AK FİNANSAL KİRALAMA A.Ş.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ak Finansal Kiralama A.Ş.

Our Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ak Finansal Kiralama A.Ş. (the "Company") as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), "Independence Audit by-Law" published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and independent auditing requirements referred to in Article 400 of the Turkish Commercial Code ("TCC") (collectively referred to as "Turkish Local Independence Rules"). We have fulfilled our other ethical responsibilities in accordance with IESBA Code and Turkish Local Independence Rules.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter	How our audit addressed the key audit matter
Impairment of finance lease receivables in accordance with IFRS 9 The Company recognised an allowance for expected credit losses of TL 401,711 thousand for gross finance lease receivables of TL 5,394,237 thousand, which represents a significant portion of the Company's total assets in its financial statements as at 31 December 2019. Explanations and notes related to the provision for impairment of finance lease receivables are presented in Notes 2 and 8 in the financial statements. The Company recognizes an allowance for expected credit losses for finance lease receivables in accordance with expected credit loss model required by IFRS 9, "Financial Instruments" ("IFRS 9"). IFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on finance lease receivables recorded at amortized cost.	Within our audit procedures, we assessed policies and procedures established by the Company with respect to classification of finance lease receivables and estimation of impairment in accordance with the IFRS 9 framework. Together with our modelling specialists, we have evaluated the methodologies used in building impairment models in line with the requirement of IFRS 9. Regarding the expected credit losses models; we have assessed appropriateness of the segmentation, lifetime probability of default and loss given default calculations, and approaches in relation to projection of macroeconomic expectations with our modelling specialists. We have carried credit review on a selected sample of finance lease receivables with the objective to identify whether the classification of finance lease receivables is performed appropriately, whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner.

Key audit matter	How our audit addressed the key audit matter
Expected credit losses are calculated on a collective basis for portfolios of finance lease receivables of a similar nature and on individual basis for significant finance lease receivables taking into account management's best estimate at the reporting date. Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the finance lease receivable balances; the classification of finance lease receivables as per their credit risk (staging) and the importance of determination of the associated loss allowance. Timely and correctly identification of loss event and level of judgements and estimations made by the management have significant impacts on the amount of impairment provision for finance lease receivables. Therefore, this area is considered as key audit matter.	In addition, we tested individually assessed finance lease receivables on a sampling basis and checked the management's calculations by testing the forecasts of future cash flows, and we assessed the reasonableness of the assumptions and compared estimates to external evidence where available. We have evaluated the adequacy of the financial statements disclosures with respect to finance lease receivables and related allowance for expected credit losses.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 ISA 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 ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

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

Talar Gül, SMMM
Partner

Istanbul, 17 March 2020

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FOR THE YEAR ENDED 31 DECEMBER 2019

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STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

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

ASSETS	**Notes**	**31 December 2019**	**31 December 2018**
Cash and cash equivalents	7	685,278	395,676
Finance lease receivables	8	4,992,526	5,917,339
Other assets and prepaid expenses	10	37,184	58,230
Assets held for sale	12	30,049	161,689
Property and equipment, net	11	1,449	1,420
Intangible assets, net	11	1,333	1,807
Derivative financial instruments	9	874	10,970
Income tax asset	18	9,971	11,869
Deferred tax asset, net	18	75,676	97,999
Total assets		**5,834,340**	**6,656,999**
LIABILITIES			
Borrowings	13	4,590,391	4,610,591
Debt securities issued	14	-	901,636
Accounts payable	15	117,961	111,173
Advances from customers	15	75,040	82,684
Derivative financial instruments	9	83,126	210,088
Lease liabilities		421	-
Other liabilities	16	16,809	11,280
Provision for employment benefits	17	2,699	2,387
Total liabilities		**4,886,447**	**5,929,839**
EQUITY			
Share capital	19	373,400	248,400
Adjustment to share capital	19	(13,393)	(13,393)
Total paid-in share capital	19	360,007	235,007
Legal reserves	20	57,737	57,737
Hedge reserves		(1,323)	(2,008)
Retained earnings		436,324	490,954
Net profit/(loss) for the current period		95,148	(54,530)
Total equity		**947,893**	**727,160**
Total liabilities and equity		**5,834,340**	**6,656,999**

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	31 December 2019	31 December 2018
Interest and similar income from direct finance leases		469,895	512,852
Interest income on placements and transactions with banks		30,457	32,584
Total interest and similar income		**500,352**	**545,436**
Interest expense on leases (-)		(154)	-
Interest expense on borrowings (-)		(242,018)	(204,549)
Interest expense on debt securities issued (-)		(94,950)	(189,778)
Net interest income		**163,230**	**151,109**
Foreign exchange (losses)/gains, including net gains or losses from dealing in foreign currency, net	22	(67,712)	96,366
Net interest income after foreign exchange gains or losses		**95,518**	**247,475**
Net trading, hedging and fair value gain/loss		100,294	(105,645)
Impairment loss on finance lease receivables (-)	8	(131,620)	(218,853)
Recoveries from impaired lease receivables	8	88,140	48,303
Other income, net		7,776	5,240
Operating expenses (-)	21	(42,806)	(48,841)
Operating profit/(loss)		**117,302**	**(72,321)**
Profit/(loss) before income tax		**117,302**	**(72,321)**
Taxation on income	18	(22,154)	17,791
Profit/(loss) for the period		**95,148**	**(54,530)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Cash flow hedges		878	(2,780)
Tax on cash flow hedges		(193)	606
Net other comprehensive profit/(loss) for the period		**685**	**(2,174)**
Total comprehensive income/(loss)		**95,833**	**(56,704)**
Profit for the period:			
Basic earnings per share (full TL)	26	0.0027	(0.0022)
Diluted earnings per share (full TL)	26	0.0027	(0.0022)

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

AK FİNANSAL KİRALAMA A.Ş.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019 AND 2018

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

	Paid in share capital						
	Share Capital	**Adjustment to share capital**	**Total paid-in share capital**	**Legal reserves**	**Hedge reserves**	**Retained earnings**	**Total Equity**
Balance at 31 December 2017	**248,400**	**(13,393)**	**235,007**	**50,080**	**166**	**581,466**	**866,719**
First time adoption impact of IFRS 9, net	-	-	-	-	-	(82,855)	(82,855)
Balance at 1 January 2018	**248,400**	**(13,393)**	**235,007**	**50,080**	**166**	**498,611**	**783,864**
Transfers to legal reserves	-	-	-	7,657	-	(7,657)	-
Total comprehensive loss (-)	-	-	-	-	(2,174)	(54,530)	(56,704)
- Net loss for the year (-)	-	-	-	-	-	(54,530)	(54,530)
- Other comprehensive loss, net (-)	-	-	-	-	(2,174)	-	(2,174)
Balance at 31 December 2018	**248,400**	**(13,393)**	**235,007**	**57,737**	**(2,008)**	**436,424**	**727,160**

	Paid in share capital						
	Share Capital	**Adjustment to share capital**	**Total paid-in share capital**	**Legal reserves**	**Hedge reserves**	**Retained earnings**	**Total Equity**
Balance at 31 December 2018	**248,400**	**(13,393)**	**235,007**	**57,737**	**(2,008)**	**436,424**	**727,160**
First time adoption impact of IFRS 16, net	-	-	-	-	-	(100)	(100)
Balance at 1 January 2019	**248,400**	**(13,393)**	**235,007**	**57,737**	**(2,008)**	**436,324**	**727,060**
Transfers to legal reserves	-	-	-	-	-	-	-
Capital increase	125,000	-	125,000	-	-	-	125,000
Total comprehensive income	-	-	-	-	685	95,148	95,833
- Net income for the year	-	-	-	-	-	95,148	95,148
- Other comprehensive profit, net	-	-	-	-	685	-	685
Balance at 31 December 2019	**373,400**	**(13,393)**	**360,007**	**57,737**	**(1,323)**	**531,472**	**947,893**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Notes	31 December 2019	31 December 2018
Cash flows from operating activities			
Net profit/(loss) for the period		95,148	(54,530)
Adjustments for:			
Depreciation and amortization	21	2,942	1,399
Re-measurement of derivative financial instruments at fair value		(116,866)	97,205
Provision for employment termination benefits	17	255	415
Provision for unused vacation		58	200
Provision for legal proceedings		(70)	671
Provision for personnel performance bonus	16	2,400	2,130
Provision for impaired receivables	8	131,620	218,853
Provision for impaired asset held for sale	21	-	12,390
Provision for cash and cash equivalents	7	188	53
Deferred tax expense/(income)	18	22,154	(40,816)
Corporate tax charge	18	-	23,025
Interest income, net (-)		(163,230)	(151,109)
Net foreign exchange loss related to cash and funds borrowed		436,565	1,207,144
Cash flows from operating profit before changes in operating assets and liabilities		**411,164**	**1,317,030**
Changes in operating assets and liabilities			
Net decrease/(increase) in finance lease receivables		771,292	(459,818)
Net decrease/(increase) in other assets and prepaid expenses		154,584	(82,569)
Net increase/(decrease) in accounts payables		6,788	(110,560)
Net (decrease)/increase in advances from customers		(7,644)	33,003
Net increase in other liabilities		5,529	7,853
Personnel performance bonus paid (-)		(3,378)	(3,059)
Employment termination benefits paid (-)	17	(792)	(428)
Interest received		521,985	576,985
Interest paid (-)		(352,332)	(381,557)
Taxes paid (-)		-	(47,884)
Net cash provided by operating activities		**1,507,196**	**848,996**
Cash flows from investing activities			
Purchase of property and equipment and intangible assets (-)	11	(902)	(2,201)
Sale of property and equipment and intangible assets	11	-	7
Net cash used in investing activities (-)		**(902)**	**(2,194)**
Cash flows from financing activities			
Proceeds from debt securities issued		1,544,647	2,192,952
Repayments of debt securities issued (-)		(2,525,447)	(3,379,574)
Proceeds from borrowings		2,974,624	2,633,950
Repayments of borrowings (-)		(3,342,614)	(2,511,755)
Capital increase in cash		125,000	-
Payments of leases		1,841	-
Net cash used in financing activities (-)		**(1,221,949)**	**(1,064,427)**
Net increase/(decrease) in cash and cash equivalents		**284,345**	**(217,625)**
Effect of foreign exchange rate changes on cash and cash equivalents		5,599	25,201
Cash and cash equivalents at the beginning of the period	7	395,422	587,846
Cash and cash equivalents at the end of the period	**7**	**685,366**	**395,422**

