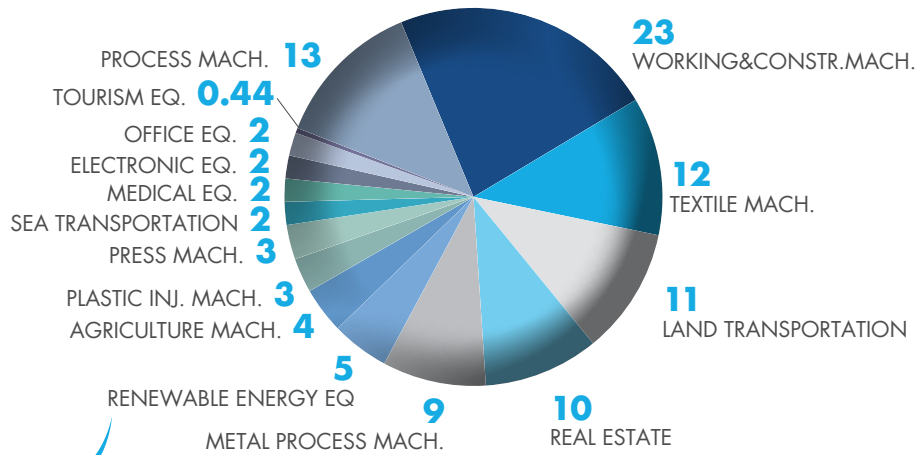
Business Volume (USD million)



If we look at the investments of Sector in terms of type of leased assets briefly as of **31.12.2021**, the biggest share with a rate of 23% went to Working&Construction Machinery. The 2<sup>nd</sup> big share goes to Process Machinery with 13%. The biggest 3<sup>rd</sup> share is the Textile Machinery with 12%. The Land Transportation with 11% is the 4<sup>th</sup> biggest group, and finally Real estate is the 5<sup>th</sup> group with 10%.

The breakdown of Financial Leasing Transactions of **Sector** by type of goods by the end of **31.12.2021** is as follows:

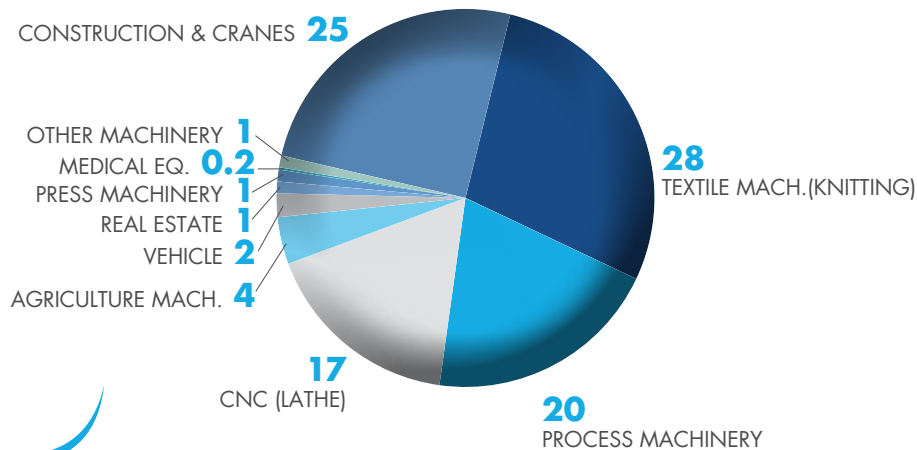
#### Breakdown of Financial Leasing Transactions by Type of Goods (%)



#### 5.1.b Company Activities

The breakdown of financial leasing transactions of A&T Finansal Kiralama A.Ş. by type of goods by the end of **31.12.2021** is as follows:

#### Breakdown of Financial Leasing Transactions by Type of Goods (%)



When we look at the share of outstanding principals above table, the biggest share goes to both Textile Machinery with 28%. The other 3 consecutive biggest shares are Construction&Cranes with 25%, Process Machinery with 20% and Lathe (CNC) with 17%. These figures are followed by Agriculture Machinery with 4%, Vehicle with 2%, and Other Machinery, Press Machinery and Real Estate with 1%. Medical Equipment has only 0.17%.

A&T Leasing leases the goods which have high second-hand value in the market. This process ensures to the company to be effective in different markets and the company can avoid the customer risks.

The business volume of A&T Finansal Kiralama A.Ş. as of 31.12.2021 realized USD 26.48 million. Additionally, The Total Finance Lease Receivables realized TL 541 million as of 31.12.2021.

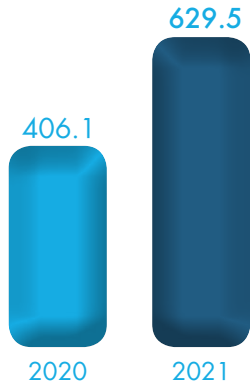
# SUPERIOR **FUNDING** CAPABILITIES

THANKS TO OUR NATIONAL AND INTERNATIONAL REPUTATIONS AND ABILITY TO BENEFIT FROM MARKET DYNAMICS, WE ARE STRONGLY POSITIONED TO TAP MARKETS FOR AFFORDABLY PRICED RESOURCES.

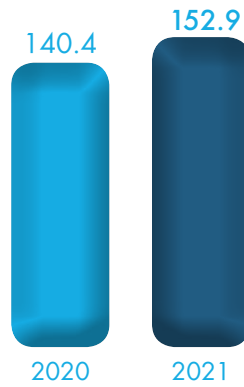


## FINANCIAL INDICATORS

**Total Assets**  
(TL million)



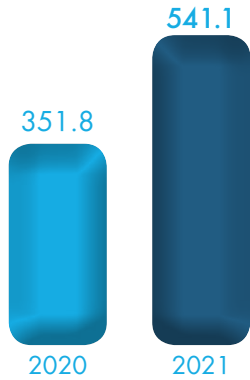
**Shareholders' Equity**  
(TL million)



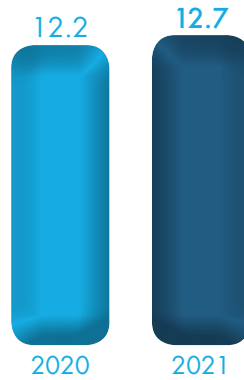
# 54.9%

AT YEAR-END 2021, TOTAL ASSETS REACHED TL 629.5 MILLION, UP 54.9% YEAR-ON-YEAR.

**Leasing Receivables**  
(TL million)



**Net Profit**  
(TL million)



# %54

IN 2021 LEASING RECEIVABLES GREW BY 54% AND REACHED TL 541.1 MILLION.

(TL thousand)	2020	2021	Change
Total Assets	406,137	629,544	55%
Shareholders' Equity	140,397	152,918	9%
Leasing Receivables	351,832	541,105	54%
Net Profit	12,204	12,669	4%

## 5 - FINANCIAL POSITION

### MARKETING



Marketing Vision: Being the dominant company in a defined niche market.

#### Aims and Targets

- To manage the customer relationships in a profitable way.
- With value-added recommendations to acquire new customers.
- By creating customer satisfaction, retain and improve existing customers
- Creating a high-quality asset by gaining confident customers.
- To provide the appropriate funding to investors.

#### i. Market Penetration in the Current Market:

A&T Finansal Kiralama A.Ş. operates in all sectors of Textile, Agriculture, Service, Construction and Manufacturing. CNC (Lathe), Construction machines, Production Machines and Agricultural machines are the machine groups with the highest share in the portfolio. Textile machinery took the largest portion with 28% in our business volume in 2021. All machines included in this equipment group have been leased to the customer group operating

in Istanbul and Ankara. Efforts are made to increase the penetration rate in this sector and products.

#### ii. Market Development in the new Market:

A&T Leasing has good relations with suppliers of Textile Machinery, Construction Machinery, CNC (Lathe) Machinery and Agriculture Machines. Therefore, these product groups will be considered and improved as new markets. Our company's leasing activities are carried out through two separate channels which are vendors and direct marketing. Our company establishes a cooperation with vendor companies based on efficiency and our company continues to work to increase the efficiency of these channels. A&T Leasing has the ability to produce solutions that are suitable for its customers "financial structures" and compatible with their cash flows with competitive financing costs. Our company achieved successful performance results in 2021 with its service model and focused business strategies operating with fast, accurate and efficient processes. The company maintains a balanced portfolio structure with sectoral diversity. In addition to this, the company stands out with its NPL

ratio below the sector average. A&T Leasing continues to consolidate and expand its customer base with its distinctive customer experience.

#### iii. Market Concentration:

The company will aim to increase its market share by focusing on a specific target customer base rather than having a low percentage of customers in a large market. Thus, A&T Leasing is known by players and suppliers in the market which is focus on. This also helps to increase the company's regional penetration rates. Hence A&T Leasing has an active position in the areas focused on. In this context, A&T Leasing has determined the net concentration fields. The selected area does not require costly investments. The dimensions are more suited to A&T Leasing as of the resource structure. Therefore, it is attempted to increase the penetration rate in these areas selected as a niche market.

#### Operation

Operation Department creates healthy and lasting solutions to increase customer satisfaction with services. It focuses on delivering real and sustainable services for all customers. The Operation Department reflects its work experience to the entire workflow for



customer satisfaction. Adopting the principle of customer satisfaction, A&T Finansal Kiralama A.Ş. evaluates operational processes, regardless of the amount of the project. Speed, high-quality and customer-oriented service are the priorities of the department. Customer loyalty is created by standing equal distance to all customers. It is aimed to provide a high quality of service for all customers by standing closely to them.

### Treasury

A&T Finansal Kiralama A.Ş. even in turbulent times of national or global market has not confronted any difficulty to find credits from domestic or foreign creditors. The main objective of A&T Finansal Kiralama A.Ş. is while taking into account the dynamics of financial markets, borrowing loans from banks with a reasonable cost and lend them to customers for their long-term investment. In addition, as it is performed in previous years by the

method of project financing, it is aimed to perform the self-financing of the project. The funding is provided from group banks and other banks.

Credit utilization is based on the needs of the customers and the market. Customer needs appear in terms of TL, EUR and USD currency. Foreign currency loan demands of exporters and the companies which have a foreign currency income are primarily provided from abroad with the long maturity. Foreign currency loan requests are taken into consideration whether the firms have foreign currency income and the foreign currency value of the financed machines. To work with some bank in the way of L/C financing strengthens the cash flow of the company. Vendor payments initially performed by this way and later by the help of rent collections the loans are to paid at the final maturity with the said banks. Domestic transactions are funded with the credits utilized from domestic banks.

**A&T FINANSAL KIRALAMA STRIVES TO INCREASE ITS PENETRATION RATE IN THE AREAS IT CHOSE AS NICH MARKET.**

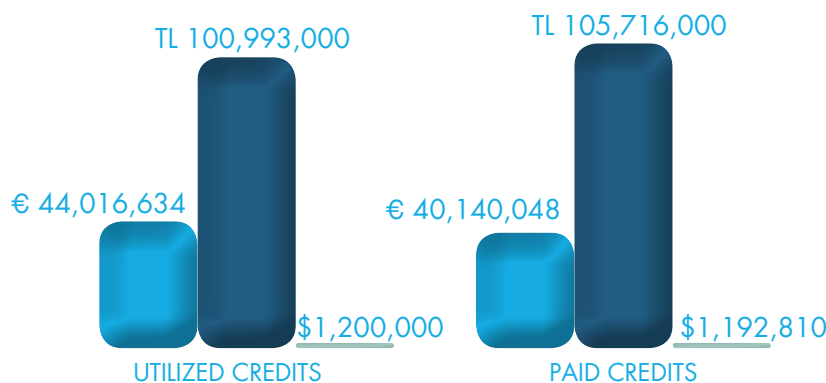


The Utilized Amounts and Repayment amounts of Credits of A&T Finansal Kiralama A.Ş. is shown below as of year end 2021:

### CREDITS

	EUR	USD	TL
UTILIZED CREDITS	44.016.634	1.200.000	100.993.000
PAID CREDITS	40.140.048	1.192.810	105.716.000

### CREDITS



## 5 - FINANCIAL POSITION

### STRATEGY



## THE COMPANY'S FUNDING NEEDS ARE PROVIDED FROM DOMESTIC AND INTERNATIONAL BANKS IN ORDER TO MEET THE DEMANDS OF EXISTING CUSTOMERS AND TO ENTER NEW MARKETS.

A medium-term strategic plan was made by the company. The aim of strategic plan is to perform the activities of our company perfect and to make the staff focusing on the same purpose. Moreover, giving direction to the company according to changes in the volatile environment. Therefore, our strategic plan can be summarized as follows.

a) Being clear about what the company's goals, being aware of the company's resources and enhance the ability to react consciously against a dynamic market.

b) To determine a target by planning for a determined future and to determine the path to follow on how to achieve these goals.

c) In this connection to gather information about customers and the market to combine this information and make predictions about the future.

Marketing Strategy in the strategic plan focused on three areas.

- i. Raising the penetration rate in the present market
- ii. Developing new markets
- iii. To be known and effective in a defined niche market.

For this purpose, it is aimed to work with current customers and starting to work with new customers by creating values. The company's funding needs are provided from domestic and international banks in order to meet the demands of existing customers and to enter new markets.

- i. The funds received from the International banks.
- ii. The funds received from other banks.

It is planned that the loans obtained from foreign banks will be used in financing the imports of machinery equipment subject to financial

leasing, and the loans obtained from domestic banks will be used in domestic purchases.

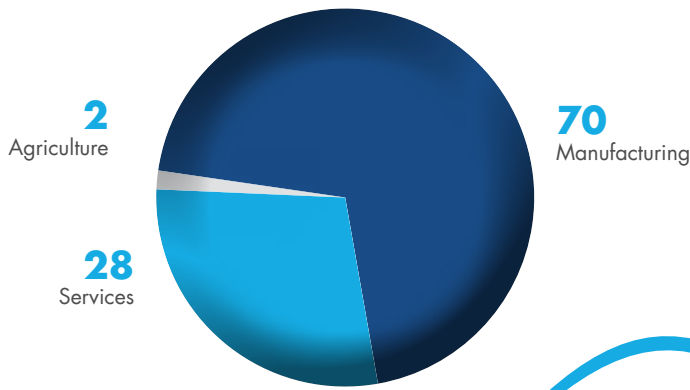
The below method is to be considered for the Company to be more effective and efficient as an organization in the sector.

- The ratio of current market penetration will be increased by developing cooperation with the old and new suppliers.
- Market Development will be carried out by focusing on sectors with export potential.
- New niche areas will be explored.
- The distribution channel will expand in cooperation with the branches of Arap Turk Bank.

The Company is active in below sectors shown in the following graph in 2021:

TEXTILE MACHINERY TOOK THE LARGEST PORTION WITH 28% IN OUR BUSINESS VOLUME IN 2021.

Breakdown of the Portfolio (%)



A&T Finansal Kiralama A.Ş. has focused on the financing of equipment such as construction machinery and forklifts in the services sector. The largest share in the manufacturing industry goes to textile machinery with 28% and then to metal processing machines with 17%. The company finance harvesters, tractors and other agricultural machinery in the agricultural sector.

## 5.2- Sales, Productivity and Profitability Ratios

(TL thousand)	2019	2020	2021
Finance Lease Receivables (Gross)	317,748	351,832	541,105
Finance Lease Receivables (Principal)	286,767	317,592	498,892
Finance Lease Receivables (Interest)	-35,360	-38,808	-61,163
Finance Lease Incomes	31,497	30,809	37,953
Net Operating P/L	12,997	15,745	17,492
Net Profit/Loss	10,580	12,204	12,669
ROE %	8.76	9.09	8.64
ROA %	2.84	3.03	2.45
Investment Volume	59,413	128,4178	252,249
Debt /Shareholders' Equity ratio	2.02	1.78	2.96

## 5.3- Assessing whether the company capital has been unfulfilled:

There is no lack of capital and the Company has not been indebted.