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

NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES OF THE COMPANY

Ak Finansal Kiralama A.Ş., (the "Company") was established in İstanbul, Turkey on 14 November 1988, with the name BNP-AK-DRESDNER Finansal Kiralama A.Ş. pursuant to the licence obtained from the Undersecretariat of Treasury for the purpose of financial leasing as permitted by law number 3226. At 26 January 2005, the shares of the Company, held by the BNP Paribas Group and Dresdner Bank A.G. were purchased by Akbank T.A.Ş. ("Akbank") Pursuant to the sales, the Company's name is changed to Ak Finansal Kiralama A.Ş. The registered office address of the Company is Sabancı Center Kule: 2 Kat: 8-9. 4.Levent İstanbul, Turkey.

The parent of the Company is Akbank and ultimate parent of the Company is Hacı Ömer Sabancı Holding A.Ş. and as at 31 December 2019, the Company employs 59 employees (31 December 2018: 63 employees).

The main activity of the Company is to carry out domestic financial leasing within the framework of the legislations and to conduct leasing transactions of any kinds.

These financial statements as of and for the year ended 31 December 2019 have been approved on 17 March 2020 by the Company management. The General Assembly and regulatory bodies have the right to change the approved financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). The accounting policies and methods of computation adopted are consistent with those of the previous financial year and the corresponding reporting period, except for the adoption of new and amended standards as set out below.

These financial statements have been prepared under the historical cost convention, except for derivative financial assets and liabilities measured at fair value. The Company prefers to present a liquidity-based statement of financial position, as the Company does not supply services within a clearly identifiable operating cycle of one year.

The Company prepared its financial statements on a going concern basis.

The Company which is incorporated in Turkey maintain its books of account and prepare their statutory financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the provisions of Turkish Banking Law and accounting standards promulgated by the other relevant laws and regulations. Functional currency of the Company is the Turkish Lira ("TL"), being the currency of economic environment in which the Company operates. The financial statements have been prepared in accordance with IFRS and presented in TL. For the purpose of fair presentation in accordance with IFRS, certain adjustments and reclassifications have been made to the statutory financial statements, which mainly comprise the effects of deferred taxation and reserve for impairment of finance lease receivables.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of Presentation (Continued)

Comparatives and changes in presentation of prior periods' financial statements

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16, "Leases" ("IFRS 16"). The prior period financial statements and related disclosures are not restated as permitted by IFRS 16 transition rules. The impact of the adoption of this standard and the new accounting policies are disclosed below in Note 4. The other new standards did not have any significant impact on the Company's accounting policies.

2.2 Critical Accounting Judgements and Estimates

The preparation of the financial statements in accordance with IFRS, requires management to make estimates and assumptions that are reflected in the measurement of income and expenses in the statement of comprehensive income and in the carrying value of assets and liabilities in the statement of financial position, and in the disclosure of information in the notes to the financial statements. Managers do exercise judgement and make use of information available at the date of the preparation of the financial statements in making these estimates. The actual future results of operations in respect of the areas where these judgements and estimates have been made may in reality be different from those estimates. This may have a material effect on the financial statements.

The judgements and estimates that may have a significant effect on amounts recognized in the financial statements are discussed in the relevant sections below.

a) Impairment of lease receivables in accordance with IFRS 9

"Expected credit loss model" defined in IFRS 9, "Financial Instruments" superseded the "incurred credit loss model" in IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39") which was effective prior to 1 January 2018.

Provisioning rules applicable as at 31 December 2017 under the IAS 39 have changed with the application of expected credit loss model under IFRS 9 together with the rules on classification of lease receivables as per their credit risk (staging). IFRS 9 is a new and complex accounting standard which requires considerable judgement and interpretation. These judgements are key in the development of the financial models built to measure the expected credit losses on lease receivables recorded at amortized cost. In addition, the operation of the models require large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit loss on lease receivables. Impairment allowances are calculated on a collective basis for portfolios of lease receivables of a similar nature and on individual basis for significant lease receivables taking into account management's best estimate at the balance sheet date and historical losses incurred.

b) Deferred taxation

Deferred income tax assets are recorded to the extent that realization of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium term business plan prepared by Management and extrapolated results thereafter. The business plan is based on Management expectations that are believed to be reasonable under the circumstances.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 New and Revised International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2019:

- **Amendment to IFRS 9, 'Financial instruments';** effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

- **Amendment to IAS 28, 'Investments in associates and joint venture';** effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

- **IFRS 16, 'Leases';** effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

  For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- **IFRIC 23, 'Uncertainty over income tax treatments';** effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 New and Revised International Financial Reporting Standards

- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  - IFRS 3, 'Business combinations', **-** a company remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', **-** a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes' **-** a company accounts for all income tax consequences of dividend payments in the same way.
  - IAS 23, 'Borrowing costs'**-** a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- **Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement';** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

  i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  ii) clarify the explanation of the definition of material; and
  iii) incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 New and Revised International Financial Reporting Standards

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The new standards, amendments and interpretations which will be effective after 1 January 2020 are not expected to have a material impact on the Company's financial statements.

2.4 Summary of Significant Accounting Policies

Cash and cash equivalents

For the purposes of cash flows statement, cash and cash equivalents comprise cash on hand, bank deposits and investments with a definite value, short-term, that are highly liquid, can be easily converted into cash, contains a low risk of change in value and which has maturity of three months or less.

Related parties

For the purpose of these financial statements, the shareholders of the Company, key management personnel and Board members and their close family members, the Sabancı Group, Akbank and the companies controlled by or affiliated with them are considered and referred to as related parties (Note 24).

The definition of a related party includes the following persons and entities:

(a) A person or a close member of that person's family is related to a reporting entity if that person:

  (i) Has control or joint control over the reporting entity;
  (ii) Has significant influence over the reporting entity; or
  (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

  (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  (iii) Both entities are joint ventures of the same third party.
  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  (vi) The entity is controlled or jointly controlled by a person identified in (a).
  (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Leases

(i) As lessor

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. A lease receivable is recognized when there is a contractual right to be the asset's cash flow and derecognized when all contractual rights and obligations expire. Amounts due from leases under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income

Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. The profit recognized on sale of leased assets is recorded as gain on liquidation of investments.

Gross rental payments due but not received at the balance sheet date are classified as receivables from outstanding lease payments. Receivables from outstanding lease payments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment as discussed below.

(ii) As lessee

Assets acquired under lease agreements are capitalized at the inception of the lease at the fair value of the leased asset. Lease payments are treated as comprising capital and interest elements; the capital element is treated as reducing the capitalized obligation under the lease and the interest element is charged to income. Depreciation on the leased asset is also charged to income on a straight-line basis over the useful life of the asset.

Financial Assets

The Company classifies and recognizes its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets Measured at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortised Cost". The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in the section below related to the classification and measurement of financial instruments of "IFRS 9 Financial Instruments". At initial recognition, financial assets are measured at fair value. In the case if financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value.

The Company recognizes a financial asset in the financial statements when, and only when, the Company becomes a party to the contractual provisions of the instrument. When the Company first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management. When the business model determined by the Company's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to earnings, losses or interest that were previously recorded in the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Financial Assets at Fair Value through Profit or Loss

"Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

Equity securities classified as financial assets at fair value through profit or loss are carried at fair value.

Financial Assets at Fair Value through Other Comprehensive Income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are initially recognized at their fair value plus transaction costs, if any. Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income on debt instruments at fair value through other comprehensive income that is calculated using the effective interest method is reflected in the statement of income. The difference between the fair value of the debt instruments at fair value through other comprehensive income and the amortized cost of the financial assets, net of expected loss impairment allowance, i.e. "Unrealized gains and losses", is not recognized in the statement of income until the realization of the financial asset, i.e. the sale of the asset or its other disposal.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

During initial recognition, the Company can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Financial Assets Measured at Amortised Cost

A financial asset is classified as a financial asset measured at amortized cost when it is held within a business model to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal or interest.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs, if any, which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Derivative financial instruments and hedge accounting

The major derivative instruments utilized by the Company are foreign currency and interest rate swaps, cross currency swaps and currency forwards.

Derivative financial instruments of the Company are classified under "IFRS 9, Financial Instruments" ("IFRS 9") as "Derivative Financial Assets at Fair Value through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income".

The Company classifies its derivative instruments as "Held-for-hedging" or "Held-for-trading" in accordance with "International Accounting Standard for Financial Instruments: Recognition and Measurement" ("IAS 39"). Although certain derivative transactions provide effective economic hedges under the Company's risk management position, in accordance with IAS 39 they are treated as derivatives "Held-for-trading".

Although IFRS 9 sets out the new principles for the classification and measurement of financial instruments, impairment for credit risk on financial assets and hedge accounting. The Company continues to apply IAS 39 for hedge accounting according to the permission set out in IFRS 9 standard.

Derivative instruments are re-measured at fair value after initial recognition, if the fair value of a derivative financial instrument is positive, it is accounted for as "derivative financial instruments-assets"; if the fair value difference is negative, it is accounted for as "derivative financial instruments-liabilities". Differences in the fair value of derivative instruments are accounted as income/loss from derivative financial transactions under "net trading, hedging and fair value income/loss" item in the statement of comprehensive income. The fair values of the derivative financial instruments are calculated by using discounted cash flow models and any significant judgement is not incorporated.

Fair Value Hedge and Cash Flow Hedge Transactions

Fair value hedge

The Company hedges its fixed rate TL borrowings against fair value risk arising from the fluctuations in the market interest rates and certain part of its Euro financial lease transactions from the fluctuations in the foreign exchange rates with cross currency swaps.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognized in the statement of profit or loss in "net trading, hedging and fair value income /loss". Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statement of financial position and is also recognized in the statement of comprehensive income in "net trading, hedging and fair value income/loss".

Cash flow hedge

Fair value gains or losses associated with the effective portion of a derivative designated as a cash flow hedge are recognized initially in other comprehensive income and subsequently recycled to the statement of profit or loss when the cash flows relating to hedged item affect the statement of profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in "net trading, hedging and fair value income/loss".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Hedge effectiveness testing

Prospective tests are performed regularly at the inception of the hedge relationship and both prospective and retrospective tests are performed at each reporting period-end regularly by using "Dollar off-set method". In this method, changes in the fair value of the hedged item and changes in the fair value of the hedging instruments between the designation date and each reporting period-end are compared and effectiveness ratio is calculated. In the determination of the fair values of hedging instruments and hedged item, market yield curves are used. Hedge accounting principles are applied by assessing the calculated effectiveness ratio within the scope of IAS 39.

When the hedging instrument expires, or is executed, sold, revoked or the hedge relationship has become ineffective as a result of the effectiveness test, then hedge accounting is discontinued prospectively and; adjustments made to the carrying amount of the hedged item in is amortized to profit and loss over the remaining term of the original hedge by using the recalculated effective interest rate.

Hedge relationship is ceased when the hedged item is derecognized and fair value adjustments made to the carrying amount of hedged item is accounted in the statement of profit or loss.

Assessment whether contractual cash flows are solely payments of principal and interest:
For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group consider:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets
- Features that modify consideration for the time value of money - e.g. periodic reset of interest rates.

The Company fulfills the on-balance sheet classification and measurement criteria by applying the procedures described above for all financial assets.

Upon initial recognition each financial asset will be classified as either fair value through profit or loss ("FVPL"), amortized cost or fair value through other comprehensive income ("FVOCI").

The Group recognize a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Company management and the nature of contractual cash flows of the financial asset are taken into consideration.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Recognition and Derecognition of Financial Instruments

The Company recognizes a financial asset or financial liability in the statement of financial position only when it becomes a party to the contractual provisions of the instrument.

The Company recognizes all regular way purchases and sales of financial assets on the settlement date i.e. the date that the asset is delivered. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets i.e. for assets carried at cost or amortized cost; change in value is not recognized.

The Company derecognizes a financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) when the rights to receive cash flows from the asset have substantially expired; or while retaining the right to receive cash flows from the asset the Company has also assumed an obligation to pay them in full without material delay to a third party; or the Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has transferred the control of the asset.

The Company does not have any assets where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset that is recognized to the extent of the Company's continuing involvement in the asset.

The Company derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

When the business model determined by the Company's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to earnings, losses or interest that were previously recorded in the financial statements.

Impairment of Financial Assets

The Company allocates impairment for expected credit loss on financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, all financial assets with are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with IFRS 9 principals.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Expected Credit Loss ("ECL")

The Company allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

Measurement of the expected credit losses reflects:

- Time value of money
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date

The financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. The key considerations in determining whether a significant increase in the credit risk of financial asset and transferring it to Stage 2 are as follows:

- Number of over due date is 30 or more
- Restructuring of loans
- If the loan classified as under follow-up

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

The Company has also evaluated the calculated ECL amount for its customers of which total exposure is equal or over TL 5,000 and classified as Stage 2 and Stage 3 by individual assessment. With respect to this evaluation process, the Company management has decided whether any additional or less provision is needed or not. In this context, the Company has decreased ECL by TL 10,028 as a result of the individual assessment (31 December 2018: the Company has increased ECL by TL 61,506).

Definition of Default:

The definition of default is based on the criteria that the debt is overdue by more than 90 days. In addition, if the borrower deemed to be unable to fulfil the debt obligations, borrower should be considered as defaulted whether there is an overdue payment or number of days.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Write-off policy:

The Company writes off financial assets when the asset is determined to be insolvent and there are no collection expectations based on the evidence that the insolvency has been issued by the court. In circumstances where there is a mutual agreement with the borrower that will enable the Company to recover a certain amount of a financial asset, the Company writes off the remaining amount of a financial asset once the partial recovery has been completed (Note 8).

Significant increase in credit risk:

If the credit risk of financial assets determined to be significantly increasing, afore-mentioned assets are transferred to the Stage 2. For Stage 1 loans, expected loss (provision) amounts are calculated for one year and for Stage 2 loans, expected loss (provision) is calculated for the remaining life of the loan.

Expected Credit Loss Calculation - Input and Forecasting Methodologies:

Expected Credit Loss is calculated as 12 months or lifetime, depending on whether there is a significant increase in credit risk after initial recognition or whether an asset is considered as a credit loss. Expected Credit Loss is calculated by using the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) components.

- Probability of Default (PD): PD indicates the probability of default due to inability of the borrower to meet its debt obligations. It has been calculated for 12 months or lifetime depends on increase on borrower’s credit risk. Lifetime PD calculations are carried out using historical data and carrying the actual PDs to long term using various functions.

- Loss Given Default (LGD): In case of default of the borrower, Loss Given Default has been calculated as dividing historical realized credit loss to Exposure at Default (EAD). LGD models includes data such as product type, customer segment, collateral structure, customer repayment performance Calculated LGD remains constant until its overdue.

- Exposure at Default: Specifies the amount of risk that the borrower should pay in case of default. It is kept in the system by constantly calculated until the maturity of the borrower. The amount of extra risk that can be incurred in the event of default is included in the calculations by using the credit conversion rate (CCR) calculated for the irrevocable commitment products.

Expected Credit Loss is calculated over the remaining maturity using the PD, LGD and EAD components. Calculated values are discounted on a monthly basis using the original effective interest rate or an approximate value of the discount rate. The expected credit loss value is calculated for all customers over the maturity period.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

However, for those who do not have a significant increase in credit risk, the 12-month ECL is taken into account, and for those with a significant increase in credit risk, the ECL value calculated over the remaining period is taken into account.

Within the scope of IFRS 9, models of Probability of default (PD), Loss given default and Exposure at default have been developed. The models for IFRS 9 have a detailed segment structure. Finance lease receivables that have similar characteristics are segmented in order to reflect the expected credit losses collectively in financial reports. When creating the segmentation structure, the following information of the finance lease receivables is taken into consideration:

1. Customer type
2. Product type
3. Customer credit performance
4. Collateral type
5. Collection period
6. Exposure at default

Macro-economic indicators are taken into account in determining the PD component in the expected credit loss calculation. Macro-economic indicators vary on a product-by-product basis for individual products and on a segment basis for commercial products. Future macroeconomic forecasts are reflected in the ECLs using more than one scenario.

The risk parameters used in the IFRS 9 calculations include prospective macroeconomic information. While macroeconomic information is included, models and estimates reflecting the relationships between model risk parameters and macroeconomic variables are taken into consideration. The main macroeconomic indicators of these estimation models are the Gross Domestic Product (GDP) and the policy interest rate. Macroeconomic estimation models include more than one scenario and the related scenarios are taken into account in the expected credit loss calculations.

The ECL calculations are reviewed once a year. After the last review during the reporting period;

- There is no update in the assumptions in the estimation techniques.
- Model risk parameters and macroeconomic estimation models have been updated with recent data.
- Expected Credit Loss calculation through the multi-scenario structure has been updated with 3-scenario where there were 2-scenario before.

Within the scope IFRS 9, macroeconomic expectations directly affect provisions (Expected Credit Loss-ECL). Related impact is realized when the default ratio of the Company moves the default rate calculated for each maturity up or down. The main parameters of default ratio model are "Growth Rate" and "Policy Interest". Therefore, the calculated provisions can change when the macroeconomic expectations are taken into consideration.

In future forecasts are defined using three scenarios that are; the base scenario, the bad scenario and the good scenario. Each scenario has predetermined weights. Final allowances are calculated by weighting the probability given to the scenarios.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Property and equipment

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

Depreciation is calculated over the cost of property and equipment using the straight-line method over estimated useful lives. The estimated useful lives are stated below:

Furniture and fixture	4 - 10 years
Vehicles	5 years
Office equipment	3 - 10 years
Leasehold improvements	Shorter of lease period or useful lives

Where the carrying amount of an asset is greater than its estimated recoverable amount ("higher of net selling price" and "value in use"), it is written down immediately to its recoverable amount. The recoverable amount of the impaired property and equipment represents fair value less costs to sell.