## 5 - FINANCIAL POSITION

### STRATEGY

#### 5.4- Profit Share Distribution Policy

The principles of the Company's dividend distribution are determined by taking into account the relevant articles of the Articles of Association and the provisions of the Turkish Commercial Code and other relevant legislation.

Dividend Distribution is approved and resolved by the General Assembly in accordance with the proposal of the Board of Directors.

In determining the profit distribution policy, the financial results of the company, current economic conditions and so forth are effective.

The Company did not distribute cash profit. Dividend distribution is carried out by adding the profit to be distributed to the capital of the company.

The Company's Profit Distribution Table is shown below.

	Current Period 31 December 2021	Prior Period 31 December 2020
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT (*)</b>		
1.1 CURRENT PERIOD PROFIT	17,492,349.36	15,745,423.62
1.2 TAXES AND LEGAL DUTIES PAYABLE (-)	(4,823,636.40)	(3,541,103.64)
1.2.1 Corporate tax (income tax)	(4,506,238.46)	(3,991,809.32)
1.2.2 Withholding tax	-	-
1.2.3 Other taxes and duties	(317,397.94)	450,705.68
<b>A. NET PROFIT FOR THE PERIOD (1.1-1.2)</b>	<b>12,668,712.96</b>	<b>12,204,319.98</b>
1.3 ACCUMULATED LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	(787,271.18)
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>11,417,048.80</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of redeemed shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of redeemed shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>	<b>-</b>	<b>-</b>
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of redeemed shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE (per TL'000 face value each)</b>		
3.1 TO OWNERS OF ORDINARY SHARES (per TL'000 face value each)	0.1005	0.9669
3.2 TO OWNERS OF ORDINARY SHARES (%)	10.05	9.69
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES (per TL'000 face value each)	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

# ALL FOR **THE SAKE OF A** **BETTER** FUTURE

THROUGH THE FINANCING WE SUPPLY TO HIGH-POTENTIAL  
MANUFACTURING AND EXPORT INDUSTRIES PLAY AN EVER  
GREATER ROLE IN CREATING A BETTER FUTURE.





## 6 - RISKS AND ASSESSMENT OF MANAGEMENT



### Risk Management Policy

**Market Risk:** It is essential that transactions realized in money and capital markets are managed in a “well-diversified” manner, taking into account the level of risk it creates, and in a way that does not create concentration in terms of instruments, maturity, currency, interest rate type and other similar parameters. Within the scope of diversification, maturity, currency, etc. Monitoring is performed in a way that does not create concentration in terms of parameters. When the contract is signed with the customers, description of goods, maturity, currency of invoice compliance with the payment schedule and other similar parameters are taken into consideration to minimize the market risk.

**Credit Risk:** The credit approach of A&T Finansal Kiralama A.Ş. is to work with the customers having high perfect repayment ability, strong financial datas, giving importance to ethical values with a strong track record of payment. After reviewing the customers’ financial structures, A&T Finansal Kiralama A.Ş manages credit risk by continually assessing the creditworthiness of customer. Following the collection of financial documents of the companies,

the adequacy of the collateral to cover credit risk, the second-hand value subject to leased equipment is important for the assessment of the risk. Attention is paid to the monitoring of the performance of the customer’s payment as well.

**Liquidity Risk:** In order to ensure efficiency in liquidity management and maintain its sustainable status, it is essential to maximize diversification opportunities on the basis of fund sources, markets, instruments and maturities. While running the liquidity risk, a portfolio structure is created in line with the functions of making profit from the portfolio and market risk management, and the risk-return balance is constantly observed without compromising the liquidity requirements.

**Currency Risk:** The assets and liabilities in terms of foreign currency run the risk of foreign currency. The company carries a small foreign currency position risk due to its transactions as a result of its operations. The Company uses derivative financial instruments to manage foreign exchange risk when it is needed.

**Interest Rate Risk:** As the changes in market interest rates affect the prices of financial instruments, the

company is exposed to interest rate risk. Because of the Central Bank’s monetary policy and the global financial crises, interest rate risk must be monitored. The Company gives importance to the compatibility of interest rates and maturity mismatch while utilizing and placing the loans.

**Company Portfolio:** The evaluation and analysis of credits are carried out by the credit department. Enquiry about the customers is important by means of asset quality. Credit claims are evaluated on the basis of customer need for the equipment, financial performance of the customer and the ability payback of the customer. During the period of those evaluations, the performance of the leasing sector and the overall economy is taken into consideration. When the assessment is complete, the amount of equipment, payment terms and guarantees come to the final decision and the decision-making process is performed as soon as possible. While preparing the credit portfolio, the cash flow, credit worthiness and debt structure of the customer is first examined.

A&T Finansal Kiralama A.Ş. prefers to focus on sectors which create added value for the economy. Each customer and vendor is perceived as business partner. A&T Finansal

Kiralama A.Ş. aims to behave selectively for a low-risk portfolio and profitability.

### 6.2 - Information on the Early Detection and Management of Risk Committee and Reporting

No committee has been established for the early detection and management of risk.

### 6.3 - Future Risks

#### LEASING SECTOR

The size of the leasing sector in Turkey when examined by 31.12.2021, 22 companies, about a TL 106 billion asset size and a Financial Lease Receivables of TL 97.7 billion. As of August 2020, the limitation of credit growth by banks caused loan demands to be directed to non-bank financial institutions. As a result of all these developments, there was an increase in the demand for leasing throughout the year and the transaction volume increased by 21% as of year-end 2021 compared to the same period of the previous year and reached to about USD 4 billion. As it is known, the pandemic process, which affected the whole world throughout 2020, brought about change and transformation in many sectors. In such a challenging environment, the industry focused on the existing customer portfolio and made new arrangements in payment plans of customers who experienced deterioration in cash flows due to the pandemic. In addition, it continued to provide financing for the investments of investing companies by following the demands. The Non-Banking Finance

Sector continues to contribute to the economy while concentrating on digitalization in order to reduce the effects of the pandemic. In 2022, the technological infrastructure will continue to be developed in order to increase not only the speed and quality level of products and services but also the efficient growth. One of the reasons for the low number of transactions in the sector was that the processes were not digitized. With the completion of the digitalization infrastructure in the new period, there will be growth in the number of transactions and the number of new customers. One of the reasons for the low number of transactions in the sector was the lack of digitalization related with the processes. With the completion of the digitalization infrastructure in the new period, there will be growth in the number of transactions and the number of new customers.

Since the pandemic process will continue in 2022, it may be important for companies to evaluate this alternative in their investment decisions, to highlight the benefits of Leasing. The findings show that the increase in leasing activities in the field of machinery and equipment has a positive impact on machinery and equipment investments in the overall economy. Therefore, it is seen that the increase in leasing activities in the field of machinery and equipment has an important long-term effect on economic growth.

The share of renewable source electrical energy generation equipment in the business volume of leasing is gradually increasing. It

realized by 5% in the total business volume of leasing activity in 2021. The reason behind this rise is that foreign institutions providing funds to leasing companies encourage the use of these resources to green finance (especially renewable energy) and SMEs. Sector representatives say that, the areas where the sector will concentrate in 2022 are; renewable and green energy, rooftop solar power plants (GES), tourism, e-commerce, logistics, food packaging, medical equipment and textile sector.

This year, companies that have to renew their technological infrastructure in order to remain competitive, or have an insufficient credit history because they are newly established, but involving in the sectors which have a high growth potential will have the potential to benefit more from the leasing sector.

Liquidity management and asset quality continued to be the two key issues that the leasing sector will focus on in 2022. In the upcoming period, export-oriented companies and the renewable energy sector will be among the areas that the leasing industry will focus on. Leasing will continue to be a preferred financing tool for economic development in 2022, due to its flexible and easy structure, the availability of long-term financing, the availability of SMEs and the lack of pressure on companies' cash flows.

#### Overview to the Leasing Sector

TL (000)	2021/12	2020/12	CHANGE (%)
Total Assets	106,048,000	70,277,000	51
Financial Lease Rec.	97,680,000	67,376,000	45
Shareholders' Equity	14,575,000	12,431,000	17
Net Profit	2,042,000	1,502,000	36
NPL	5,094,000	4,096,000	24

## 7 - OTHER SUBJECTS



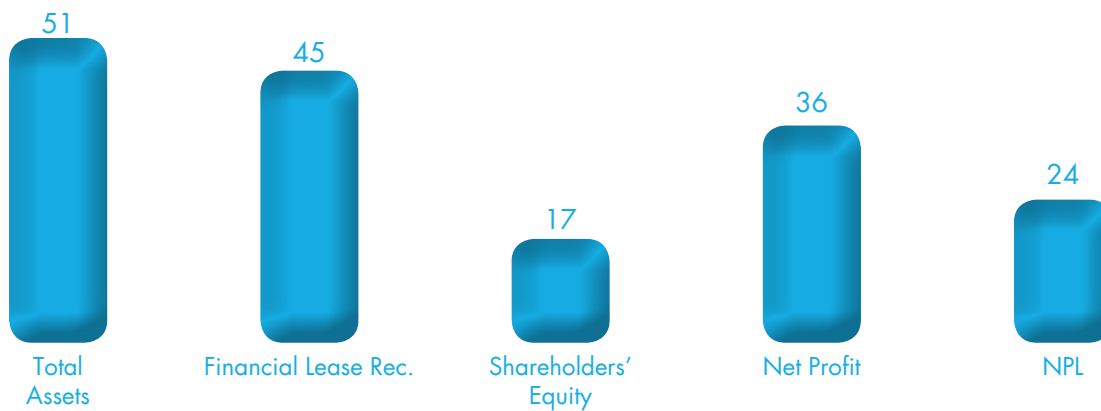
### 7.1 - Special Activities Occurred After the End of Fiscal Year

There are no special activities occurred after the Fiscal year end which may affect the rights of shareholders, creditors and other related individuals and organizations.

### 7.2 - Additional Information

There is no.

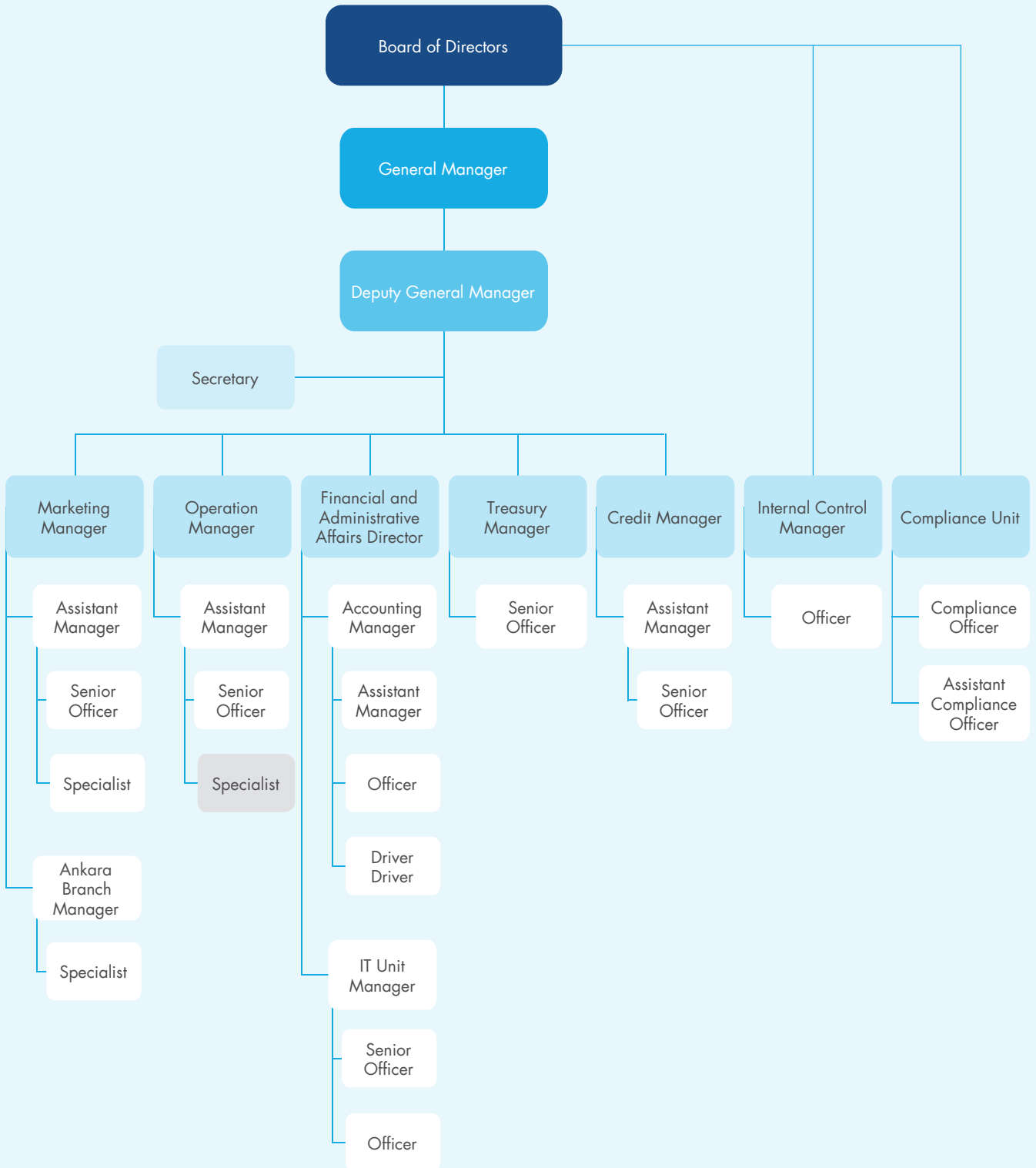
### Leasing Sector (%)





# APPENDIX

## APPENDIX 1. ORGANIZATION CHART



A&T Finansal Kiralama A.Ş.

## FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021 WITH INDEPENDENT AUDITORS' REPORT

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

## INDEPENDENT AUDITOR'S REPORT



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### To the Shareholders of A&T Finansal Kiralama A.Ş.

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

##### *Opinion*

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of A&T Finansal Kiralama A.Ş. as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting Financial Reporting Legislation" which includes the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Financing Companies ("Regulation") published in the Official Gazette dated 24 December 2013 and numbered 28861, other regulations, communiqués and circulars published by and the pronouncements made by BRSA and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations.

##### *Basis for Opinion*

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by 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 declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT

### *Impairment of lease receivables*

Refer to Note 2.3 for the details of accounting policies, significant judgments and estimation for impairment of lease receivables

Key audit Matter	How the matter is addressed in our audit
<p>As at 31 December 2021, leasing receivables comprise 86% of the Company's total assets.</p> <p>The Company recognizes its leasing receivables and losses related to its receivables in accordance with the amendment to the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies ("the Regulation") and TFRS 9 Financial Instruments standard ("Standard").</p> <p>As at 1 January 2019, the Company applies the "expected credit loss model" which contains significant assumptions and estimates in determining the impairment of financial assets in accordance with the Regulation and Standards.</p> <p>The significant assumptions and estimates of the Company's management are as follows:</p> <ul style="list-style-type: none"> <li>· Significant increase in credit risk</li> <li>· Incorporating the forward looking macroeconomic information in calculation of credit risk; and</li> <li>· Design and implementation of expected credit loss model.</li> </ul> <p>The Company calculates expected credit losses on a collective basis.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the forward looking expectations.</p> <p>The determination of the impairment of leasing receivables measured at amortized cost depends on (i) the credit default status, (ii) the model based on the change in the credit risk at the first recognition date and (iii) the classification of the leasing receivables measured at amortized cost according to the model.</p> <p>Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>Impairment on loans measured at amortized cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above</p>	<p>Our procedures for testing the Impairment of lease receivables included below:</p> <ul style="list-style-type: none"> <li>· We evaluated the adequacy of the subjective and objective criteria that is defined in the Company's impairment model compared with the Regulation and Standard.</li> <li>· We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated.</li> <li>· We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation.</li> <li>· We assessed the assumptions which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.</li> <li>· We evaluated assessments which are used in determining the significant increase in credit risk.</li> <li>· We evaluated the adequacy of the financial statement disclosures related to impairment provisions.</li> </ul>

### *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 are responsible for overseeing the Company's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Responsibilities of auditors in an audit are as follows:

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 Standards on Auditing issued by POA 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 Standards on Auditing issued by POA, 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 Bank'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.