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.

Intangible assets

Intangible assets comprise computer software costs and are carried at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis over the estimated useful lives as stated below:

Rights	3- 5 years

Assets held for sale

The assets sustaining the criteria of being classified under assets held for sale are measured with the lower of their carrying amounts and fair value less costs to be incurred for sale. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold at once in the circumstances of usual conditions and should have a high possibility to be sold. Besides, the asset (or the asset group to be disposed) shall be traded actively with a price in concordance with its "fair market value".

Borrowing costs

All borrowing costs are expensed in the statement of comprehensive income during the period incurred.

Financial liabilities

Financial liabilities including borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently, financial liabilities are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of comprehensive income over the period of the financial liability using the effective interest method.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax.

The principal temporary differences arise from the provision for impaired lease receivables, derivative financial instruments and finance lease accruals (Note 18).

The deferred tax is calculated using the enacted tax rates that are valid as of the balance sheet date in accordance with the tax legislation in force. According to the Law, which was approved in the Grand National Assembly on 28 November 2017 and published in the Official Gazette dated 5 December 2017, the rate of Corporate Tax for the years 2018, 2019 and 2020 was increased from 20% to 22%. Therefore, deferred tax assets and liabilities are measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences are measured by 20%.

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 judgement, 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.

The Company reflects the deferred tax assets to its financial statements on the financial losses carried forward and through future profits. As of 31 December 2019, the Company has reflected the deferred tax asset amounting to TL 19,807 over its accumulated financial losses within the framework of future activity plans and expectations.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or directly in equity and not in the statement of profit or loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Employment termination benefits

Defined Benefit Plans:

Obligations related to employee termination benefits are accounted for in accordance with “International Accounting Standard for Employee Rights” (“IAS 19”) and are classified under “employment benefits” account in the balance sheet.

Under the Turkish Labor Law, the Company is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labor Law. Employment termination benefits represent the estimated present value of the total reserve of the future probable obligation of the Company arising in the case of the retirement of the employees in accordance with this Law and is calculated using the projected unit credit method (Note 17).

The Company pays social security contribution to the Social Security Institution on a mandatory basis. The Company has no other obligations as long as it pays these contributions. These contributions are reflected in the personnel expenses in the period they accrued.

Short Term Plans:

The Company also provides for short-term employee benefits such as vacation rights and bonuses in accordance with IAS 19.

Income and expense recognition

Interest income and expenses are recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, throughout the period to the next repricing date. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment) but does not consider future credit losses. The calculation includes all fees paid or received between parties in the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Fees and commission income with respect to finance lease transactions is recognized over the period of the finance lease contracts using effective interest rate. Fee and commission income as of 31 December 2019 is TL 5,741 (31 December 2018: TL 1,908) which is included in the statement of comprehensive income under the interest and similar income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Interest income and expense

Interest income and expense are recognized in the statement of comprehensive income for all interest bearing instruments whose cash inflows and outflows are known or can be estimated on an accrual basis using the effective interest method.

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in the financial statements and treated as contingent assets or liabilities.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded in TL at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

Subsequent events

Subsequent events cover any events which arise between the date of the statement of financial position and the date of approval of the financial statements, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events require an adjustment to the financial statements.

NOTE 3 - SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE PERIOD

None.

NOTE 4 - IMPACTS OF PRESENTATION CHANGES AND OF THE FIRST TIME ADOPTION OF IFRS 16

The Company has implemented accounting policy changes resulting from the initial implementation of the "IFRS 16 Leases" standard from the new standard, amendments and interpretations effective from 1 January 2019 in accordance with the transitional provisions of the relevant standard.

The Company - lessee:

The Company assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Company reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

NOTE 4 - IMPACTS OF PRESENTATION CHANGES AND OF THE FIRST TIME ADOPTION OF IFRS 16 (Continued)

The Company - lessee: (Continued)

Right of use assets:

The right to use asset is first recognized by cost method and includes:

a) The initial measurement amount of the lease obligation,
b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
c) All initial direct costs incurred by the Company and

When applying the cost method, the existence of the right to use:

a) Accumulated depreciation and accumulated impairment losses are deducted and
b) Measures the restatement of the lease obligation at the restated cost.

The Lease Obligations:

At the effective date of the lease, the Company measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Company's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Company measures the leasing liability as follows:

a) Increase the book value to reflect the interest on the lease obligation
b) Reduces the book value to reflect the lease payments made and
c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

Effects of first transition to IFRS 16

"IFRS 16 Leases" Standard was promulgated in Official Gazette No. 29826, dated 16 April 2018 to be applied in the accounting period starting on 31 December 2018. The Company applied IFRS 16 "Leasing" standard, which replaced TAS 17 "Leasing", as of 1 January 2019, the date of first implementation. The impact of the said transition on the equities were classified under "Retained Earnings" in expense equities amounting TL 124. Within this scope, deferred tax asset amounting TL 24 was reflected in the financial figures of 31 December 2019 and classified under "Retained Earnings" in equities. The Company re-arranged the comparable amounts for the previous year by using the retrospective mixed transition practice. With this method, all tenure assets were measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period. Right and liability to use the asset pertaining to the lease, which were previously classified as financial leasing, were measured based on the carrying amount of the said assets before the transition.

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

NOTE 4 - IMPACTS OF PRESENTATION CHANGES AND OF THE FIRST TIME ADOPTION OF IFRS 16 (Continued)

Current period effects of IFRS 16

Related with the leasing agreements in the context of IFRS 16, the Company booked depreciation expense and interest expense instead of operational leasing expense. For the period that ended 31 December 2019, the Company booked TL 1,363 of depreciation expense and TL 152 interest expense.

During the first implementation, the Company recognised lease liability concerning the lease which were previously recognised as operational leasing as per TAS 17. These liabilities were measured based on the discounted current value by using the alternative borrowing rate of interest of remaining lease payments on 1 January 2019.

Details based on the asset with regard to the recognised right of use is as follows:

	31 December 2019	**1 January 2019**
Real estate	3,180	3,028
Total right of use asset	**3,180**	**3,028**

Details of depreciation expense based on the asset with regard to the recognised asset tenure is as follows:

	31 December 2019	**1 January 2019**
Real estate (-)	(2,795)	(1,432)
Total depreciation expense of right of use asset (-)	**(2,795)**	**(1,432)**

Lease agreements for vehicles, which are determined as low value by the Company with short-term lease agreements with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. Within this scope, TL 165 has been paid in the relevant period.

NOTE 5 - SEGMENT REPORTING

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments and whose operation results are regularly reviewed by Board of Directors. The Company does not present segment information from the business and geographic perspective, since the Company operates in one business segment (financial lease) and one geographical area, namely Turkey.

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

NOTE 6 - FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. For specific treasury transactions, the opinion of Funding Committee, which was established by the approval of Board of Directors, is asked. Depending on the instrument and transaction amount, the approval of Board of Directors is also required.

a. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company adopts a detailed and thorough credit analysis, assessment and approval process. It works with selected and creditworthy counterparties and obtains sufficient and where appropriate additional collateral as a means of mitigating the risk of financial loss from defaults. A diversified portfolio by sector and asset and focus on assets with deep secondary market and higher residual value is achieved. The Company regularly monitors the ability of the counterparties to pay amounts in full when due, analyzes the financial position of the counterparties and monitors the condition of the leased assets. The Company's risk limits are continuously measured and monitored.

The table below summarizes the geographic distribution of the Company's assets and liabilities at 31 December 2019 and 2018.

31 December 2019 (*)	**Assets**	**%**	**Liabilities**	**%**
Turkey	5,783,080	99	2,167,808	44
European countries	47,779	1	2,555,182	52
Other	3,481	-	163,456	4
	5,834,340	**100**	**4,886,446**	**100**

31 December 2018 (*)	**Assets**	**%**	**Liabilities**	**%**
Turkey	6,640,506	100	2,507,953	42
European countries	11,946	-	2,814,616	47
Other	4,547	-	607,270	11
	6,656,999	**100**	**5,929,839**	**100**

(*) This table does not contain equity items since they are not considered to be under credit risk.

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

NOTE 6 - FINANCIAL RISK MANAGEMENT (Continued)

a. Credit risk (Continued)

Maximum exposure to credit risk

	31 December 2019	31 December 2018
Credit risk exposures relating to balance sheet items:		
Lease receivables, net	4,992,526	5,917,339
Cash and cash equivalents	685,278	395,676
Derivative financial instruments	874	10,970

The table below shows the maximum exposure to credit risk for the components of the financial statements:

Gross maximum exposure	31 December 2019	31 December 2018
Cash and cash equivalents (excluding cash on hand)	685,278	395,674
Financial assets at fair value through profit and loss	742	9,820
- Derivative financial instruments	742	9,820
Derivative used for hedging purposes	132	1,150
Financial assets at amortised cost	4,992,526	5,917,339
- Lease receivables	4,992,526	5,917,339
Other assets and prepaid expenses	37,184	58,230
Total	**5,715,862**	**6,382,213**
Commitments	380,160	521,023
Total	**380,160**	**521,023**
Total credit risk exposure	**6,096,022**	**6,903,236**

Credit quality per class of financial assets as of 31 December 2019 and 2018 are as follows;

31 December 2019	Stage 1	Stage 2	Stage 3	Total allowance for impairment (Stage 1+2+3)	Total
Cash and cash equivalents (excluding cash on hand)	685,466	-	-	(188)	685,278
Derivatives used for hedging purposes	132	-	-	-	132
Financial assets at amortised cost	4,336,312	484,459	573,466	(401,711)	4,992,526
- Lease receivables from customers	4,336,312	484,459	573,466	(401,711)	4,992,526
Other assets and prepaid expenses	37,184	-	-	-	37,184
Total	**5,059,094**	**484,459**	**573,466**	**(401,899)**	**5,715,120**

31 December 2018	Stage 1	Stage 2	Stage 3	Total allowance for impairment (Stage 1+2+3)	Total
Cash and cash equivalents (excluding cash on hand)	395,727	-	-	(53)	395,674
Derivatives used for hedging purposes	1,150	-	-	-	1,150
Financial assets at amortised cost	5,300,014	505,709	600,407	(488,791)	5,917,339
- Lease receivables from customers	5,300,014	505,709	600,407	(488,791)	5,917,339
Other assets and prepaid expenses	58,230	-	-	-	58,230
Total	**5,755,121**	**505,709**	**600,407**	**(488,844)**	**6,372,393**

Further credit risk related disclosures are provided in Note 8.

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

NOTE 6 - FINANCIAL RISK MANAGEMENT (Continued)

b. Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and currency risk, including interest rate swaps, currency swaps, cross currency swaps and forwards.

There has been no major change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

i) Currency risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed with asset-liability balancing transactions and derivatives. Currency risk is managed and reviewed by using clearly defined, approved and carefully monitored risk limit of foreign exchange position on a monthly basis.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are disclosed below. Portfolio provision for leasing receivables in the balance sheet is considered as Turkish Lira in the calculation of the Net Currency Position.

The table below summarizes the Company's exposure to foreign currency exchange rate risk at 31 December 2019 and 2018.

	Foreign Currency			
31 December 2019	**US Dollar (TL Equivalent)**	**Euro (TL Equivalent)**	**Other (TL Equivalent)**	**Total**
Assets				
Due from banks	238,086	283,976	123	522,185
Finance lease receivables (*)	781,878	3,003,929	-	3,785,807
Other assets	2,596	19,216	-	21,812
Total assets	**1,022,560**	**3,307,121**	**123**	**4,329,804**
Liabilities				
Borrowings	1,190,251	2,673,526	-	3,863,777
Debt securities issued	-	-	-	-
Accounts payable	10,825	79,910	3,129	93,864
Advances from customers	18,445	29,140	-	47,585
Total liabilities	**1,219,521**	**2,782,576**	**3,129**	**4,005,226**
Net balance sheet position	**(196,961)**	**524,545**	**(3,006)**	**324,578**
Off-balance sheet derivative instruments – net notional position	150,168	(398,413)	-	(248,245)
Off-balance sheet derivatives used for hedging purposes - net notional position	28,287	(85,278)	-	(56,991)
Total net balance sheet position	**(18,506)**	**40,854**	**(3,006)**	**19,342**

(*) Foreign currency non-performing loans amounting to TL 141,014, which are not subject to valuation, are not taken into account in the currency risk table. "Derivative Financial Assets" amounting to TL 874, "Derivative Financial Liabilities" amounting to TL 83,126 and hedge accounting effect in equity TL (114) are not taken into account when calculating the currency risk.

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

NOTE 6 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2018	Foreign Currency US Dollar (TL Equivalent)	Euro (TL Equivalent)	Other (TL Equivalent)	Total
Assets				
Due from banks	215,197	150,835	228	366,260
Finance lease receivables (*)	1,029,714	3,562,903	-	4,592,617
Total assets	**1,244,911**	**3,713,738**	**228**	**4,958,877**
Liabilities				
Borrowings	1,531,381	2,834,693	-	4,366,074
Debt securities issued	-	-	14,354	14,354
Accounts payable	13,112	74,820	2,855	90,787
Advances from customers	24,243	38,327	2	62,572
Total liabilities	**1,568,736**	**2,947,840**	**17,211**	**4,533,787**
Net balance sheet position	**(323,825)**	**765,898**	**(16,983)**	**425,090**
Off-balance sheet derivative instruments – net notional position	254,075	(475,647)	-	(221,572)
Off-balance sheet derivatives used for hedging purposes - net notional position	(41,336)	(70,900)	13,138	(99,098)
Total net balance sheet position	**(111,086)**	**219,351**	**(3,845)**	**104,420**

(*) Foreign currency non-performing loans amounting to TL 223,269 which are not subject to valuation are not taken into account in the currency risk table. "Derivative Financial Assets" amounting to TL 10,970, "Derivative Financial Liabilities" amounting to TL 177,075 and hedge accounting effect TL (149) in equity are not taken into account when calculating the currency risk.

At 31 December 2019, assets, liabilities and off-balance sheet derivative instruments denominated in foreign currency were translated into TL by using a foreign exchange rate of (full) TL 5.9402: (full) US Dollar 1 and (full) TL 6.6506 : (full) Euro 1 (31 December 2018: (full) TL 5.2609: (full) US Dollar 1 and (full) TL 6.028: (full) Euro 1).

Foreign currency sensitivity

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The following table details the Company's sensitivity to a 10% increase and decrease in the TL against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss where the TL weakens against the relevant currency.

	US Dollar Impact (TL Equivalent)		Euro Impact (TL Equivalent)	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**
Profit or loss	(1,851)	(11,109)	4,086	21,935

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

NOTE 6 - FINANCIAL RISK MANAGEMENT (Continued)

ii) Interest rate risk

The Company is exposed to interest rate risk due to borrowings and finance lease receivables at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and finance lease receivables, by the use of derivatives such as interest rate swap contracts and cross currency swaps. Hedging activities are regularly evaluated regularly to ensure optimal hedging strategies are applied. Interest rate is managed and reviewed by using clearly defined, approved and carefully monitored risk limits such as re-pricing maturity gap analysis and economic value change analysis (stress tests).

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate assets and liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher/lower and related interest rate swaps and all other variables were held constant, the Company's loss for the year ended 31 December 2019 would decrease/increase by TL 7,365 (31 December 2018: profit increase/decrease by TL 8,807). This is mainly attributable to the Company's exposure to interest rates on its variable rate receivables and borrowings.

The table below summarizes the Company's exposure to interest rate risk on the basis of the remaining period at the balance sheet to the re-pricing or contractual dates whichever is earlier.

31 December 2019	**Up to 3 months**	**3 to 12 months**	**Over 1 year**	**Demand**	**Total**
Assets					
Cash and cash equivalents	673,827	-	-	11,451	685,278
Finance lease receivables	1,211,505	1,031,745	2,192,618	556,658	4,992,526
Derivative financial instruments	-	-	-	874	874
Total assets	**1,885,332**	**1,031,745**	**2,192,618**	**557,532**	**5,667,227**
Liabilities					
Borrowings	1,360,577	1,821,677	1,408,137	-	4,590,391
Derivative financial instruments	72,576	-	10,550	-	83,126
Total liabilities	**1,433,153**	**1,821,677**	**1,418,687**	**-**	**4,673,517**
Net re-pricing gap	**452,179**	**(789,932)**	**773,931**	**557,532**	**993,710**

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

NOTE 6 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2018	Up to 3 months	3 to 12 months	Over 1 year	Demand	Total
Assets					
Cash and cash equivalents	376,470	-	-	19,206	395,676
Finance lease receivables	1,488,370	1,190,258	2,802,746	435,965	5,917,339
Derivative financial instruments	-	-	-	10,970	10,970
Total assets	**1,864,840**	**1,190,258**	**2,802,746**	**466,141**	**6,323,985**
Liabilities					
Borrowings	1,491,722	1,640,190	1,478,679	-	4,610,591
Debt securities issued	801,515	100,121	-	-	901,636
Derivative financial instruments	-	-	-	210,088	210,088
Total liabilities	**2,293,237**	**1,740,311**	**1,478,679**	**210,088**	**5,722,315**
Net re-pricing gap	**(428,397)**	**(550,053)**	**1,324,067**	**256,053**	**601,670**

c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company makes a detailed and complete analysis of the projected cash inflows (mainly lease installments) and cash outflows (mainly bank loan payments and payments to suppliers according to leasing transactions) and determines the exact cash requirements. A diversified funding base is used and stringent risk limits are utilized to manage and review liquidity risk.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2019	Demand and up to 3 months	3 to 12 months	Over 1 year	Total
Liabilities				
Borrowings	462,110	1,612,301	2,876,341	4,950,752
Accounts payable	117,961	-	-	117,961
Advances from customers	75,040	-	-	75,040
Other liabilities	17,230	-	-	17,230
Total liabilities	**672,340**	**1,612,301**	**2,876,341**	**5,160,982**
Cash inflow from derivative financial instruments	426,361	31,628	148,073	606,062
Cash (outflow) from derivative financial instruments	(472,256)	(52,477)	(163,158)	(687,891)
Cash inflow/(outflow), net	**(45,895)**	**(20,849)**	**(15,085)**	**(81,829)**

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

NOTE 6 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2018	Demand and up to 3 months	3 to 12 months	Over 1 year	Total
Liabilities				
Borrowings	326,263	1,108,939	3,546,592	4,981,794
Debt securities issued	801,517	139,986	-	941,503
Accounts payable	111,173	-	-	111,173
Advances from customers	82,684	-	-	82,684
Other liabilities	11,280	-	-	11,280
Total liabilities	**1,332,917**	**1,248,925**	**3,546,592**	**6,128,434**
Cash inflow from derivative financial instruments	311,532	329,196	217,907	858,635
Cash (outflow) from derivative financial instruments	(359,335)	(372,842)	(308,188)	(1,040,365)
Cash inflow/(outflow), net	**(47,803)**	**(43,646)**	**(90,281)**	**(181,730)**

d. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid 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, judgement 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, debt securities issued and borrowings are considered to approximate their respective carrying values due to their short-term nature.