## INDEPENDENT AUDITOR'S REPORT

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.

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

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

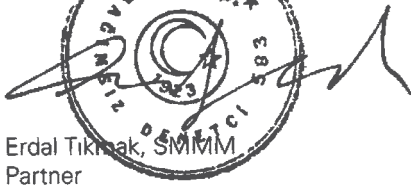
1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2021 are not in compliance with TCC and provisions 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.

### Additional paragraph for convenience translation to English:

The accounting principles summarized in Note II, differ from the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.



Erdal Tıkınak, SMMM  
Partner

15 February 2022

İstanbul, Turkey

## CONTENTS

	<u>Page</u>
STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)	46
STATEMENT OF OFF-BALANCE SHEET ITEMS	48
STATEMENT OF PROFIT OR LOSS	49
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	50
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	52
STATEMENT OF CASH FLOWS	54
STATEMENT OF PROFIT DISTRIBUTION	55
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>56-96</b>
Not 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY	56
Not 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS	56
Not 3- CASH, CASH EQUIVALENTS AND CENTRAL BANK	71
Not 4- FINANCIAL ASSETS AT AMORTIZED COST	71
Not 5- TANGIBLE ASSETS	74
Not 6- INTANGIBLE ASSETS	75
Not 7- OTHER ASSET	75
Not 8- FUNDS BORROWED	76
Not 9- OTHER LIABILITIES	77
Not 10- COMMITMENTS AND POSSIBLE OBLIGATIONS	77
Not 11- PROVISIONS	77
Not 12- SHAREHOLDERS' EQUITY	78
Not 13- MAIN OPERATING EXPENSES	79
Not 14- OTHER OPERATING INCOME AND EXPENSE	80
Not 15- TAX ASSETS AND LIABILITIES	80
Not 16- EARNINGS PER SHARE	83
Not 17- RELATED PARTY TRANSACTIONS	83
Not 18- NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS	84
Not 19- OTHER MATTERS	95
Not 20- FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/AUDITOR'S FIRM	96
Not 21- SUBSEQUENT EVENTS	96



## A&amp;T FİNANSAL KİRALAMA A.Ş.

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

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

	ASSETS	Notes	Audited 31 December 2021			Audited 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	CASH, CASH EQUIVALENTS and CENTRAL BANK	3	13,587,042	99,012,927	112,599,969	50,060,206	24,007,192	74,067,398
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (net)		-	-	-	-	-	-
V.	FINANCIAL ASSETS AT AMORTIZED COST (Net)	4	120,700,888	357,412,516	478,113,404	86,592,554	225,230,272	311,822,826
5.1	Factoring Receivables		-	-	-	-	-	-
5.1.1	Discounted Factoring Receivables (Net)		-	-	-	-	-	-
5.1.2	Other Factoring Receivables		-	-	-	-	-	-
5.2	Savings Finance Receivables		-	-	-	-	-	-
5.2.1	Saving Fund		-	-	-	-	-	-
5.2.2	Equity		-	-	-	-	-	-
5.3	Financing Loans		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	Leasing (Net)	4	121,305,606	358,636,080	479,941,686	86,984,219	226,039,657	313,023,876
5.4.1	Receivables From Finance Lease		155,898,450	385,206,304	541,104,754	108,457,930	243,373,652	351,831,582
5.4.2	Receivables From Operating Lease		-	-	-	-	-	-
5.4.3	Unearned Income (-)		(34,592,844)	(26,570,224)	(61,163,068)	(21,473,711)	(17,333,995)	(38,807,706)
5.5	Other Financial Assets At Amortized Cost		-	-	-	-	-	-
5.6	Non Performing Receivables	4	87,997	842,689	930,686	427,191	3,101,501	3,528,692
5.7	Allowances for Expected Credit Loss (-)	4	(692,715)	(2,066,253)	(2,758,968)	(818,856)	(3,910,886)	(4,729,742)
VI.	SHAREHOLDING (Partnership) INVESTMENTS		-	-	-	-	-	-
6.1	Investments In Associates (Net)		-	-	-	-	-	-
6.2	Investments In Subsidiaries (Net)		-	-	-	-	-	-
6.3	Investments In Joint Ventures (Net)		-	-	-	-	-	-
VII.	TANGIBLE ASSETS (NET)	5	10,136,717	-	10,136,717	10,362,962	-	10,362,962
VIII.	INTANGIBLE ASSETS (NET)	6	530,742	-	530,742	179,153	-	179,153
IX.	INVESTMENT PROPERTY (NET)		-	-	-	-	-	-
X.	CURRENT PERIOD TAX ASSETS		-	-	-	-	-	-
XI.	DEFERRED TAX ASSETS	15	58,728	-	58,728	339,361	-	339,361
XII.	OTHER ASSETS	7	5,893,518	22,210,557	28,104,075	2,474,674	6,890,468	9,365,142
	<b>SUBTOTAL</b>		<b>150,907,635</b>	<b>478,636,000</b>	<b>629,543,635</b>	<b>150,008,910</b>	<b>256,127,932</b>	<b>406,136,842</b>
XIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Assets Held For Sale		-	-	-	-	-	-
13.2	Assets Held For Discontinued Operations		-	-	-	-	-	-
	<b>TOTAL ASSETS</b>		<b>150,907,635</b>	<b>478,636,000</b>	<b>629,543,635</b>	<b>150,008,910</b>	<b>256,127,932</b>	<b>406,136,842</b>

The accompanying notes form an integral part of these financial statements.

## A&amp;T FİNANSAL KİRALAMA A.Ş.

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

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

	LIABILITIES	Notes	Audited 31 December 2021			Audited 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	FUNDS BORROWED	8	-	452,072,217	452,072,217	4,916,286	245,635,603	250,551,889
II.	FACTORING PAYABLES		-	-	-	-	-	-
III.	PAYABLES FROM SAVINGS FUND		-	-	-	-	-	-
IV.	LEASE OBLIGATIONS (NET)		-	-	-	-	-	-
V.	SECURITIES ISSUED (NET)		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	10	-	-	-	-	-	-
VIII.	PROVISIONS	11	6,137,967	-	6,137,967	2,782,663	-	2,782,663
8.1	Restructuring Reserves		-	-	-	-	-	-
8.2	Provisions For Employee Benefits	11	4,297,967	-	4,297,967	2,782,663	-	2,782,663
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		1,840,000	-	1,840,000	-	-	-
IX.	CURRENT PERIOD TAX LIABILITIES	15	3,393,679	-	3,393,679	2,991,771	-	2,991,771
X.	DEFERRED TAX LIABILITIES	15	-	-	-	-	-	-
XI.	SUBORDINATED LOANS-DEBT		-	-	-	-	-	-
XII.	OTHER LIABILITIES	9	5,505,991	9,515,468	15,021,459	2,353,680	7,060,181	9,413,861
	<b>SUBTOTAL</b>		<b>15,037,637</b>	<b>461,587,685</b>	<b>476,625,322</b>	<b>13,044,400</b>	<b>252,695,784</b>	<b>265,740,184</b>
XIII.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	SHAREHOLDERS' EQUITY	12	152,918,313	-	152,918,313	140,396,658	-	140,396,658
14.1	Paid-in Capital		126,000,000	-	126,000,000	116,000,000	-	116,000,000
14.2	Capital Reserves		228,147	-	228,147	228,147	-	228,147
14.2.1	Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		228,147	-	228,147	228,147	-	228,147
14.3	Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		5,067,469	-	5,067,469	5,214,527	-	5,214,527
13.4	Accumulated Other Comprehensive Income that may be Reclassified Subsequently to Profit or Loss		-	-	-	-	-	-
14.5	Profit Reserves		6,080,911	-	6,080,911	5,293,640	-	5,293,640
14.5.1	Legal Reserves		6,079,417	-	6,079,417	5,292,146	-	5,292,146
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		1,494	-	1,494	1,494	-	1,494
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		15,541,786	-	15,541,786	13,660,344	-	13,660,344
14.6.1	Prior Periods Profit/Loss		2,873,073	-	2,873,073	1,456,024	-	1,456,024
14.6.2	Current Period Profit/Loss		12,668,713	-	12,668,713	12,204,320	-	12,204,320
	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>167,955,950</b>	<b>461,587,685</b>	<b>629,543,635</b>	<b>153,441,058</b>	<b>252,695,784</b>	<b>406,136,842</b>

The accompanying notes form an integral part of these financial statements.

## A&amp;T FİNANSAL KİRALAMA A.Ş.

STATEMENT OF OFF-BALANCE SHEET ITEMS  
AS AT 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

OFF-BALANCE SHEET ITEMS		Audited 31 December 2021			Audited 31 December 2020			
		Notes	TL	FC	TOTAL	TL	FC	TOTAL
I.	IRREVOCABLE FACTORING OPERATIONS		-	-	-	-	-	-
II.	REVOCABLE FACTORING OPERATIONS		-	-	-	-	-	-
III.	SAVINGS FINANCE CONTRACTS TRANSACTIONS		-	-	-	-	-	-
IV.	GUARANTEES TAKEN	1,149,216,944	7,923,091,390	9,072,308,334	918,043,454	5,126,038,518	6,044,081,972	
V.	GUARANTEES GIVEN	10 295,033	-	295,033	295,033	-	295,033	
VI.	COMMITMENTS	10 21,139,956	55,789,481	76,929,437	12,394,612	41,675,001	54,069,613	
6.1	Irrevocable Commitments		2,141,288	2,141,288	-	4,961,551	4,961,551	
6.2	Revocable Commitments	21,139,956	53,648,193	74,788,149	12,394,612	36,713,450	49,108,062	
6.2.1	Lease Commitments	21,139,956	53,648,193	74,788,149	12,394,612	36,713,450	49,108,062	
6.2.1.1	Finance Lease Commitments	21,139,956	53,648,193	74,788,149	12,394,612	36,713,450	49,108,062	
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	
6.2.2	Other Revocable Commitments		-	-	-	-	-	
VII.	DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	
7.1	Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	
7.1.1	Fair Value Hedges		-	-	-	-	-	
7.1.2	Cash Flow Hedges		-	-	-	-	-	
7.1.3	Net Investment Hedges		-	-	-	-	-	
7.2	Derivative Financial Instruments Held For Trading		-	-	-	-	-	
7.2.1	Forward Buy/Sell Transactions		-	-	-	-	-	
7.2.2	Swap Buy/Sell Transactions		-	-	-	-	-	
7.2.3	Options Buy/Sell Transactions		-	-	-	-	-	
7.2.4	Futures Buy/Sell Transactions		-	-	-	-	-	
7.2.5	Other		-	-	-	-	-	
VIII.	ITEMS HELD IN CUSTODY		-	-	-	-	-	
<b>TOTAL OFF BALANCE SHEET ITEMS</b>		<b>1,170,651,933</b>	<b>7,978,880,871</b>	<b>9,149,532,804</b>	<b>930,733,099</b>	<b>5,167,713,519</b>	<b>6,098,446,618</b>	

A&amp;T FİNANSAL KİRALAMA A.Ş.

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

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

	INCOME STATEMENT	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
I.	<b>OPERATING INCOME</b>		<b>37,952,977</b>	<b>30,863,513</b>
	<b>FACTORING INCOME</b>		-	-
1.1	Interest Income on Factoring Receivables		-	-
1.1.1	Discounted		-	-
1.1.2	Other		-	-
1.2	Fees and Commissions Income from Factoring Operations		-	-
1.2.1	Discounted		-	-
1.2.2	Other		-	-
	<b>FINANCING LOANS INCOME</b>		-	-
1.3	Interest income From Financing Credits		-	-
1.4	Fees and Commissions From Financing Credits		-	-
	<b>FINANCE LEASE INCOME</b>		<b>37,952,977</b>	<b>30,863,513</b>
1.5	Finance Lease Income		36,095,920	29,357,520
1.6	Operating Lease Income		-	-
1.7	Fees and Commissions Received from the Leasing Transactions		1,857,057	1,505,993
	<b>SAVINGS FINANCE INCOME</b>		-	-
1.8	Dividends from Savings Finance Receivables		-	-
1.9	Fees and Commissions Taken From Savings Finance Operations		-	-
II.	<b>FINANCIAL EXPENSES (-)</b>		<b>8,268,897</b>	<b>8,131,884</b>
2.1	Dividends to Savings Fund		-	-
2.2	Interest Expense From Funds Borrowed		8,026,312	8,073,628
2.3	Interest Expense From Factoring Payables		-	-
2.4	Interest Expense of Finance Lease Expenses		-	-
2.5	Interest Expense From Securities Issued		-	-
2.6	Other Interest Expenses		-	-
2.7	Fees and Commissions Paid		242,585	58,256
III.	<b>GROSS PROFIT/LOSS (I+II)</b>		<b>29,684,080</b>	<b>22,731,629</b>
IV.	<b>OPERATING EXPENSES (-)</b>	<b>13</b>	<b>24,089,956</b>	<b>18,162,213</b>
4.1	Personnel Expenses		11,686,115	11,761,089
4.2	Employee Severance Indemnity Expense		220,832	173,229
4.3	Research and Development Expenses		-	-
4.4	General Administrative Expenses	13	9,223,704	5,723,871
4.5	Other		2,959,305	504,024
V.	<b>GROSS OPERATING PROFIT/LOSS (III+IV)</b>		<b>5,594,124</b>	<b>4,569,416</b>
VI.	<b>OTHER OPERATING INCOME</b>	<b>14</b>	<b>242,687,581</b>	<b>152,100,541</b>
6.1	Interest Income From Bank Deposits		7,547,531	6,719,090
6.2	Interest Income From Securities Portfolio		-	-
6.3	Dividend Income		-	-
6.4	Trading Account Income		-	-
6.5	Income From Derivative Financial Instruments		4,160	8,869
6.6	Foreign Exchange Gains		231,539,375	138,643,035
6.7	Other		3,596,515	6,729,547

The accompanying notes form an integral part of these financial statements.

A&amp;T FİNANSAL KİRALAMA A.Ş.

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

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

	INCOME STATEMENT	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
<b>VII.</b>	<b>PROVISION EXPENSES</b>		<b>1,370,000</b>	<b>3,094,985</b>
7.1	Specific Provisions		-	-
7.2	Allowances for Expected Credit Loss		1,370,000	3,094,985
7.3	General Provisions		-	-
7.4	Other		-	-
<b>VIII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>14</b>	<b>229,419,356</b>	<b>137,829,549</b>
8.1	Impairment Losses From Securities Portfolio		-	-
8.2	Impairment Losses From Non-Current Assets		-	-
8.3	Trading Account Loss		-	-
8.4	Loss From Derivative Financial Instruments		49,096	51,078
8.5	Foreign Exchange Loss		229,367,767	137,770,777
8.6	Other		2,493	7,694
<b>IX.</b>	<b>NET OPERATING PROFIT/LOSS</b>		<b>17,492,349</b>	<b>15,745,423</b>
<b>X.</b>	<b>INCOME RESULTED FROM MERGER</b>		-	-
<b>XI.</b>	<b>PROFIT/LOSS FROM PARTNERSHIPS VALUED BY EQUITY METHOD</b>		-	-
<b>XII.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XIII.</b>	<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)</b>		<b>17,492,349</b>	<b>15,745,423</b>
<b>XIV.</b>	<b>INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)</b>	<b>15</b>	<b>4,823,636</b>	<b>3,541,103</b>
14.1	Current Tax Charge	15	4,506,238	3,991,809
14.2	Deferred Tax Charge		317,398	-
14.3	Deferred Tax Benefit		-	450,706
<b>XV.</b>	<b>NET PROFIT FROM CONTINUING OPERATIONS (XIII±XIV)</b>		<b>12,668,713</b>	<b>12,204,320</b>
<b>XVI.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
16.1	Income from Assets Held for Sale		-	-
16.2	Gain on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-
16.3	Other Income from Discontinued Operations		-	-
<b>XVII.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
17.1	Expense on Assets Held for Sale		-	-
17.2	Loss on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-
17.3	Other Expenses from Discontinued Operations		-	-
<b>XVIII.</b>	<b>PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)</b>		-	-
<b>XIX.</b>	<b>INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)</b>		-	-
19.1	Current Tax Charge		-	-
19.2	Deferred Tax Charge (+)		-	-
19.3	Deferred Tax Benefit (-)		-	-
<b>XX.</b>	<b>NET PROFIT FROM DISCONTINUED OPERATIONS (XVIII±XIX)</b>		-	-
<b>XXI.</b>	<b>NET PROFIT FOR THE PERIOD (XII+XVII)</b>		<b>12,668,713</b>	<b>12,204,320</b>
	Profit/Loss Per Share	16	0.101	0.097

The accompanying notes form an integral part of these financial statements.

A&amp;T FİNANSAL KİRALAMA A.Ş.

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
<b>I. PERIOD INCOME/LOSS</b>		<b>12,668,713</b>	<b>12,204,320</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>		<b>(147,058)</b>	<b>(67,164)</b>
<b>2.1 ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</b>		<b>(147,058)</b>	<b>(67,164)</b>
2.1.1 Gains/(losses) on revaluation of tangible assets		-	-
2.1.2 Gains/(losses) on revaluation of intangible assets		-	-
2.1.3 Gains/(losses) on remeasurement of defined benefit pension plans	11	(183,823)	(86,108)
2.1.4 Other items that will not be reclassified to profit or loss		-	-
2.1.5 Taxation on comprehensive income that will not be reclassified to profit or loss	15	36,765	18,944
<b>2.2 ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>
2.2.1 Translation differences for transactions in foreign currencies		-	-
2.2.2 Translation and classification profit/loss of financial assets at fair value through other comprehensive income		-	-
2.2.3 Gains/(losses) from cash flow hedges		-	-
2.2.4 Gains/(losses) from net investment hedges		-	-
2.2.5 Other items that will be reclassified to profit or loss		-	-
2.2.6 Taxation on comprehensive income that will be reclassified to profit or loss		-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>		<b>12,521,655</b>	<b>12,137,156</b>

A&amp;T FİNANSAL KİRALAMA A.Ş.

## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

	Notes	Paid in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	Other Capital Reserves
<b>CHANGES IN SHAREHOLDERS EQUITY</b>						
<b>Prior Period (31 December 2020)</b>						
I.	Balances at Beginning of Period	108,000,000	-	-	-	228,147
II.	Corrections made as per TAS 8	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-
III.	Adjusted Balances at Beginning of Period (I+II)	108,000,000	-	-	-	228,147
IV.	Total Comprehensive Income	-	-	-	-	-
V.	Capital Increase in Cash	-	-	-	-	-
VI.	Capital Increase from Internal Sources	8,000,000	-	-	-	-
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-	-	-	-
VIII	Convertible Bonds	-	-	-	-	-
IX.	Subordinated Liabilities	-	-	-	-	-
X.	Other Changes	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-
11.1	Dividends	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	-
11.3	Others	-	-	-	-	-
	<b>Balances at end of the period (III+IV+.....+XI)</b>	<b>116,000,000</b>	-	-	-	<b>228,147</b>
<b>Current Period (31 December 2021)</b>						
I.	Balances at Beginning of Period	116,000,000	-	-	-	228,147
II.	Corrections made as per TAS 8	-	-	-	-	-
2.1	Effect of corrections	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-
III.	Adjusted Balances at Beginning of Period (I+II)	116,000,000	-	-	-	228,147
IV.	Total Comprehensive Income	-	-	-	-	-
V.	Capital Increase in Cash	-	-	-	-	-
VI.	Capital Increase from Internal Sources	10,000,000	-	-	-	-
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-	-	-	-
VIII	Convertible Bonds	-	-	-	-	-
IX.	Subordinated Liabilities	-	-	-	-	-
X.	Other Changes	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-
11.1	Dividends	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	-
11.3	Others	-	-	-	-	-
	<b>Balances at end of the period (III+IV+.....+XI)</b>	<b>126,000,000</b>	-	-	-	<b>228,147</b>

1. Revaluation Increase/Decrease of property and equipment,
2. Accumulated revaluation profit/loss from defined benefit plans,
3. Other (Other comprehensive income and expenses from equity method investments not to be reclassified on profit/loss, and other accumulated comprehensive income and expenses not to be reclassified on profit/loss)
4. Foreign exchange conversion differences,
5. Revaluation and/or reclassification differences of available-for-sale financial assets,
6. Other (Profit/loss from cash flow hedges, other comprehensive income and expenses from equity method investments to be reclassified on profit/loss, and other accumulated comprehensive income and expenses to be reclassified on profit/loss).

The accompanying notes form an integral part of these financial statements.



	Other comprehensive income or expenses that will not be reclassified to profit or loss			Other comprehensive income or expenses that will be reclassified to profit or loss			Profit Reserves	Prior Years' Profit/(Loss)	Current Year Net Profit/(Loss)	Total Shareholders' Equity
	1	2	3	4	5	6				
	5,638,485	(356,794)	-	-	-	-	4,643,786	(474,102)	10,579,980	128,259,502
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	5,638,485	(356,794)	-	-	-	-	4,643,786	(474,102)	10,579,980	128,259,502
	-	(67,164)	-	-	-	-	-	-	12,204,320	12,137,156
	-	-	-	-	-	-	-	(8,000,000)	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	649,854	9,930,126	(10,579,980)	-
	-	-	-	-	-	-	649,854	9,930,126	(10,579,980)	-
	-	-	-	-	-	-	-	-	-	-
	5,638,485	(423,958)	-	-	-	-	5,293,640	1,456,024	12,204,320	140,396,658
	5,638,485	(423,958)	-	-	-	-	5,293,640	1,456,024	12,204,320	140,396,658
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	5,638,485	(423,958)	-	-	-	-	5,293,640	1,456,024	12,204,320	140,396,658
	-	(147,058)	-	-	-	-	-	-	12,668,713	12,521,655
	-	-	-	-	-	-	-	(10,000,000)	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	787,271	11,417,049	(12,204,320)	-
	-	-	-	-	-	-	787,271	11,417,049	(12,204,320)	-
	-	-	-	-	-	-	-	-	-	-
	5,638,485	(571,016)	-	-	-	-	6,080,911	2,873,073	12,668,713	152,918,313

## A&amp;T FİNANSAL KİRALAMA A.Ş.

STATEMENT OF CASH FLOWS FOR THE YEAR  
ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

	Notes	Audited 1 January – 31 December 2021	Audited 1 January – 31 December 2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1.1	Operating profit before changes in operating assets and liabilities	(88,918,837)	33,159,256
1.1.1	Interest/Leasing income received	44,134,345	35,611,023
1.1.2	Interest/Leasing expenses	(4,845,300)	(10,016,762)
1.1.3	Leasing Expense	-	-
1.1.4	Dividends received	-	-
1.1.5	Fees and commissions received	1,857,057	1,505,993
1.1.6	Other income	5,716,532	7,551,902
1.1.7	Collections from previously written off receivables	4	3,335,633
1.1.8	Payments to personnel and service suppliers	(10,580,204)	(11,525,614)
1.1.9	Taxes paid	15	(3,781,452)
1.1.10	Other	(124,755,448)	10,818,440
1.2	Changes in operating assets and liabilities	80,331,481	(49,319,207)
1.2.1	Net (increase) decrease in factoring receivables	-	-
1.2.2	Net (increase) decrease in financial loans	-	-
1.2.3	Net (increase) decrease in receivables from leasing transactions	(18,821,708)	44,406,893
1.2.4	Net (increase) decrease in savings finance receivables	-	-
1.2.5	Net (increase) decrease in other assets	(14,676,848)	2,422,187
1.2.6	Net increase (decrease) in factoring payables	-	-
1.2.7	Net increase (decrease) in savings fund	-	-
1.2.8	Net (increase) decrease in payables from leasing transactions	-	-
1.2.9	Net increase (decrease) in funds borrowed	110,032,500	(94,280,671)
1.2.10	Net increase (decrease) in due payables	-	-
1.2.11	Net increase (decrease) in other liabilities	3,797,537	(1,867,616)
<b>I.</b>	<b>Net cash provided from operating activities</b>	<b>(8,587,356)</b>	<b>(16,159,951)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1	Cash paid for purchase of joint ventures, associates and subsidiaries	-	-
2.2	Cash obtained from sale of joint ventures, associates and subsidiaries	-	-
2.3	Fixed assets purchases	5,6	(47,654)
2.4	Fixed assets sales	1,720	(128,117)
2.5	Cash paid for purchase of financial assets available for sale	-	5,775
2.6	Cash obtained from sale of financial assets available for sale	-	-
2.7	Cash paid for purchase of financial assets held to maturity	-	-
2.8	Cash obtained from sale of financial assets held to maturity	-	-
2.9	Other	(407,248)	(63,456)
<b>II.</b>	<b>Net cash provided from investing activities</b>	<b>(453,182)</b>	<b>(185,798)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Capital increase	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance leases	-	-
3.6	Other	-	-
<b>III.</b>	<b>Net cash provided from financing activities</b>	<b>-</b>	<b>-</b>
<b>IV.</b>	<b>Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>48,069,144</b>	<b>(5,310,027)</b>
<b>V.</b>	<b>Net increase/decrease in cash and cash equivalents</b>	<b>39,028,606</b>	<b>(21,655,776)</b>
<b>VI.</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>73,558,066</b>
<b>VII.</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>112,586,672</b>
		<b>73,558,066</b>	<b>73,558,066</b>

The accompanying notes form an integral part of these financial statements.

## A&amp;T FİNANSAL KİRALAMA A.Ş.

## STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

	Notes	Audited (*) 1 January – 31 December 2021	Audited (**) 1 January – 31 December 2020
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT(*)</b>			
1.1 CURRENT PERIOD PROFIT		17,492,349	15,745,423
1.2 TAXES AND LEGAL DUTIES PAYABLE (-)	15	(4,823,636)	(3,541,103)
1.2.1 Corporate tax (income tax)		(4,506,238)	(3,991,809)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties		(317,398)	450,706
<b>A. NET PROFIT FOR THE PERIOD (1.1-1.2)</b>		<b>12,668,713</b>	<b>12,204,320</b>
1.3 ACCUMULATED LOSSES (-)		-	-
1.4 FIRST LEGAL RESERVES (-)		-	(787,271)
1.5 OTHER STATUTORY RESERVES (-)		-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>		<b>-</b>	<b>11,417,049</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1 To owners of ordinary shares		-	-
1.6.2 To owners of privileged shares		-	-
1.6.3 To owners of redeemed shares		-	-
1.6.4 To profit sharing bonds		-	-
1.6.5 To holders of profit and loss sharing certificates		-	-
1.7 DIVIDENDS TO PERSONNEL (-)		-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1 To owners of ordinary shares		-	-
1.9.2 To owners of privileged shares		-	-
1.9.3 To owners of redeemed shares		-	-
1.9.4 To profit sharing bonds		-	-
1.9.5 To holders of profit and loss sharing certificates		-	-
1.10 SECOND LEGAL RESERVES (-)		-	-
1.11 STATUS RESERVES (-)		-	-
1.12 EXTRAORDINARY RESERVES		-	-
1.13 OTHER RESERVES		-	-
1.14 SPECIAL FUNDS		-	-
<b>II. DISTRIBUTION OF RESERVES</b>		-	-
2.1 APPROPRIATED RESERVES		-	-
2.2 SECOND LEGAL RESERVES (-)		-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO PERSONNEL (-)		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
<b>III. EARNINGS PER SHARE (per TL'000 face value each)</b>			
3.1 TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)		0.1005	0.9669
3.2 TO OWNERS OF ORDINARY SHARES (%)		10.05	9.69
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
<b>IV. DIVIDEND PER SHARE</b>			
4.1 TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(\*) The General Assembly Meeting has not been made for Operation results of 2021.

(\*\*) Reorganize after the General Assembly Meeting on 23 March 2021.

The accompanying notes form an integral part of these financial statements.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

A&T Finansal Kiralama Anonim Şirketi ("the Company") was established on 4 July 1997, pursuant to the license obtained from the Under secretariat of Treasury and Foreign Trade for the purpose of financial leasing as permitted by the law number 3226.

The Company's leasing operations principally focused on construction, office equipment and other equipment with vehicles, equipment for real estate and agricultural activities equipment. Head Office address of the company is as follows: Örnek Mahallesi Finans Çıkmaz Sokağı No:4 Ataşehir – İstanbul

The main shareholder of the Company is Arap Türk Bankası A.Ş with 99.98% of the shares.

The financial statements were approved for issue by the Board of Directors based on the Board of Directors decision dated 15 February 2022. The General Assembly has the authority to change the financial statements.

A significant part of the Company's Operates in one geographical region (Turkey) and one commercial area (leasing) are carried out. The number of personnel working for the Company as at 31 December 2021 is 20 (31 December 2020: 21).

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 2.1 BASIS OF PRESENTATION

##### 2.1.1 Statement of Compliance and Declaration of Conformity TAS

The Company prepares its financial statements in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the communique on "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies and on Financial Statements to be announced to Public" published in the Official Gazette dated 24 December 2013 and numbered 28861 and the "Regulation on Principles For Establishment And Operations Of Financial Leasing, Factoring and Financing Companies" and other regulations, communiqués and circulars published by the BRSA and Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not legislated by the aforementioned regulations (together "the BRSA Accounting and Financial Reporting Legislation").

##### Changes regarding classification and measurement of financials assets

Within the scope of "Regulation on Making Amendments to the Regulation on Accounting Practices and Financial Statements of Leasing, Factoring and Financing Companies" published in the Official Gazette dated 2 May 2018 and numbered 30409, companies are entitled to apply for the expected credit loss model under TFRS 9 as long as informing BRSA and the effective date of the regulation is 30 September 2018. The Company has started to calculate its expected credit loss in accordance with TFRS 9 starting with the Board of Directors decision dated 9 October 2019.

##### 2.1.2 Preparation of Financial Statements in Hyperinflationary Periods

Restatement adjustments have been made to compensate for the effect of changes in the general purchasing power of the Turkish Lira, in accordance with Turkish Accounting Standards on "Preparation of Financial Statements in Hyperinflationary Periods" ("TAS 29") for the financial statements prepared until 31 December 2004. BRSA issued a circular on 28 April 2005 stating that the indicators requiring the application of inflation accounting ceased to exist; consequently inflation accounting was not applied in the financial statements after 1 January 2005.