The table below indicates the fair values of the financial assets and financial liabilities which are stated at their carrying amounts:

	Carrying amount		**Fair value**	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**
Cash and cash equivalents	685,278	395,676	685,278	395,676
Finance lease receivables	4,992,526	5,917,339	4,522,076	5,700,427
Borrowings	4,590,391	4,610,591	4,256,257	4,226,799
Debt securities issued	-	901,636	-	896,595

The fair value of finance lease receivables and borrowings and debt securities issued carried at amortized cost are estimated based on discounted cash flows using prevailing market interest rates.

The discount rate used to calculate the fair value of US Dollar, Euro and TL finance lease receivables as at 31 December 2019 are 7.94%, 5.78% and 21.85% respectively (31 December 2018 are 7.11%, 4.83% and 18.61% respectively).

The discount rate used to calculate the fair value of US Dollar, Euro and TL borrowings and debt securities issued as at 31 December 2019 are 5.27%, 2.95% and 13.85% respectively (31 December 2018 are 5.50%, 3.15% and 23.73%, respectively).

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

NOTE 6 - FINANCIAL RISK MANAGEMENT (Continued)

Fair value hierarchy

Fair values of financial assets and liabilities are determined as follows:

Level 1: Financial assets and liabilities are valued at the quoted prices (unadjusted) in an active market for identical assets and liabilities.

Level 2: 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.

Level 3: 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.

According to these classification principles stated, the Company's classification of financial assets and liabilities carried at their fair value are as follows:

31 December 2019	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss			
derivative financial assets held for trading	-	742	-
Derivatives used for hedging purposes	-	132	-
Total assets	**-**	**874**	**-**
Financial liabilities at fair value through profit and loss			
derivatives held-for-trading	-	48,275	-
Derivatives used for hedging purposes	-	34,851	-
Total liabilities	**-**	**83,126**	**-**

31 December 2018	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss			
derivative financial assets held for trading	-	9,820	-
Derivatives used for hedging purposes	-	1,150	-
Total assets	**-**	**10,970**	**-**
Financial liabilities at fair value through profit and loss			
derivatives held-for-trading	-	56,528	-
Derivatives used for hedging purposes	-	153,560	-
Total liabilities	**-**	**210,088**	**-**

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

NOTE 6 - FINANCIAL RISK MANAGEMENT (Continued)

e. Capital risk management

In accordance with Article 12 of the "Regulation on Establishment and Operation Principles of Financial leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013, the Company is required to keep its equity in accordance with the standard set out in the regulation. The Company complies with this requirement as of 31 December 2019 and 2018.

NOTE 7 - CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash on hand	1	2
Due from banks	685,465	395,727
-demand deposits	*11,638*	*19,256*
-time deposits	*673,827*	*376,471*
Less: Expected credit loss due from banks	(188)	(53)
Total cash and cash equivalents	**685,278**	**395,676**

At 31 December 2019 and 2018, the Company's cash and cash equivalents in the statement of cash flows are as follows:

	31 December 2019	31 December 2018
Cash on hand	1	2
Due from banks	685,465	395,727
-demand deposits	*11,638*	*19,256*
-time deposits	*673,827*	*376,471*
Less: Interest accruals	(100)	(307)
Cash and cash equivalents in the statements of cash flow	**685,366**	**395,422**

At 31 December 2019, the Company's time deposit maturities are shorter than three months and the effective interest rates on time deposits denominated US Dollar, Euro and TL are 1.75%, 0.22% and 11.47% respectively (31 December 2018: Time deposit maturities are shorter than three months and the effective interest rates on time deposits denominated US Dollar, Euro and TL are 3.72%, 1.25% and 23.06%, respectively).

As of 31 December 2019 and 2018, there is no restriction on bank deposits.

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

NOTE 8 - FINANCE LEASE RECEIVABLES, NET

	31 December 2019	31 December 2018
Gross finance lease receivables	5,064,138	6,234,240
Invoiced lease receivables	130,986	104,710
Unearned finance income (-)	(628,271)	(801,299)
	4,566,853	**5,537,651**
Expected credit loss - Stage 1 (-)	(46,066)	(56,070)
Expected credit loss - Stage 2 (-)	(63,171)	(103,604)
Total finance lease receivables	**4,457,616**	**5,377,977**
Impaired lease receivables	573,466	600,407
Expected credit loss - Stage 3 (-)	(292,474)	(329,117)
	4,738,608	**5,649,267**
Leasing contracts in progress (*)	136,583	203,154
Advances to vendors	117,335	64,918
Net finance lease receivables	**4,992,526**	**5,917,339**

(*) The Company purchases machinery and equipment from domestic and foreign suppliers on behalf of the lessees on the basis of the leasing contracts terms. As of 31 December 2019 and 2018, leasing contracts in progress balance includes the total amount paid for these machinery and equipment but not charged to the lessees, yet.

At 31 December 2019 and 2018 the finance lease receivables according to their interest type are as follows:

	31 December 2019	31 December 2018
Fixed rate	4,076,641	4,936,512
Floating rate	987,497	1,297,728
	5,064,138	**6,234,240**

At 31 December 2019 and 2018 the finance lease receivables have the following collection schedules:

	Finance Lease Receivables (*)	
Year Ending	**Gross 31 December 2019**	**Net 31 December 2019**
31 December 2020	2,012,951	1,761,924
31 December 2021	1,304,131	1,120,195
31 December 2022	822,528	722,396
31 December 2023	477,484	426,311
31 December 2024 and after	578,030	536,027
	5,195,124	**4,566,853**

(*) Leasing contracts in progress and advance to vendors' balances are not included in the maturity analysis as they have not been scheduled to payment plans, yet.

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

NOTE 8 - FINANCE LEASE RECEIVABLES, NET (Continued)

	Finance Lease Receivables (*)	
	Gross	**Net**
Year Ending	**31 December 2018**	**31 December 2018**
31 December 2019	2,206,958	1,901,318
31 December 2020	1,568,621	1,341,508
31 December 2021	1,135,859	999,785
31 December 2022	643,898	575,053
31 December 2023 and after	783,614	719,987
	6,338,950	**5,537,651**

(*) Leasing contracts in progress and advance to vendors' balances are not included in the maturity analysis as they have not been scheduled to payment plans, yet.

As of 31 December 2019, the Company's performing finance lease receivables amount to TL 5,195,124 (31 December 2018: TL 6,338,950) and all these finance lease receivables are secured by the leased equipment. The nominal amount of mortgages received for finance lease receivables is TL 1,286,108 (31 December 2018: TL 1,428,128).

Finance lease receivables can be analyzed as follows:

31 December 2019	**Gross exposure**	**Loss Provision**	**Net exposure**
Stage 1	4,336,312	(46,066)	4,290,246
Stage 2	484,459	(63,171)	421,288
Stage 3	573,466	(292,474)	280,992
Total	**5,394,237**	**(401,711)**	**4,992,526**

31 December 2018	**Gross exposure**	**Loss Provision**	**Net exposure**
Stage 1	5,300,014	(56,070)	5,243,944
Stage 2	505,709	(103,604)	402,105
Stage 3	600,407	(329,117)	271,290
Total	**6,406,130**	**(488,791)**	**5,917,339**

As of 31 December 2019, outstanding lease receivable amount for sell and leaseback transactions is TL 880,046 (31 December 2018: TL 1,108,626).

The Company obtains transfer of rights of receivables, mortgages, pledged securities, blocked deposits and guarantee letters as collateral from its customers. Collaterals repossessed by the Company are transferred to assets held for sale, to be converted into cash by selling the related assets.

Collaterals amounting to TL 305,886 (31 December 2018: TL 317,045) has been obtained for impaired finance lease receivables amounting to TL 573,466 (31 December 2018: TL 600,407).

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

NOTE 8 - FINANCE LEASE RECEIVABLES, NET (Continued)

As of 31 December 2019 and 2018, no lease receivable has been restructured after being impaired in prior periods.

Movements in provision for finance lease receivables for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
Provision amount at before application of IFRS 9	-	214,679
Impact of adopting IFRS 9	-	103,568
At 1 January	**488,791**	**318,247**
Impairment expense for the period	131,620	218,853
Recoveries of amounts previously provided for	(88,140)	(48,303)
Release of provisions from impaired lease receivables sold (-)	(50,796)	-
Release of provisions from written-off receivables (-)	(79,764)	(6)
At 31 December	**401,711**	**488,791**

Economic sector risk concentrations for the gross finance lease receivables as of 31 December 2019 and 2018 are as follows:

	31 December 2019	%	31 December 2018	%
Construction	967,170	19	1,295,603	21
Steel and mining	776,634	15	627,779	10
Energy and natural resources	616,763	12	673,433	11
Production	448,807	9	553,511	9
Textile	405,970	8	516,526	8
Transportation	380,581	8	629,657	10
Tourism	227,156	4	227,824	4
Food and beverage	218,151	4	307,159	5
Health	203,878	4	307,407	5
Automotive	93,188	2	117,780	2
Petroleum and related chemistry	81,220	2	104,317	2
Agriculture	70,429	1	88,749	1
Chemistry	62,268	1	127,762	2
Technology, telecommunication, media and entertainment	39,214	1	27,950	-
Wholesale and retail trade	38,980	1	62,861	1
Printing	23,074	1	17,883	-
Education	20,954	1	22,186	-
Financial institutions	15,998	-	63,339	1
Other	373,703	7	462,514	8
	5,064,138	**100**	**6,234,240**	**100**

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

NOTE 8 - FINANCE LEASE RECEIVABLES, NET (Continued)

Minimum financial lease receivables consist of rentals receivable over the terms of leases. As per the lease agreements made with lessees, the ownership of the items leased is transferred to the lessees at the end of the lease term.