Pursuant to the announcement made by the POA 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%, It has been stated that businesses applying TFRS will not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies. Therefore, no inflation adjustment was made according to TAS 29 while preparing the financial statements as of 31 December 2021.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.1 - BASIS OF PRESENTATION (CONTINUED)

##### 2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

##### 2.1.4 Going Concern

The Company prepared the financial statements according to going concern principles.

##### 2.1.5 Functional Currency

Financial statements of the Company are presented in the currency (functional currency unit) valid in the basic economic environment in which it operates. The financial position and operating result of the company are expressed in Turkish Lira ("TL"), which is the Company's valid currency and the presentation currency for the financial statement.

##### 2.1.6 Significant Accounting Evaluation Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. 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 period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty that have the most significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

##### Leasing Receivables Impairment

Assumptions and methods used to estimate the timing and amount of future cash flows from financial leasing receivables are frequently reviewed to resolve the difference between impairment estimates and financial losses.

### 2.2. - CHANGES IN ACCOUNTING POLICIES

#### 2.2.1 Comparative information and Restatement of Previous Period Financial Statements

The financial statements of the Company are prepared comparatively with the previous period for determining of financial status and performance trends. The comparative information are restated or classified when necessary in terms of ensuring compliance with the presentation of current period statement of comprehensive income.

#### 2.2.2 Accounting Policies Changes

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated in accordance with accounting policies. The Company has applied the accounting policies in line with the prior financial year.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.2. - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### 2.2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to only one period, changes are applied in the current period but if changes in estimates relate to future periods, changes are applied both in the current and following periods prospectively. There has not been a significant change in the accounting estimates of the Company in the current year. Material prior period errors are corrected retrospectively and prior period financial statements are restated

The management is required to apply accounting policies and make decisions, estimations, and assumptions that affect the reported assets, liabilities, income, and expenses, in order to prepare the financial statements in accordance with the BRSA Accounting and Reporting Legislation. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed constantly. The effect of a change in accounting estimates is recognized prospectively in the current and future periods. The main notes for the items including estimates are as follows:

Note 4 – Financial Assets at Amortized Cost (net)

Note 5 – Tangible Assets

Note 11 – Provision

##### 2.2.4 Change in Standards and Comments

**The new standards, amendments, and interpretations which are effective as at 31 December 2021 but not yet adopted**

##### *Standards issued but not yet effective and not early adopted*

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

##### **COVID-19-Related Rent Concessions beyond 30 June 2021 (the 2021 amendment)**

International Standard Board (IASB) has extended the practical expedient by 12 months – permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. The original amendment was issued in May 2020 to make it easier for lessees to account for covid-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. Related changes were published by POA as Amendments to TFRS 16 on June 5, 2020.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue as of 31 March 2021 the date of publication of this amendment. In other words, if the financial statements for the accounting periods before the date of publication of the amendment have not yet been issued, it is possible to apply this amendment for the relevant financial statements.. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

The original version of the practical expedient was, and remains, optional. However, the 2021 amendments are, in effect, not optional. This is because a lessee that chose to apply the practical expedient introduced by the 2020 amendments has to consistently apply the extension to eligible contracts with similar characteristics and in similar circumstances.

This means that lessees will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendments but becomes eligible as a result of the extension.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.2. - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### 2.2.4 Change in Standards and Comments (continued)

The new standards, amendments, and interpretations which are effective as at 31 December 2021 but not yet adopted (continued)

##### **Reference to the Conceptual Framework (Amendments to IFRS 3)**

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to IFRS 3 Business Combinations.

The amendments updated IFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. And then, IFRS 3 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

##### **Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16)**

In May 2020, IASB issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. And then, IAS 16 amendment was issued on 27 July 2020 by POA to reflect these amendments.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The amendments apply retrospectively, but only to items of Property, Plant and Equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

##### **Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)**

In May 2020, IASB issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. And then, IAS 37 amendment was issued on 27 July 2020 by POA to reflect these amendments.



A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.2. - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### 2.2.4 Change in Standards and Comments (continued)

**The new standards, amendments, and interpretations which are effective as at 31 December 2021 but not yet adopted (continued)**

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

##### **Classification of Liabilities as Current or Non-current (Amendments to TAS 1)**

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity's right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, IASB decided to defer the effective date of IAS 1 until 1 January 2023 with the amendment published on 15 July 2020, and the amendment was issued by POA on 15 January 2021.

The Company does not expect that application of these amendments to IAS 1 will have significant impact on its financial statements.

##### **Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction Amendments to TAS 12 Income Taxes**

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes. Related changes were published by POA as Amendments to TAS 12 on 27 August 2021.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 2.2. - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 2.2.4 Change in Standards and Comments (continued)

The new standards, amendments, and interpretations which are effective as at 31 December 2021 but not yet adopted (continued)

#### Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction Amendments to TAS 12 Income Taxes (continued)

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Company does not expect that application of these amendments to Amendments to TAS 12 will have significant impact on its financial statements.

#### Definition of Accounting Estimates (Amendments to TAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. Related changes were published by POA as Amendments to TAS 8 on 11 August 2021.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Company does not expect that application of these amendments to Amendments to TAS 8) will have significant impact on its financial statements.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.2. - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### 2.2.4 Change in Standards and Comments (continued)

The new standards, amendments, and interpretations which are effective as at 31 December 2021 but not yet adopted (continued)

#### Disclosure of Accounting Policies (Amendments to TAS 1)

IASB has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures on 12 February 2021. Among these amendments, the ones related to TAS 1 were published by POA as Amendments to TAS 1 on 11 August 2021.

The key amendments to TAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Company does not expect that application of these amendments to Amendments to TAS 1) will have significant impact on its financial statements.

#### Annual Improvements to TFRS Standards 2018–2020

##### Improvements to TFRSs

For the current standards, "Annual Improvements in TFRSs/2018-2020 Cycle" published by POA on 27 July 2020 is presented below. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its financial statements.

##### *TFRS 1 First-time Adoption of International Financial Reporting Standards*

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

##### *TFRS 9 Financial Instruments*

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.2. - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### 2.2.4 Change in Standards and Comments (continued)

The new standards, amendments, and interpretations which are effective as at 31 December 2021 but not yet adopted (continued)

##### *TAS 41 Agriculture*

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Cash, Cash Equivalents and Central Bank

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. (Note 3).

#### Related Parties

For the purpose of this report, the shareholders of the Company and the companies controlled by/associated with them are referred to as related parties. Related parties also include individual that are principal owners, management, and members of the Board of Directors and their families. (Note 17).

#### TFRS 16 Leases

TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

#### A. Definition of Leasing

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under TFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to TFRS 16, the Company elected to apply it as it used to be defined as a lease by using the practical expedient to the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and TFRIC 4 were not reassessed. Therefore, the definition of a lease under TFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### B. As a lessee

The Company used the following facilitating practices when applying TFRS 16 for leases previously classified as operating leases under TAS 17.

– Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term. The Company does not have a lease agreement to be accounted for under TFRS 16.

##### Financial Instruments

##### Classification and Measurement

Classification and measurement of financial assets in accordance with TFRS 9 Financial Instruments standard is determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance.

TFRS 9 contains three principal classification categories for financial assets: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company accounts for its financial assets in three classes. The classification is based on the characteristics of the contractual cash flows of the entity and the business model used by the entity for the management of the financial assets. The Company classifies its financial assets at the time of purchase.

"Financial assets measured at amortized cost" are financial assets held as part of a business model aimed at collecting contractual cash flows and that have cash flows that include interest payments solely on principal and principal balance at specific dates in contractual terms, are not traded in an active market. Financial assets at amortized cost of the Company also include "cash and cash equivalents", "leasing receivables".

Related assets are initially recognized at fair value in the financial statements; in subsequent accounting, measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

"Financial assets at fair value through other comprehensive income" are financial assets held as part of a business model for the collection and settlement of contract cash flows and for which there are cash flows from interest payments arising principally only at principal and principal amounts under contractual terms. Interest income, foreign currency gains and losses and impairment losses calculated using the effective interest method are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income. When financial assets are excluded from the statement of financial position, the total gains or losses that previously recognized in other comprehensive income are reclassified to profit or loss.

For investments in equity-based financial assets, the Company may inadvertently choose the method of reflecting subsequent changes in fair value to other comprehensive income during the first financial statement purchase. In the case of such a preference, the dividends from the related investments are recognized in the income statement.

"Financial assets at fair value through profit or loss" are financial assets measured other than those at amortized cost and fair value through other comprehensive income. The resulting gains and losses from the valuation of such assets are recognized in the income statement.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial Instruments (continued)

##### Disclosures on impairment of financial assets

As at 1 January 2019, loss allowance for expected credit losses is set aside for leasing receivables measured at amortized cost based on TFRS 9 and the regulation published in the Official Gazette no. 30409 dated 2 May 2018 and effective from 30 September 2018. In connection with "Regulation on Making Amendments to the Regulation on Accounting Practices and Financial Statements of Leasing, Factoring and Financing Companies" TFRS 9 impairment requirements.

At each reporting date, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used the change in the risk of a default occurring for the financial instrument.

As at the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, it shall be measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, it is measured loss allowance regarding such instrument at an amount equal to lifetime expected credit losses. The expected credit loss is calculated on a collective basis by means of grouping the financial assets having common credit risk features or on an individual basis. The impairment model having 3 stages based on the change in credit quality since initial recognition based on TFRS 9 is explained below.

##### Calculation of expected credit losses

Expected credit losses are calculated based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

Probability of Default (PD): PD refers to the likelihood that a loan will default, which is usually set at 12 months, given certain characteristics:

- 12-month PD: as the estimated probability of default occurring within the next 12 months.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as at the reporting date. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate, and discounted with the original effective interest rate.

Stage 2: When there is a significant increase in credit risk since origination, lifetime expected credit losses is calculated. Including multiple scenario usage, probability of default and loss given default rates are estimated through the life of the instrument. Estimated cash shortfalls are discounted by using the original effective interest rate.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial Instruments (continued)

Stage 3: Lifetime expected credit losses are recognized for the impaired lease receivables. The method is similar to Stage 2 Assets.

In the following two conditions, it is considered to be a default on the related lease receivables;

1. Objective Default Definition: It means that the debt is delayed more than 150 days. The definition of default in practice for financial institutions is based on the criterion that the debt is overdue more than 150 days. If the debt is delayed for 150 days, it is not considered as default, and the default starts on the 151<sup>th</sup> day.

2. Subjective Default Definition: It means that the debt will not be paid. If the borrower is judged unable to fulfill its debts on the loan, the borrower should be considered in default, regardless of whether there is a balance in delay or the number of days of delay.

##### Forward looking macroeconomic information

Forward-looking macroeconomic information is included in credit risk parameters in the evaluation of the significant increase in credit risk and calculation of expected credit loss.

##### Significant Increase in Credit Risk

In the criteria applied for the debts classified at the first stage; future payment issues are not expected, and the credit worthiness of the borrower has not weakened. According to TFRS 9, the debts are include twelve-month credit impairment debts implementation is classified at first stage.

In the criteria applied for the debts classified at the second stage; adverse event in debt payment or cash flows of borrowers are observed or estimated, problems arise in principal and/or interest payments in accordance with the terms of the debts agreement, and the credit risk of the borrower is significantly increased. According to TFRS 9, debts classified as Stage 2 are subject to the implementation of the expected lifetime loan loss allowance.

- Loans overdue more than 30 days
- Restructuring status
- Loans classified as watch list,
- Negative intelligence and official blacklist records

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial Instruments (continued)

##### Low Credit Risk

IFRS 9, the credit risk on a financial instrument is considered as low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

It is not considered financial instruments to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the other financial instruments or relative to the credit risk of the jurisdiction within which it is operated.

If it is determined that a financial instrument has a low credit risk as at the reporting date, it is assumed that the credit risk on the financial instrument has not increased significantly following its first recognition in the financial statements.

##### Financial Instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off.

##### Tangible Assets

Tangible assets that except for buildings are shown over the amount after accumulated depreciation and accumulated impairments are deducted from their cost values. Buildings are reflected to the financial statements with their fair values according to the revaluation method. Benefited from independent valuation experts to calculate fair value.

Tangible assets are depreciated principally on a straight-line basis considering the expected useful lives. The estimated useful lives, residual values, and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Expenses for the maintenance of tangible assets are normally recorded in profit and loss statement. Gain or loss arising on the disposal or retirement of an item of tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Buildings	50 years
Fixtures	5 years
Leasehold improvements	the shortest of the lease period or useful life

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. (Note 5).



A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial Instruments (continued)

##### Intangible Assets

Intangible assets consist of computer software and are defined with inflation adjusted costs until 31 December 2004. Intangible assets mainly comprise of expenditures to acquire software licenses and amortized by using the straight-line method over their useful lives of 5 years. (Note 6)

##### Impairment of Assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets suffered impairment is reviewed for possible reversal of the impairment at each reporting date.

##### Capital Increase

Capital increases by the existing shareholders are decided in the General Assembly Meetings and accounted for over the registered nominal values.

##### Provisions for Severance Pay

Severance pay is paid in case of retirement or dismissal in accordance with the provisions of the current laws and collective bargaining agreements in Turkey. In accordance with the updated TAS 19 Employee Benefits Standard ("TAS 19"), such payments are considered as defined retirement benefit plans. Liability of severance pay recognized in the balance sheet has been calculated according to the net present value of the expected future liability amounts due to retirement of all employees and reflected in the financial statements. All calculated actuarial losses and gains are accounted for as other comprehensive income.

##### Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### Employee Benefits

The company, severance pay and the obligation to allow rights "Turkey on the Benefits Employee Accounting Standards" ("TAS 19") is recognized under the provisions of the balance sheet and the "Employee Benefits Provision" is classified under account.

Company is required to make a payment to the employee who is paid off due to retirement or resignation and except the reasons of the behaviors that are specified in Labor Law, in accordance with the existing labor law in Turkey. The provision for employment termination benefits, the probable liability incurred under this act, is calculated on the basis of today's value using certain actuarial estimates and reflected to the financial statements (Note 11).

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Interest Income and Expenses

Interest Income and Expenses are accounted basis using effective rate of interest method.

##### Borrowing Costs

All of borrowing costs when incurred are recorded on income statement.

##### Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into TL at the exchange rates ruling at reporting date with the resulting exchange differences recognized in the statement of profit or loss as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in profit or loss as realized during the course of the year.

Foreign exchange rates used by the Company as at 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
USD	12.9775	7.3405
EUR	14.6823	9.0079

##### Taxes calculated on corporate income

###### Corporate Tax

Corporate tax is calculated according to the provisions of the Tax Procedure Law and tax expenses other than those taxes are accounted in general administrative expenses.

If there is a legal right to offset current tax assets and current tax liabilities or if the related assets and liabilities are associated with income tax collected by the same tax authority.

###### Deferred Tax

The Company calculates deferred tax for taxable temporary differences that arise between the book value of an asset or liability and its tax basis determined in accordance with the tax legislation, in accordance with the provisions of the "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the BRSA explanations regarding this standard, and accounts. In the calculation of deferred tax, enacted tax rates valid as of the balance sheet date are used in accordance with the current tax legislation.

The principal temporary differences arise from the provision for reserve for annual leave provision, property, plant and equipment depreciation differences, unused investment allowances and provision for employment termination benefits (Note 15).