Depending on the customers' inability to repay its obligations arising from financial leases or other similar economic factors, the Company may cancel some of the lease contracts signed with its customers. These related assets may be re-leased to the same customer or to the other customers or; may be sold to the third parties, depending upon circumstances.

The Company has no finance lease payables as at 31 December 2019 and 2018.

Movements in expected credit loss for the periods ended 31 December 2019 and 2018 are as follows:

Expected Credit Loss	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
1 January 2019	56,070	103,604	329,117	488,791
Transfers;				
- Balance change in Stage 1	(1,894)	-	-	(1,894)
- Transfer from Stage 1 to Stage 2	(3,927)	2,941	-	(986)
- Transfer from Stage 1 to Stage 3	(2,936)	-	458	(2,478)
- Balance change in Stage 2	-	(32,026)	-	(32,026)
- Transfer from Stage 2 to Stage 1	773	(3,207)	-	(2,434)
- Transfer from Stage 2 to Stage 3	-	(10,018)	75,793	65,775
- Balance change in Stage 3	-	-	13,108	13,108
New financial assets originated or purchased and recoveries	2,909	1,504	2	4,415
Release of provision from written-off receivables	-	-	(79,764)	(79,764)
Release of provision from impaired lease receivables sold	-	-	(50,796)	(50,796)
Loss allowance as at 31 December 2019	**50,995**	**62,798**	**287,918**	**401,711**

Expected Credit Loss	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
31 December 2017 (*)	-	53,425	161,254	214,679
Impact of adopting IFRS 9 at 1 January 2018	22,981	9,422	71,165	103,568
Transfers;				
- Balance change in Stage 1	31,524	-	-	31,524
- Transfer from Stage 1 to Stage 2	(2,082)	51,277	-	49,195
- Transfer from Stage 1 to Stage 3	(551)	-	2,686	2,135
- Balance change in Stage 2	-	28,633	-	28,633
- Transfer from Stage 2 to Stage 1	2,201	(9,135)	-	(6,934)
- Transfer from Stage 2 to Stage 3	-	(31,974)	113,226	81,252
- Balance change in Stage 3	-	-	(19,541)	(19,541)
New financial assets originated or purchased and recoveries	5,316	2,377	3,114	10,807
Financial assets derecognised during the period other than write-offs	(3,319)	(421)	(2,781)	(6,521)
Write-offs	-	-	(6)	(6)
Loss allowance as at 31 December 2018	**56,070**	**103,604**	**329,117**	**488,791**

(*) Since there was no differentiation between stages before the application of IFRS 9, provision for collectively impaired lease receivables amounting to TL 53,425 has been presented in the line "Stage 2" and provision for individually assessed lease receivables amounting to TL 161,254 has been presented as "Stage 3".

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

NOTE 9 - DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives held-for-trading:

		Fair Values	
31 December 2019	**Contract/Notional Amount**	**Assets**	**Liabilities**
Forward contracts	292,113	162	(668)
Currency swap contracts	791,818	572	(47,358)
Interest rate swap contracts	64,728	8	(249)
Total	**1,148,659**	**742**	**(48,275)**

		Fair Values	
31 December 2018	**Contract/Notional Amount**	**Assets**	**Liabilities**
Forward contracts	320,635	-	(33,013)
Currency swap contracts	838,364	9,678	(23,191)
Interest rate swap contracts	94,955	142	(324)
Total	**1,253,954**	**9,820**	**(56,528)**

Derivatives used for hedging purposes:

		Fair Values	
31 December 2019	**Contract/Notional Amount**	**Assets**	**Liabilities**
Derivatives used for fair value hedging purposes:			
Currency swap contracts	80,570	-	(34,851)
Interest rate swap contracts	64,724	132	-
Total	**145,294**	**132**	**(34,851)**

		Fair Values	
31 December 2018	**Contract/Notional Amount**	**Assets**	**Liabilities**
Derivatives used for fair value hedging purposes:			
Currency swap contracts	170,769	337	(59,790)
Interest rate swap contracts	83,999	813	-
Derivatives used for cash flow hedging purposes:			
Currency swap contracts	390,278	-	(93,770)
Total	**645,046**	**1,150**	**(153,560)**

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

NOTE 9 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Currency information of the Company's derivative financial instruments are presented in the table below:

Derivative financial assets held for hedging:

	31 December 2019		31 December 2018	
	TRY	**Foreign Currency**	**TRY**	**Foreign Currency**
Fair value hedges	-	132	-	1,150
	-	**132**	**-**	**1,150**

Derivative financial liabilities held for hedging:

	31 December 2019		31 December 2018	
	TRY	**Foreign Currency**	**TRY**	**Foreign Currency**
Fair value hedges	-	34,851	-	59,790
Cash flow hedges	-	-	-	93,770
	-	**34,851**	**-**	**153,560**

Information regarding fair value hedge accounting:

As at 31 December 2019 and 2018 information regarding fair value hedge accounting are summarized below:

The Company has entered into fair value hedge transaction in order to hedge fair risk of its fixed rate issued debt securities (Eurobond) with its cross currency swaps. As of 31 December 2019, Eurobond has matured and been removed from financials. (31 December 2018: Fair value change of hedged item which is issued Eurobond since the start of the hedge accounting is TL (434)).

The Company has decided to implement fair value hedging strategy in order to provide hedging through fixed interest TL sales part of cross currency swap transaction (Cross Currency IRS) against fair value risk which shall arise due to changes in market interests of long term principal payment TL fixed interest credit included in its liabilities in scope of interest rate risk management.

The Company has decided to implement fair value hedging strategy in order to provide hedging through fixed interest US Dollar purchase part of cross currency swap transaction against fair value risk which shall arise due to changes in US Dollar/TL exchange rate changes in US Dollar financial leasing receivables included in its assets in scope of exchange rate risk management. Fair value change following the commencement of hedge accounting of loans borrowed, which are hedged items, is TL 1,213 (31 December 2018: TL 2,848).

Fixed rate financial leasing transaction of the Company is entreated to hedge accounting with interest swap transaction against fair value changes related to changes in market interest rates. Fair value change of fixed rate financial leasing transaction which is the hedged item is TL 35 following the beginning of accounting hedge (31 December 2018: TL (497)).

All fair value hedged transactions have been found to be effective as of 31 December 2019.

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

NOTE 9 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Information regarding fair value hedge accounting:

None (31 December 2018: None).

Information regarding the cases when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked are given below:

Information regarding cash flow hedge:

None (31 December 2018: None).

NOTE 10 - OTHER ASSETS AND PREPAID EXPENSES

	31 December 2019	31 December 2018
Insurance, notary and other receivables	32,014	54,255
Withholding tax	1,167	1,278
Prepaid expenses	738	813
Other	3,265	1,884
	37,184	**58,230**

NOTE 11 - PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment:

	1 January 2019	Additions	Disposals	31 December 2019
Cost				
Right of use assets	3,028	152	-	3,180
Furniture and fixture	523	20	-	543
Vehicles	1,047	-	-	1,047
Leasehold improvements	758	23	-	781
Office equipment	1,218	15	-	1,233
	6,574	**210**	-	**6,784**
Accumulated depreciation (-)				
Right of use assets	1,432	1,363	-	2,795
Furniture and fixture	504	16	-	520
Vehicles	17	209	-	226
Leasehold improvements	730	14	-	744
Office equipment	875	175	-	1,050
	3,558	**1,777**	-	**5,335**
Net book value	**3,016**			**1,449**

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

NOTE 11 - PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

	1 January 2018	Additions	Disposals	31 December 2018
Cost				
Furniture and fixture	524	6	(7)	523
Vehicles	-	1,047	-	1,047
Leasehold improvements	737	21	-	758
Office equipment	1,048	170	-	1,218
	2,309	**1,244**	**(7)**	**3,546**
Accumulated depreciation (-)				
Furniture and fixture	489	22	(7)	504
Vehicles	-	17	-	17
Leasehold improvements	709	21	-	730
Office equipment	690	185	-	875
	1,888	**245**	**(7)**	**2,126**
Net book value	**421**			**1,420**

Intangible assets

	1 January 2019	Additions	Disposals	31 December 2019
Cost				
Rights	6,102	691	-	6,793
	6,102	**691**	**-**	**6,793**
Accumulated amortization (-)				
Rights	4,295	1,165	-	5,460
	4,295	**1,165**	**-**	**5,460**
Net book value	**1,807**			**1,333**

	1 January 2018	Additions	Disposals	31 December 2018
Cost				
Rights	5,145	957	-	6,102
	5,145	**957**	**-**	**6,102**
Accumulated amortization (-)				
Rights	3,141	1,154	-	4,295
	3,141	**1,154**	**-**	**4,295**
Net book value	**2,004**			**1,807**

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

NOTE 12 - ASSETS HELD FOR SALE

	31 December 2019	31 December 2018
Assets held for resale	30,049	174,079
Less: Impairment of assets held for resale (Note 21)	-	(12,390)
	30,049	**161,689**