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that, in the management's judgment, it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

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

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Capital and Dividend

Ordinary shares are classified as capital. Dividends distributed over ordinary shares are recorded at the time they are declared.

##### Recognition of Income and Expense

Income and Expenses are recorded based on accrual.

##### *Financial Leasing Income*

In financial leasing, the asset subject of leasing is recorded in the financial statements as a receivable equal to net lease investment. Financial income related to financial lease is determined to bring a fixed periodic return to the net investment under the financial lease. Lease payments received are deducted from the gross lease investment to reduce principal and unearned finance income. Unearned finance income is the difference between the gross lease investment and the present value of the gross investment calculated on the implicit interest rate on the lease. As at the beginning of the lease, the implicit interest rate is the discount rate that equals the sum of the minimum lease payments and the unsecured value remaining to the sum of the fair value of the leased asset and the initial costs.

##### Funds Borrowed

Loans received are first recorded at fair value, including transaction costs. Borrowed loans are measured at discounted cost values using the effective interest method. (Note 8)

##### Earnings per Share

Earnings per share that mentioned on income statement was calculated dividing the net profit of the period by the weighted average number of shares issued during the period.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are treated as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 16).

##### Events after the Reporting Period

Events after the balance sheet date providing additional information about the Company's status on the balance sheet date (events requiring correction) are reflected in the financial statements. Events that do not require correction are explained in report notes if they have a certain importance (Note 21).

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 3- CASH, CASH EQUIVALENTS AND CENTRAL BANK

Details of cash and cash equivalents as at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Cash	460	1,835
Banks	112,614,712	74,075,625
- Time deposit	102,513,398	69,226,364
- Demand deposit	10,101,314	4,849,261
Expected credit loss provisions	(15,203)	(10,062)
<b>Total</b>	<b>112,599,969</b>	<b>74,067,398</b>

The amount of cash and cash equivalents used in the preparation of the cash flow as at 31 December 2021 112,586,672 TL (31 December 2020: 73,558,066 TL) and does not include income accruals for these accounts.

As at 31 December 2021, time deposits are shorter than three months, and the effective interest rate in EUR, USD and TL respectively is 0.25%, 0.93% and 22.71 (As at 31 December 2020, time deposits are shorter than three months, effective interest in Euros and TL rate is 2.50% and 17.49%, respectively).

### 4- FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2021	31 December 2020
Finance lease receivable	534,722,592	344,360,972
Invoiced lease receivable	6,382,162	7,470,610
<b>Gross leasing receivable</b>	<b>541,104,754</b>	<b>351,831,582</b>
Unearned interest income	(61,163,068)	(38,807,706)
<b>Leasing receivable</b>	<b>479,941,686</b>	<b>313,023,876</b>
Non-performing receivables	930,686	3,528,692
Expected credit loss/specific provisions (-)	(2,758,968)	(4,729,742)
<b>Total receivables from lease transactions</b>	<b>478,113,404</b>	<b>311,822,826</b>

As at 31 December 2021 and 31 December 2020, financial lease receivables have fixed interest.

The maturity profile of the minimum finance lease receivables is as follows:

	Finance Lease Receivables	
	Gross	Net
	31 December 2021	31 December 2021
31 December 2022	267,051,947	232,865,829
31 December 2023	157,045,348	139,309,823
31 December 2024	80,542,429	73,328,504
31 December 2025	29,468,018	27,608,383
31 December 2026 and beyond	6,997,012	6,829,147
<b>Total</b>	<b>541,104,754</b>	<b>479,941,686</b>

	Finance Lease Receivables	
	Gross	Net
	31 December 2020	31 December 2020
31 December 2021	167,154,496	145,629,571
31 December 2022	115,977,506	104,567,378
31 December 2023	48,450,862	44,181,672
31 December 2024	16,752,180	15,343,486
31 December 2025 and beyond	3,496,538	3,301,769
<b>Total</b>	<b>351,831,582</b>	<b>313,023,876</b>

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 4-FINANCIAL ASSETS AT AMORTIZED COST (CONTINUED)

Net lease receivables are analyzed as follows:

	31 December 2021	31 December 2020
Not overdue and not impaired	473,559,524	305,553,266
Overdue but not impaired	6,382,162	7,470,610
Non-performing receivables	930,686	3,528,692
<b>Total</b>	<b>480,872,372</b>	<b>316,552,568</b>
Impairment provision	(2,758,968)	(4,729,742)
<b>Net finance lease receivables</b>	<b>478,113,404</b>	<b>311,822,826</b>

As at 31 December 2021 and 31 December 2020, details of the Company's net leasing receivables is as follows:

31 December 2021	Finance lease receivables	Provision for impairment	Finance lease receivables, net
Stage 1	377,745,681	(1,135,928)	376,609,753
Stage 2	102,196,005	(858,215)	101,337,790
Stage 3	930,686	(764,825)	165,861
<b>Total</b>	<b>480,872,372</b>	<b>(2,758,968)</b>	<b>478,113,404</b>

31 December 2020	Finance lease receivables	Provision for impairment	Finance lease receivables, net
Stage 1	195,598,711	(1,005,707)	194,593,004
Stage 2	117,425,165	(1,830,499)	115,594,666
Stage 3	3,528,692	(1,893,536)	1,635,156
<b>Total</b>	<b>316,552,568</b>	<b>(4,729,742)</b>	<b>311,822,826</b>

As at 31 December 2021 and 31 December 2020, details of the Company's aging table including the invoiced amount and principals of the overdue but not impaired finance lease receivables are follows:

	31 December 2021		31 December 2020	
	Invoiced Amount	Remaining principal	Invoiced Amount	Remaining principal
0 - 30 days	2,421,263	20,196,988	4,759,780	51,313,619
31 - 60 days	1,321,079	1,539,267	826,405	695,734
61 - 90 days	919,707	1,736,008	451,494	211,938
91 - 150 days	1,720,113	5,517,851	1,432,931	3,873,628
<b>Total</b>	<b>6,382,162</b>	<b>28,990,113</b>	<b>7,470,610</b>	<b>56,094,919</b>

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 4- FINANCIAL ASSETS AT AMORTIZED COST (continued)

Movement of the Company's allowances for expected credit loss/specific provisions as at 31 December are as follows:

	31 December 2021	31 December 2020
Opening balance 1 January	4,739,804	7,451,230
Provision expenses	1,370,000	3,094,985
Collections (*)	(3,335,633)	(5,806,411)
<b>Closing balance 31 December</b>	<b>2,774,171</b>	<b>4,739,804</b>

(\*) The cash collection amount realized in 2021 is 3,335,633 TL.

Within the scope of TFRS 9, the Company have written off TL 3,250,409 loans and its effect on NPL ratio is 0.68% (31 December 2020: None)

As at 31 December 2021, the amount of collaterals received from customers, excluding tangible assets subject to financial leasing, is 9,072,308,334 TL (31 December 2020: TL 6,044,081,972). The Company does not take into account collaterals that exceed the risk amount in risk reporting. The details of the guarantees are as follows:

	31 December 2021	31 December 2020
Warranties received	6,677,226,921	4,440,660,044
Promissory notes received	1,786,537,156	1,185,930,093
Mortgage documents received	554,944,683	361,066,148
Vehicle pledge	42,459,633	50,357,274
Guarantees received	8,560,937	5,190,168
Guarantees checks received	1,039,351	25,750
Customer notes	925,810	656,329
Cash blockage	613,843	196,166
<b>Total</b>	<b>9,072,308,334</b>	<b>6,044,081,972</b>

The sectorial breakdown of gross lease receivables as at 31 December 2021 and 31 December 2020 is as follows:

	31 December 2021	%	31 December 2020	%
Manufacturing Industry	366,116,114	68	226,488,704	64
Real Estate and Rental Services	73,379,131	14	56,165,281	16
Wholesale and Retail Trade	49,264,749	9	25,607,126	7
Farming and Livestock	21,795,097	4	21,341,326	6
Construction	21,951,570	4	11,659,563	3
Financial Mediation	5,475,131	1	6,623,262	2
Education Services	657,368	-	1,554,199	1
Health and Social Services	493,858	-	1,077,118	1
Transportation and Communication	1,763,076	-	559,521	-
Tourism	176,368	-	240,348	-
Extraction of Energy Producing Mines	32,292	-	41,415	-
Other	-	-	473,719	-
<b>Total</b>	<b>541,104,754</b>	<b>100</b>	<b>351,831,582</b>	<b>100</b>

The lease receivable consists of the rents to be collected during the lease period. In accordance with the lease agreements with tenants, the ownership of the leased items is delivered to the tenants at the end of the lease period.

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 5- TANGIBLE ASSETS

Acquisition Cost	Building	Furniture and Equipment	Motor vehicles	Total
1 January 2021	10,000,000	522,654	958,517	11,481,171
Additions	11,000	36,654	-	47,654
Disposals	-	(1,720)	-	(1,720)
<b>31 December 2021</b>	<b>10,011,000</b>	<b>557,588</b>	<b>958,517</b>	<b>11,527,105</b>

Accumulated amortization	Building	Furniture and Equipment	Motor vehicles	Total
1 January 2021	(51,900)	(364,930)	(701,379)	(1,118,209)
Amortization for the year	(52,065)	(54,347)	(167,487)	(273,899)
Disposals	-	1,720	-	1,720
<b>31 December 2021</b>	<b>(103,965)</b>	<b>(417,557)</b>	<b>(868,866)</b>	<b>(1,390,388)</b>

<b>Net book value</b>	<b>9,907,035</b>	<b>140,031</b>	<b>89,651</b>	<b>10,136,717</b>
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Acquisition Cost	Building	Furniture and Equipment	Motor vehicles	Total
1 January 2020	10,000,000	395,283	1,042,316	11,437,599
Additions	-	128,117	-	128,117
Disposals	-	(746)	(83,799)	(84,545)
<b>31 December 2020</b>	<b>10,000,000</b>	<b>522,654</b>	<b>958,517</b>	<b>11,481,171</b>

Accumulated amortization	Building	Furniture and Equipment	Motor vehicles	Total
1 January 2020	-	(326,701)	(587,699)	(914,400)
Amortization for the year	(51,900)	(38,975)	(191,704)	(282,579)
Disposals	-	746	78,024	78,770
<b>31 December 2020</b>	<b>(51,900)</b>	<b>(364,930)</b>	<b>(701,379)</b>	<b>(1,118,209)</b>

<b>Net book value</b>	<b>9,948,100</b>	<b>157,724</b>	<b>257,138</b>	<b>10,362,962</b>
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(\*) The building for use are measured over their fair values and are subject to valuation in this context. The expertise report related with the real estates was prepared by the CMB licensed real estate appraisal company on January 14, 2020.

As at 31 December 2021, the total insurance value on tangible assets is TL 7,981,422 (31 December 2020: TL 5,770,991), insurance premium amount is TL 59,789 (31 December 2020: TL 53,890).

As at 31 December 2021, there are no pledges or mortgages on other tangible assets (31 December 2020: None).

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 6- INTANGIBLE ASSETS

Cost (Software)	31 December 2021	31 December 2020
1 January	871,180	807,724
Additions	407,247	63,456
Disposals	-	-
<b>31 December</b>	<b>1,278,427</b>	<b>871,180</b>
<b>Accumulated amortization</b>		
1 January	(692,027)	(610,878)
Amortization for the year	(55,658)	(81,149)
Disposals	-	-
<b>31 December</b>	<b>(747,685)</b>	<b>(692,027)</b>
<b>Net book value</b>	<b>530,742</b>	<b>179,153</b>

### 7- OTHER ASSET

	31 December 2021	31 December 2020
Advances Given for Leasing Operations	16,376,304	3,616,357
Expenses related to next periods	5,547,860	3,463,322
Leased construction in progress	4,402,767	951,468
Other receivables related to financial lease	1,330,548	962,327
Salary advance	225,250	193,781
Other	210,904	169,333
Deposits and guarantees given	10,442	8,554
<b>Total</b>	<b>28,104,075</b>	<b>9,365,142</b>



A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 8- FUNDS BORROWED

31 December 2021		Book Value				
	Balance in original	Interest rates range	Up to 3 months	Between 3 months and 1 years	Over 1 year	Balance in TL
<b>Overseas Banks:</b>						
Fixed rate borrowings:						
- TL	1,207,650	4.50%	-	-	15,672,278	15,672,278
- EUR	3,010,625	2.50%	-	-	44,202,899	44,202,899
<b>Total overseas banks borrowings</b>			-	-	<b>59,875,177</b>	<b>59,875,177</b>
<b>International Banks:</b>						
Floating rate borrowings:						
- USD	311,773	3.12% - 3.21%	661,160	3,384,879	-	4,046,039
- EUR	26,436,662	2.00% - 3.45%	3,912,725	23,919,144	360,319,132	388,151,001
<b>Total</b>			<b>4,573,885</b>	<b>27,304,023</b>	<b>360,319,132</b>	<b>392,197,040</b>
<b>Total overseas banks borrowings</b>			<b>4,573,885</b>	<b>27,304,023</b>	<b>420,194,309</b>	<b>452,072,217</b>
<b>Total Borrowings</b>			<b>4,573,885</b>	<b>27,304,023</b>	<b>420,194,309</b>	<b>452,072,217</b>
31 December 2020		Book value				
	Balance in original	Interest rates range	Up to 3 months	Between 3 months and 1 years	Over 1 year	Balance in TL
<b>Domestic Banks:</b>						
Fixed rate borrowings:						
TL	4,916,286	9.10% - 16.38%	-	4,916,286	-	4,916,286
EUR	5,518,201	3.55%	49,707,406	-	-	49,707,406
<b>Total Domestic Banks borrowings</b>			<b>49,707,406</b>	<b>4,916,286</b>	<b>-</b>	<b>54,623,692</b>
<b>Overseas Banks:</b>						
Floating rate borrowings:						
USD	1,510,597	2.97%-3.3%	-	8,799,932	2,288,604	11,088,536
EUR	20,519,728	1% - 3.45%	22,824,585	25,108,506	136,906,570	184,839,661
<b>Total</b>			<b>22,824,585</b>	<b>33,908,438</b>	<b>139,195,174</b>	<b>195,928,197</b>
<b>Total International banks borrowings</b>			<b>22,824,585</b>	<b>33,908,438</b>	<b>139,195,174</b>	<b>195,928,197</b>
<b>Total borrowings</b>			<b>72,531,991</b>	<b>38,824,724</b>	<b>139,195,174</b>	<b>250,551,889</b>

As at 31 December 2021, no guarantees were given to lending institutions as collateral against loans obtained (31 December 2020: no guarantees were given to lending institutions as collateral against loans obtained).

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 9- OTHER LIABILITIES

Based on financial lease agreements, other liabilities are mainly consists of commercial debts that emerged from fixed asset purchases made from foreign and domestic vendors.

	31 December 2021	31 December 2020
Payables to suppliers	6,704,171	6,067,173
Advances received	8,284,766	3,325,238
Other payables	32,522	21,450
<b>Total</b>	<b>15,021,459</b>	<b>9,413,861</b>

As at 31 December 2021 and 31 December 2020, other liabilities maturity period is less than 1 year.

### 10-COMMITMENTS AND POSSIBLE OBLIGATIONS

As at 31 December 2021 there are no derivative product contracts in the Company's portfolio. (31 December 2020: None).

#### Letters of guarantee given and letters of credit issued:

The company delivered letters of guarantee amounting to TL 295,033 to the courts (31 December 2020: 295,033).

As at 31 December 2021, a total of TL 74,788,149 revocable commitments consist of financial leasing commitments approved by the notary public but not activated yet (31 December 2020: TL 49,108,062). As at 31 December 2021, there are irrevocable commitments amounting to TL 2,141,288 (31 December 2020: 4,961,551).

As at 31 December 2021, there is no mortgage on the goods subject to financial leasing registered on the company (31 December 2020: None).

As at 31 December 2021, there is no filed against the Company (31 December 2020: None).

### 11- PROVISIONS

	31 December 2021	31 December 2020
Reserve for employee severance indemnity	1,807,872	1,410,220
Vacation pay liability	1,669,777	1,116,562
<b>Total</b>	<b>3,477,649</b>	<b>2,526,782</b>

As at 31 December 2021, the Company has provided a reserve for foreign employee severance indemnity amount of TL 820,318 (31 December 2020: 255,881 TL).

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive reserve for employee severance indemnity.

The liability has no legal funding requirement. The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of its employees.

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 11- PROVISIONS (CONTINUED)

Regulation requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2021	31 December 2020
Discount Rate (%)	3.42%	3.70%
Circulation rate regarding the probability of retirement (%)	0.87%	1.67%

The basic assumption is that the ceiling provision determined 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. Severance pay provision calculation is based on the severance pay ceiling determined by the government. As of 31 December 2021 and 31 December 2020, the applicable severance pay ceiling is 8,284.51 TL and 7,117.86 TL, respectively.

Movements in the reserve for employee severance indemnity are as follows:

	31 December 2021	31 December 2020
Opening balance	1,410,220	1,167,612
Service cost	71,086	128,373
Interest cost	142,743	82,936
Paid during the year	-	(54,809)
Actuarial losses	183,823	86,108
<b>Ending balance</b>	<b>1,807,872</b>	<b>1,410,220</b>

As of 31 December 2021, the foreign exchange difference amount for the financial leasing contracts with exchange rate fixation is TL 1,840,000. (31 December 2020: None)

### 12- SHAREHOLDERS' EQUITY

The shareholders of the Company and their ownership percentages at 31 December 2021 and 2020 are as follows:

	31 December 2021		31 December 2020	
	Nominal Amount	Shares (%)	Nominal Amount	Shares (%)
Arap Türk Bankası A.Ş.	125,974,800	99.98%	115,976,800	99.98%
Salih Hatipoğlu	6,300	0.01%	5,800	0.01%
Feyzullah Küpeli	6,300	0.01%	5,800	0.01%
Aziz Aydoğduoğlu	6,300	0.01%	5,800	0.01%
Erdem Özenci	6,300	0.01%	5,800	0.01%
<b>Total paid-in share capital</b>	<b>126,000,000</b>	<b>100%</b>	<b>116,000,000</b>	<b>100%</b>

At 31 December 2021, the Company's statutory nominal value of authorized and paid-in share capital is TL 126,000,000 comprising of 116,000,000 registered shares having par value of TL 1 nominal each.

At the meeting of the General Assembly of the Company held on 23 March 2021, a capital increase decision was taken and this time, amount TL 10,000,000.00 was covered from the profit of 2020.

Capital adjustment differences define the difference between the total amounts of equity items adjusted based on inflation and the amounts before inflation adjustment.

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 12- SHAREHOLDERS' EQUITY (CONTINUED)

Accumulated profits in the statutory books can be distributed except for the provision related to the legal reserves mentioned as follows.

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 share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital.

### 13- MAIN OPERATING EXPENSES

The main operating expenses for the accounting periods ending on 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	11,686,115	11,761,089
General operating expenses	9,223,704	5,723,871
Severance pay expense	220,832	173,229
Other	2,959,305	504,024
<b>Total</b>	<b>24,089,956</b>	<b>18,162,213</b>

General operating expenses for the accounting periods ending on 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Expenses related to the financial leasing	5,935,014	2,353,759
Audit and consultancy expenses	777,387	969,887
Office-related expenses	459,704	415,750
Tax, duties and fees	276,584	396,393
Insurance expenses	342,642	364,798
Depreciation and amortization expenses (Note 5, 6)	329,556	363,728
Communication and transportation expenses	87,413	81,475
Transport vehicle expenses	58,885	50,135
Rent expenses	34,000	30,000
Other general expenses (*)	922,518	697,946
<b>Total</b>	<b>9,223,704</b>	<b>5,723,871</b>

(\*) Other expenses include, notary and translation expenses, representation, and staff training expenses, and expenses that are not legally accepted.

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 14- OTHER OPERATING INCOME AND EXPENSE

	1 January- 31 December 2021	1 January- 31 December 2020
<b>Other operating income</b>		
Foreign Exchange transactions profit	231,539,375	138,643,035
Interest received from banks	7,547,531	6,719,090
Income from derivative financial transactions	4,160	8,869
Others (*)	3,596,515	6,729,547
<b>Total</b>	<b>242,687,581</b>	<b>152,100,541</b>
<b>Other operating expense</b>		
Loss from foreign exchange transactions	229,367,767	137,770,777
Loss from derivative financial transactions	49,096	51,078
Others	2,493	7,694
<b>Total</b>	<b>229,419,356</b>	<b>137,829,549</b>

(\*) Others in other operating income include special provision revenues, revenues from severance pay cancellations and revenues from sales of assets. Special provision incomes consist of the revenues obtained from the provisions included in the provision and impairment income at the end of the last year but canceled this year.

### 15 - TAX ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
VAT to be paid	694,053	1,476,541
Corporation tax	1,426,476	701,690
Income tax payable	1,076,135	657,265
Social insurance premiums to be paid	174,187	141,851
Stamp tax to be paid	22,828	14,424
<b>Total</b>	<b>3,393,679</b>	<b>2,991,771</b>

#### Corporate Tax

While corporate earnings are subject to corporate tax at the rate of 20% in Turkey; in accordance with the regulation introduced by the Law No. 7316 on the "Procedure for Collection of Public Receivables and the Law Amending Some Laws", this rate has been determined to be applied as 25% for the corporate earnings for the taxation periods of 2021 and as 23% for the corporate earnings for the taxation periods of 2022.

This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. As per the decisions No. 2009/14593 and 2009/14594 of the Council of Ministers published in the Official Gazette No. 27130 dated 3 February 2009, certain duty rates included in the Articles No.15 and 30 of the new Corporate Tax Law No.5520 are revised. . Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions has been changed to 10% from 15% by the Presidential decision published in the Official Gazette No. 31697 dated 22 December 2021.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 15 - TAX ASSETS AND LIABILITIES (CONTINUED)

#### Corporate Tax (continued)

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

75% of earnings generated through sale of equity shares, founders' shares, redeemed shares and preemption rights and 50% of earnings generated through sale of real estates held at least for two years by the institutions are exempt from the corporate tax with the conditions that such earnings shall be held in a special reserve account under equity until the end of five years following the year of sale and shall be collected as cash until the end of the following two fiscal years.

All earnings generated through transfer of equity shares, founders' shares, redeemed shares and preemption rights by the companies being under legal proceedings or guarantor and mortgage provider of such companies, to banks, financial leasing companies and finance companies or the Savings Deposit Insurance Fund in connection with liquidation of their liabilities and earnings of banks, financial leasing companies and finance companies through sale of immovable part of such assets or other items are exempt from corporate tax at the rate of 50% and 75%, respectively.

As of 31 December 2021, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. These conditions are both the exceed in the increase of Producer Price Index in the last 3 accounting period including current period by 100% and the exceed in the increase in the current period by 10%. However, temporary article 33 has been added on the Tax Procedure Law No. 213 with the regulation made with the Tax Procedure Law and the Law on Change in Corporate Tax Law No. 7352 published in the Official Gazette No.31734 dated 29 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this, the financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and for the 2023 accounting period; will not be subject to inflation adjustment as of the provisional tax periods, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in the financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base.

Current period net profit and tax liabilities for the accounting periods ending on 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Corporation tax expense	4,506,238	3,991,809
Minus: Prepaid taxes	(3,079,762)	(3,290,119)
<b>Current income tax liability (net)</b>	<b>1,426,476</b>	<b>701,690</b>
<b>Tax expense</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Current period corporate tax expense	(4,506,238)	(3,991,809)
Deferred tax income/(expense) effect	(317,398)	450,706
<b>Total</b>	<b>(4,823,636)</b>	<b>(3,541,103)</b>

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 15 – TAX ASSETS AND LIABILITIES (CONTINUED)

#### Corporate Tax (continued)

The reconciliation of the current year tax expense and the tax expense calculated using the Company's legal tax rate is as follows:

	31 December 2021	31 December 2020
<b>Pre-tax profit</b>	<b>17,492,349</b>	<b>15,745,423</b>
Tax expense with a 25% tax rate for 2021 and 22% for 2020	(4,373,087)	(3,463,993)
Disallowable expenses	(225,011)	(151,743)
Other (additions)/discounts	(225,538)	74,633
<b>Current year tax expense</b>	<b>(4,823,636)</b>	<b>(3,541,103)</b>

#### Deferred Taxes

The company, an asset or liability's book value and for taxable temporary differences arising between the tax basis is determined in accordance with tax legislation "Income Related to Tax Turkey Accounting Standards" ("TAS 12") to calculate deferred taxes in accordance with the provisions and accounts. In the deferred tax calculation, the enacted tax rates that are valid as at the balance sheet date are used in accordance with the tax legislation in force.

Calculated deferred tax assets and deferred tax liabilities are shown as offset in the financial statements.

The accumulated temporary differences subject to deferred tax and the effects of deferred tax assets and liabilities are summarized below using the applicable tax rates:

	Total temporary differences		Deferred tax assets/ (liabilities)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Expected credit loss (stage 1-stage 2)	1,994,143	4,046,229	458,653	890,170
Provision for unused vacation	1,669,777	1,116,562	333,956	245,644
Provision for severance pay	2,628,192	1,666,101	525,638	366,542
Other	2,101,983	1,569,277	483,456	345,241
<b>Deferred tax assets</b>	<b>8,394,095</b>	<b>8,398,168</b>	<b>1,801,703</b>	<b>1,847,597</b>
Base difference of tangible and intangible assets	(9,005,171)	4,527,286	(996,633)	(996,003)
Leasing interest income accrual	(3,244,965)	2,328,332	(746,342)	(512,233)
<b>Deferred tax liabilities</b>	<b>(12,250,136)</b>	<b>6,855,618</b>	<b>(1,742,975)</b>	<b>(1,508,236)</b>
<b>Deferred tax assets, (net)</b>	<b>3,856,041</b>	<b>1,542,550</b>	<b>58,728</b>	<b>339,361</b>

The deferred tax asset movement table is as follows:

	31 December 2021	31 December 2020
<b>1 January</b>	<b>339,361</b>	<b>(130,289)</b>
Accounted from profit or loss statement deferred tax income effect	(317,398)	450,706
Deferred tax effect recognized under equity	36,765	18,944
<b>31 December</b>	<b>58,728</b>	<b>339,361</b>

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 16- EARNINGS PER SHARE

	31 December 2021	31 December 2020
Number of shares at the beginning of the period	116,000,000	108,000,000
Number of shares added during the period (*)	10,000,000	8,000,000
<b>Number of shares at the end of the period</b>	<b>126,000,000</b>	<b>116,000,000</b>
Current period net profit (TL)	12,668,713	12,204,320
<b>Profit per share</b>	<b>0.1005</b>	<b>0.0969</b>

(\*) In the current period, shares issued with an increase in capital from internal sources were also taken into consideration in the previous period.

### 17- RELATED PARTY TRANSACTIONS

#### Balance Sheet Items:

	31 December 2021	31 December 2020
<b>Banks:</b>		
Türkiye İş Bankası AŞ	2,702,266	1,556,793
TC Ziraat Bankası AŞ	1,623,570	273,678
Arap Türk Bankası AŞ	311,060	197,561
<b>Total</b>	<b>4,636,896</b>	<b>2,028,032</b>
<b>Finance Lease:</b>		
Arap Türk Bankası AŞ	5,475,131	6,623,262
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği AŞ	493,534	1,076,793
<b>Total</b>	<b>5,968,665</b>	<b>7,700,055</b>
<b>Borrowings:</b>		
Libyan Foreign Bank	220,234,500	90,079,000
Banque BIA-Paris	93,001,726	22,873,085
Aresbank	77,249,350	82,245,881
Alubaf Bahreyn	59,619,900	-
TC Ziraat Bankası AŞ	-	723,000
Türkiye İş Bankası A.Ş.	-	4,000,000
<b>Total</b>	<b>450,105,476</b>	<b>199,920,966</b>



A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 17- RELATED PARTY TRANSACTIONS (continued)

#### Profit/Loss

	31 December 2021	31 December 2020
<b>Interest expense:</b>		
Aresbank	1,968,093	2,159,257
Libyan Foreign Bank	1,796,024	898,758
Banque BIA-Paris	1,320,736	701,548
Alubaf Bahreyn	953,675	1,174,890
Türkiye İş Bankası AŞ	581,106	686,021
TC Ziraat Bankası AŞ	70,042	-
Alubaf Tunus	-	374,903
<b>Total</b>	<b>6,689,676</b>	<b>5,995,377</b>
<b>Interest income from finance lease</b>		
Arap Türk Bankası AŞ	743,897	246,377
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği AŞ	126,881	201,426
<b>Total</b>	<b>870,778</b>	<b>447,803</b>
<b>Interest income from banks</b>		
Türkiye İş Bankası AŞ	210	146,942
<b>Total</b>	<b>210</b>	<b>146,942</b>

For the year ended 31 December 2021, the Company paid to executive members and key management personnel amounting to TL 6,314,117 (31 December 2020: TL 4,294,699) as fringe benefit.

### 18- NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

#### Financial instruments and financial risk management

##### a. Credit risk

The risk of a financial loss to the Company due to the failure of one of the parties to fulfill its contractual obligation is defined as credit risk. The company is exposed to credit risk due to leasing transactions. Credit risk is kept under control by allocating certain limits to the parties generating credit risk and following the collections expected from customers. Credit risk is concentrated mainly in the activities that take place in Turkey. Credit risk is distributed by serving many customers from different sectors.

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Financial instruments and financial risk management (continued)

a. Credit risk (continued)

Maximum exposure to credit risk table:

	31 December 2021			31 December 2020		
	Financial Leasing Receivables	Other Assets	Deposits at Banks	Financial Leasing Receivables	Other Assets	Deposits at Banks
<b>Maximum credit risk exposed as at balance sheet date (A+B+C+D+E)</b>	<b>509,097,661</b>	<b>28,104,075</b>	<b>112,614,712</b>	<b>370,753,951</b>	<b>9,365,142</b>	<b>74,075,625</b>
- The part of the maximum risk secured by collateral	508,931,800	28,104,075	-	369,118,795	8,993,474	-
<b>Carrying value of financial assets that are not past due nor impaired</b>	<b>473,559,524</b>	<b>28,104,075</b>	<b>112,614,712</b>	<b>305,553,266</b>	<b>9,365,142</b>	<b>74,075,625</b>
- The part under guarantee with collateral	473,559,524	28,104,075	-	305,553,266	8,993,474	-
<b>Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial assets that are past due but not impaired</b>	<b>35,372,276</b>	<b>-</b>	<b>-</b>	<b>63,565,529</b>	<b>-</b>	<b>-</b>
- The part under guarantee with collateral	35,372,276	-	-	63,565,529	-	-
<b>Net book value of impaired assets</b>	<b>165,861</b>	<b>-</b>	<b>-</b>	<b>1,635,156</b>	<b>-</b>	<b>-</b>
- Past due (gross carrying value)	930,686	-	-	3,528,692	-	-
- Impairment (-)	(764,825)	-	-	(1,893,536)	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
<b>Off balance sheet items that include credit risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Expected loss provisions for Stage 1 and Stage 2 leasing receivables are not included in the table.

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and financial risk management (continued)

##### b. Market Risk

Market risk is the risk that the Company's capital and earnings and the ability of the Company to achieve its goals will be negatively affected by fluctuations in interest rates, inflation rates in foreign currency rates, and prices in the market. The Company follows market risk under the titles of liquidity risk, currency risk and interest rate risk.

##### b1. Liquidity Risk

Liquidity risk is the possibility of the Company is not meeting its net financing needs. Liquidity risk arises from problems in the sector or decreases in credit ratings leading to the decline of some fund resources in a short time. As a precaution against liquidity risk, management diversifies its financing resources and manages its assets with liquidity priority.

The following table provides an analysis for the Company's financial assets and liabilities according to the relevant maturity grouping based on the period remaining on the balance sheet date and the maturity dates included in the contracts. Interests to be collected and paid on the Company's assets and liabilities are included in the table below.

31 December 2021	Non-maturity	In 3 months	3 – 12 month	Over 1 year	Total
Funds borrowed	-	4,573,885	27,304,023	420,194,309	452,072,217
Other liabilities	-	-	15,021,459	-	15,021,459
Provisions	6,137,967	-	-	-	6,137,967
Current tax debt	-	3,393,679	-	-	3,393,679
<b>Total liabilities</b>	<b>6,137,967</b>	<b>7,967,564</b>	<b>42,325,482</b>	<b>420,194,309</b>	<b>476,625,322</b>
Cash and cash equivalents and the Central Bank	10,101,774	102,498,195	-	-	112,599,969
Financial leasing receivables	-	63,165,417	167,872,043	247,075,944	478,113,404
Investments in scope of leasing	-	4,395,541	7,226	-	4,402,767
Other receivables	-	-	1,330,548	-	1,330,548
Advances given for leasing transactions	-	9,486,349	6,889,956	-	16,376,305
Other assets	16,720,642	-	-	-	16,720,642
<b>Assets used to manage liquidity risk</b>	<b>26,822,416</b>	<b>179,545,502</b>	<b>176,099,773</b>	<b>247,075,944</b>	<b>629,543,635</b>
<b>Net liquidity surplus/(deficit)</b>	<b>20,684,449</b>	<b>171,577,938</b>	<b>133,774,291</b>	<b>(173,118,365)</b>	<b>152,918,313</b>

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

#### b1. Liquidity Risk (continued)

31 December 2020	Non-maturity	In 3 months	3 - 12 month	Over 1 year	Total
Funds borrowed	-	72,531,991	38,824,724	139,195,174	250,551,889
Other payables	-	-	9,413,861	-	9,413,861
Provisions	2,782,663	-	-	-	2,782,663
Current tax debt	-	2,991,771	-	-	2,991,771
<b>Total liabilities</b>	<b>2,782,663</b>	<b>75,523,762</b>	<b>48,238,585</b>	<b>139,195,174</b>	<b>265,740,184</b>
Cash and cash equivalents and the Central Bank	4,851,096	69,216,302	-	-	74,067,398
Financial leasing receivables	-	43,251,118	101,177,403	167,394,305	311,822,826
Investments under leasing	-	951,468	-	-	951,468
Other receivables	-	-	962,327	-	962,327
Advances given for leasing transactions	-	3,616,357	-	-	3,616,357
Other assets	3,834,990	-	-	-	3,834,990
<b>Assets used to manage liquidity risk</b>	<b>8,686,086</b>	<b>117,035,245</b>	<b>102,139,730</b>	<b>167,394,305</b>	<b>395,255,366</b>
<b>Net liquidity surplus/(deficit)</b>	<b>5,903,423</b>	<b>41,511,483</b>	<b>53,901,145</b>	<b>28,199,131</b>	<b>129,515,182</b>

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

#### b1. Liquidity Risk (continued)

As at 31 December 2021 and 31 December 2020, the undiscounted representation of the contractual maturity values of financial liabilities is as follows:

31 December 2021	In 3 months	3 - 12 month	Over 1 year	Non-maturity	Total
Credits borrowed	4,591,440	27,905,862	450,583,114	-	483,080,416
Other payables	-	15,021,459	-	-	15,021,459
Provisions	-	-	-	6,137,967	6,137,967
Current tax debt	3,393,679	-	-	-	3,393,679
<b>Total liabilities</b>	<b>7,967,564</b>	<b>42,325,482</b>	<b>420,194,309</b>	<b>6,137,967</b>	<b>507,633,521</b>
31 December 2020	In 3 months	3 - 12 month	Over 1 year	Non-maturity	Total
Credits borrowed	72,539,418	46,060,015	142,822,039	-	261,421,472
Other payables	-	9,413,861	-	-	9,413,861
Provisions	-	-	-	2,782,663	2,782,663
Current tax debt	2,991,771	-	-	-	2,991,771
<b>Total liabilities</b>	<b>75,531,189</b>	<b>55,473,876</b>	<b>142,822,039</b>	<b>2,782,663</b>	<b>276,609,767</b>

#### b2. Currency Risk

Foreign currency assets and liabilities create foreign currency risk. The company carries a certain amount of foreign exchange position arising from the transactions carried out by its operations. The foreign exchange position is monitored daily by Planning Control and reported monthly on the basis of maturity and currency types. The Company conducts forward foreign exchange transactions in order to balance its foreign exchange assets and liabilities.

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### b2. Currency Risk (continued)

As at 31 December 2021 and 31 December 2020, the Company's foreign currency assets and liabilities may be analyzed as follows (TL equivalents):

31 December 2021	USD	Euro	Others	Total
Cash and cash equivalents and the Central Bank	8,229,034	90,783,893	-	99,012,927
Financial leasing receivables	20,073,917	365,132,387	-	385,206,304
Unearned income (-)	(1,733,332)	(24,836,892)	-	(26,570,224)
Non-performing loans	-	842,689	-	842,689
Expected Loss Provisions (-)	(45,988)	(2,020,265)	-	(2,066,253)
Investments in scope of leasing	112	694,004	-	694,116
Advances given for leasing transactions	8,529,462	7,811,982	-	16,341,444
Other assets	1,194,905	3,980,092	-	5,174,997
<b>Total assets</b>	<b>36,248,110</b>	<b>442,387,890</b>	<b>-</b>	<b>478,636,000</b>
Credit borrowings	19,718,317	432,353,900	-	452,072,217
Other liabilities	1,308,034	8,207,434	-	9,515,468
<b>Total liabilities</b>	<b>21,026,351</b>	<b>440,561,334</b>	<b>-</b>	<b>461,587,685</b>
<b>Net foreign currency position</b>	<b>15,221,759</b>	<b>1,826,556</b>	<b>-</b>	<b>17,048,315</b>
31 December 2020	USD	Euro	Others	Total
Cash and cash equivalents and the Central Bank	687,374	23,319,818	-	24,007,192
Financial leasing receivables	11,683,935	231,689,717	-	243,373,652
Unearned income (-)	(707,806)	(16,626,189)	-	(17,333,995)
Non-performing loans	-	3,101,501	-	3,101,501
Expected Loss Provisions (-)	(136,048)	(3,774,838)	-	(3,910,886)
Investments under leasing	171,289	1,480	-	172,769
Advances given for leasing transactions	1,009,319	2,509,781	-	3,519,100
Other assets	672,671	2,525,928	-	3,198,599
<b>Total assets</b>	<b>13,380,734</b>	<b>242,747,198</b>	<b>-</b>	<b>256,127,932</b>
Credit borrowings	11,088,536	234,547,067	-	245,635,603
Other liabilities	728,860	6,331,321	-	7,060,181
<b>Total liabilities</b>	<b>11,817,396</b>	<b>240,878,388</b>	<b>-</b>	<b>252,695,784</b>
<b>Net foreign currency position</b>	<b>1,563,338</b>	<b>1,868,810</b>	<b>-</b>	<b>3,432,148</b>

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### b2. Currency Risk (continued)

##### Currency risk sensitivity analysis

The table below shows the Company's sensitivity to 10% change in US Dollars and Euros. During this analysis, it is assumed that all variables, especially interest rates, will remain constant.

	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>31 December 2021</b>				
In case the US Dollar changes 10% against TL				
1 – Net asset/liability of USD	1,522,176	(1,522,176)	1,522,176	(1,522,176)
2- The amount hedged for USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1 +2)</b>	<b>1,522,176</b>	<b>(1,522,176)</b>	<b>1,522,176</b>	<b>(1,522,176)</b>
In case the Euro changes 10% against TL				
4 – Net asset/liability of Euro	182,656	(182,656)	182,656	(182,656)
5- The amount hedged for Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>182,656</b>	<b>(182,656)</b>	<b>182,656</b>	<b>(182,656)</b>
<b>TOTAL (3+6)</b>	<b>1,704,832</b>	<b>(1,704,832)</b>	<b>1,704,832</b>	<b>(1,704,832)</b>

(\*) Equity effect includes the effect of income statement.

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### b2. Currency Risk (continued)

31 December 2020	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case the US Dollar changes 10% against TL				
1 – Net asset/liability of USD	156,334	(156,334)	156,334	(156,334)
2- The amount hedged for USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1 +2)</b>	<b>156,334</b>	<b>(156,334)</b>	<b>156,334</b>	<b>(156,334)</b>
In case the Euro changes 10% against TL				
4 – Net asset/liability of Euro	186,881	(186,881)	186,881	(186,881)
5- The amount hedged for Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>186,881</b>	<b>(186,881)</b>	<b>186,881</b>	<b>(186,881)</b>
<b>TOTAL (3+6)</b>	<b>343,215</b>	<b>(343,215)</b>	<b>343,215</b>	<b>(343,215)</b>

(\*) Equity effect includes the effect of income statement.



A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

#### b3. Interest Rate Risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities the Company is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

According to the analysis calculated by the Company as at 31 December 2021, an increase/(decrease) of 0.5% in foreign currency interest rates, an increase/(decrease) of TL 1,960,985 in the net present value of variable interest financial liabilities, assuming that all other variables remain constant (31 December 2020: TL 979,641).

	31 December 2021	31 December 2020
<b>Financial assets and liabilities with fixed interest</b>		
Time deposit	102,513,398	69,226,364
Financial leasing receivables, net	479,941,686	313,023,876
Borrowings	59,875,177	54,623,692
<b>Financial assets and liabilities with variable interest</b>		
Borrowings	392,197,040	195,928,197

The tables below analyze the Company's non-derivative financial assets and liabilities according to the appropriate maturity grouping, based on the contract's repricing date as of the balance sheet date.

31 December 2021	In 3 months	3-12 months	1-5 years	Interest free	Total
Cash, cash equivalents and the Central Bank	102,513,398	-	-	10,086,571	112,599,969
Receivables from leasing transactions(net)	63,165,417	167,872,042	247,075,945	-	478,113,404
Investments under leasing	-	-	-	4,402,767	4,402,767
Advances given for leasing transactions	-	-	-	1,330,548	1,330,548
Other receivables related to leasing transactions	-	-	-	16,376,304	16,376,304
Property, plant and equipment, net	-	-	-	10,136,717	10,136,717
Intangible assets, net	-	-	-	530,742	530,742
Deferred tax assets	-	-	-	58,728	58,728
Other assets	-	-	-	5,994,456	5,994,456
<b>Total assets</b>	<b>165,678,815</b>	<b>167,872,042</b>	<b>247,075,945</b>	<b>48,916,833</b>	<b>629,543,635</b>
Loans borrowed	118,017,933	274,179,107	59,875,177	-	452,072,217
Other obligations	-	-	-	15,021,459	15,021,459
Provisions	-	-	-	6,137,967	6,137,967
Current tax debt	-	-	-	3,393,679	3,393,679
Deferred tax liability	-	-	-	-	-
<b>Total liabilities</b>	<b>118,017,933</b>	<b>274,179,107</b>	<b>59,875,177</b>	<b>24,553,105</b>	<b>476,625,322</b>
<b>Net repricing position</b>	<b>47,660,882</b>	<b>(106,307,065)</b>	<b>187,200,768</b>	<b>24,363,728</b>	<b>152,918,313</b>

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### b3. Interest rate risk (continued)

31 December 2020	0-3 months	3-12 months	1-5 years	Interest free	Total
Cash, cash equivalents and the Central Bank	69,226,364	-	-	4,841,034	74,067,398
Receivables from leasing transactions(net)	43,251,118	101,177,403	167,394,305	-	311,822,826
Investments under leasing	-	-	-	951,468	951,468
Other receivables related to leasing transactions	-	-	-	962,327	962,327
Advances given for leasing transactions	-	-	-	3,616,357	3,616,357
Property, plant and equipment, net	-	-	-	10,362,962	10,362,962
Intangible assets, net	-	-	-	179,153	179,153
Deferred tax assets	-	-	-	339,360	339,360
Other assets	-	-	-	3,834,991	3,834,991
<b>Total assets</b>	<b>112,467,420</b>	<b>101,177,403</b>	<b>167,394,305</b>	<b>25,097,714</b>	<b>406,136,842</b>
Loans received	225,705,831	24,846,058	-	-	250,551,889
Other obligations	-	-	-	9,413,861	9,413,861
Provisions	-	-	-	2,782,663	2,782,663
Current tax debt	-	-	-	2,991,771	2,991,771
Deferred tax liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>225,705,831</b>	<b>24,846,058</b>	<b>-</b>	<b>15,188,295</b>	<b>265,740,184</b>
<b>Net reprising position</b>	<b>(113,238,411)</b>	<b>76,331,345</b>	<b>167,394,305</b>	<b>9,909,419</b>	<b>140,396,658</b>

A&amp;T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### Fair value of financial instruments (continued)

#### Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid except compulsory sales and Non-performing loans to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The fair values of certain financial assets and liabilities excluding finance lease receivables and borrowings are considered to approximate their respective carrying values due to their short-term nature.

Fair value of financial assets is measured according to the assumptions based on quoted bid prices of similar assets, or amounts derived from cash flow models.

The table below indicates the fair value of the financial assets which are stated at amortized cost in the statement of financial position:

	<u>Carrying Amount</u>		<u>Fair Value</u>		Level
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	
Finance lease receivables	478,113,404	311,822,826	472,844,004	305,911,572	3
Borrowings	452,072,217	250,551,889	430,990,537	240,610,121	3

Fair values of financial assets and liabilities that are carried with their fair values on the balance sheet are determined as follows:

- First Level: Financial assets and liabilities are valued at the quoted prices (unadjusted) in an active market for identical assets and liabilities.
- Second Level: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the quoted market price of the relevant asset or liability mentioned in Level 1.
- Third Level: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

As at 31 December 2021 and 2020, the Company does not have any financial assets and liabilities that are reflected in the financial statements at fair value.

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 18 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

*Fair value of financial instruments (continued)*

#### *c. Capital Management*

In Accordance with Article 12 of the "Regulation on Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated April 24, 2013, the Company is required to keep min 3% standards ratio calculated by dividing equity to total assets. The rate of Company is thirty five percent according to calculation made as at 31 December 2020.

### 19- OTHER MATTERS

None (31 December 2020: None).

A&T FİNANSAL KİRALAMA A. Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 20- FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/AUDITOR'S FIRM

In accordance with the decision of the Public Oversight Accounting and Auditing Standards Authority (POA) dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is disclosed in the table below, excluding VAT.

	Current Period	Previous Period
Independent audit fees in the reporting period	105,000	90,000
Fees for tax advisory	-	-
Fees for other assurance services	-	45,000
Fees for other services except independent audit	-	-
<b>Toplam</b>	<b>105,000</b>	<b>135,000</b>

### 21- SUBSEQUENT EVENTS

None.

# DIRECTORY

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