NOTE 13 - BORROWINGS

	31 December 2019			31 December 2018		
	Interest rates per annum (%)	Balance in original currency	TL	Interest rates per annum (%)	Balance in original currency	TL
Domestic borrowings						
Fixed rate borrowings:						
Euro	2.54	45,601	303,277	3.26	15,782	95,129
US Dollar	5.39	16,304	96,847	5.43	32,201	169,404
TL	12.69	725,401	725,401	11.17	165,568	165,568
Floating rate borrowings:						
Euro	2.01	28,512	189,624	2.00	36,704	221,249
US Dollar	-	-	-	5.12	100,979	531,243
Total domestic borrowings			**1,315,149**			**1,182,593**
Foreign borrowings						
Fixed rate borrowings:						
Euro	2.09	191,677	1,274,766	2.12	222,057	1,338,561
US Dollar	4.45	14,843	88,173	4.23	49,099	258,303
TL	-	1,213	1,213	20.02	78,949	78,949
Floating rate borrowings:						
Euro	2.05	136,207	905,859	2.06	195,713	1,179,755
US Dollar	4.81	169,225	1,005,231	5.43	108,808	572,430
Total foreign borrowings			**3,275,242**			**3,427,998**
Total borrowings			**4,590,391**			**4,610,591**

	31 December 2019	31 December 2018
Short term borrowings	1,820,357	1,227,364
Long term borrowings	2,770,034	3,383,227
	4,590,391	**4,610,591**

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

NOTE 14 - DEBT SECURITIES ISSUED

	31 December 2019	31 December 2018
Debt securities issued (*)	-	887,282
Eurobond (**)	-	14,354
	-	**901,636**

(*) The Company has issued rediscounting bonds on 3 August 2018 with a nominal value of TL 100,000; on 5 December 2018 with a nominal value of TL 47,990; on 5 December 2018 with a nominal value of TL 162,000; on 17 December 2018 with a nominal value of TL 91,088; on 17 December 2018 with a nominal value of TL 109,000; on 22 October 2018 with a nominal value of TL 138,500 and on 14 November 2018 with a nominal value of TL 160,000. The average rediscount rates for these bonds were 20.00%; 23.25%; 23.50%; 22.67%; 23.50%; 27.50% and 25.25% respectively. The issues have been amortized on 15 January 2019; 11 February 2019; 5 March 2019; 11 February 2019; 5 March 2019; 15 January 2019 and 11 February 2019, respectively.

Along with the rediscounting bonds, the Company has issued floating rate bond on 16 November 2016 with a nominal value of TL 70,000. The maturity date of this bond was 13 November 2019. It has been amortized as of 31 December 2019. The interest rate for the final coupon payment was 6.54% (yearly real coupon rate, indexed to CPI).

(**) The Company has issued a Eurobond amounting to nominal US Dollar 250 million on 17 April 2013 with the maturity date of 17 April 2018. The Company has established a multi-currency Global Medium Term Note Programme on 23 December 2013. Under the programme, the Company issued 28 private placements. As of 31 December 2019, all of issued Eurobonds were amortized. As of 31 December 2018, the nominal outstanding amount of the issuances is Hungarian Forint 700 million in total (as of 31 December 2017, the nominal outstanding amount of the issuances is Hungarian Forint 700 million and US Dollar 4 million).

The movement of funds borrowed and debt securities issued for the periods ended 31 December 2019 and 2018 is as follows:

	Funds Borrowed	Debt securities issued
Balance as at 1 January 2019	4,610,591	901,636
Cash flows	(367,990)	(980,800)
Foreign exchange adjustments	331,623	110,541
Other non-cash movements	16,167	(31,377)
Balance as at 31 December 2019	**4,590,391**	**-**

	Funds Borrowed	Debt securities issued
Balance as at 1 January 2018	3,559,941	1,771,598
Cash flows	122,195	(1,186,622)
Foreign exchange adjustments	924,259	308,086
Other non-cash movements	4,196	8,574
Balance as at 31 December 2018	**4,610,591**	**901,636**

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

NOTE 15 - ACCOUNTS PAYABLE AND ADVANCES RECEIVED

	31 December 2019	31 December 2018
Trade payables (*)	117,961	111,173
Advances received (**)	75,040	82,684
	193,001	**193,857**

(*) Trade payables mainly consist of debts to domestic and foreign suppliers due to the purchase of properties and equipments in the name of lessees according to leasing agreements.
(**) Advances received consists of collections from lessees over the invoiced amount or early payments for lease receivables.

As of 31 December 2019 and 2018, all trade payables have maturity of less than one year.

NOTE 16 - OTHER LIABILITIES

	31 December 2019	31 December 2018
Withholding taxes and duties payable	5,485	8,089
Provision for personnel performance bonus	2,400	2,130
Provision for lawsuit	976	1,046
Other	7,948	15
	16,809	**11,280**

NOTE 17 - EMPLOYMENT BENEFITS

	31 December 2019	31 December 2018
Provision for unused vacation	1,296	1,239
Provision for employment termination benefits	1,403	1,148
	2,699	**2,387**

Provision for employment termination benefits is reserved within the framework explained below:

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The compensation to be paid is up to one month's salary for each year of service, and this amount is limited to the retirement pay ceiling. Liability of employee termination benefit is not subject to any legal funding as there is no funding requirement.

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

NOTE 17 - EMPLOYMENT BENEFITS (Continued)

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. IAS 19 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 as at 31 December 2019 and 2018:

	31 December 2019	31 December 2018
Discount rate (%)	3.97	5.73
Turnover rate to estimate the probability of retirement (%)	95.77	94.43

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. The amount of (full) TL 6,730.15 effective from 1 January 2020 has been taken into consideration in calculating the reserve for employee termination benefits (31 December 2018: (full) TL 6,017.60 effective from 1 January 2019).

Movements of the provision for employment termination benefits during the year is as follows:

	2019	2018
At 1 January	**1,148**	**1,161**
Paid during the year (-)	(792)	(428)
Increase during the year	1,047	415
At 31 December	**1,403**	**1,148**

NOTE 18 - TAXATION

	31 December 2019	31 December 2018
Current tax charge (-)	-	(23,025)
Deferred tax (loss)/income	(22,154)	40,816
	(22,154)	**17,791**

Corporate Tax Law numbered 5422 was altered by Law No.5520 on 13 June 2006 which is published at the Official Gazette numbered 26205 and dated 21 June 2006 and many of its articles have become effective retrospectively starting from 1 January 2006. Corporation tax rate in Turkey starting from 1 January 2006 was 20%. However, the corporate income tax rate is applied as 22% for the years 2018 and 2019 and will also be applied as 22% for the year 2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017. Corporation tax is payable at a rate of 22% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption and investment allowance, etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed (except withholding tax at the rate of 19.8% on an investment incentive allowance utilized within the scope of Income Tax Law transitional article 61).

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

NOTE 18 - TAXATION (Continued)

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax declaration is made by the 14th day and payable by the 17th day of the second month following each calendar quarter end by companies. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains a paid advance tax amount, it may be refunded or offset against other liabilities to the government.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate was 20% for 2017. The advance corporate income tax rate is applied as 22% for the years 2018 and 2019 and will also be applied as 22% for the year 2020.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital is not considered as a profit distribution.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for 5 years from the beginning of the year that follows the date of filing for the tax authorities' review who have the right to audit tax returns, and the related accounting records on which they are based, and they may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

Income tax

	31 December 2019	31 December 2018
Income tax liability	-	23,025
Prepaid taxes (-)	(9,971)	(34,894)
Income tax assets (-)	**(9,971)**	**(11,869)**

Reconciliation of current year tax expense and calculated theoretical tax expense with statutory tax rate by the Company:

	31 December 2019	31 December 2018
Income/(Loss) before tax	117,302	(72,321)
Effective tax rate	22%	22%
Theoretical tax income/(expense)	(25,806)	15,911
Effects of disallowable income and expenses	3,652	1,880
Current year tax (expense)/income	**(22,154)**	**17,791**

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

NOTE 18 - TAXATION (Continued)

Deferred taxes:

Under IAS 12, which deals with income taxes, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and deferred tax assets should be reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax asset and deferred tax liability have been netted off in these financial statements.

The breakdown of deductible and taxable temporary differences is as follows:

	Cumulative timing differences		Deferred assets / (liabilities)	
	2019	**2018**	**2019**	**2018**
Provisions for expected credit loss	230,532	319,833	46,106	63,967
Accumulated loss (*)	90,034	-	19,807	-
Impairment provision for assets held for sale	-	12,390	-	2,478
Valuation of derivative financial instruments	83,126	210,088	18,288	46,219
Other	16,101	6,350	3,494	1,397
Total			**87,695**	**114,061**
Finance lease interest accruals	(52,013)	(57,548)	(11,443)	(12,661)
Valuation of derivative financial instruments	(874)	(10,970)	(192)	(2,413)
Other	(1,856)	(4,491)	(384)	(988)
Total			**(12,019)**	**(16,062)**
Deferred tax assets, net			**75,676**	**97,999**

(*) As of 31 December 2019, the Company has accumulated financial loss amounting to TL 90,034 that can be deducted in future periods. The Company management predicted that it will be able to deduct its 2019 financial losses from the tax base in the following periods within the framework of future activity plans. Based on this situation, the Company has reflected TL 19,807 of deferred tax assets to its financial statements dated 31 December 2019.

The details of accumulated losses as at 31 December 2019 and the last date of usage for allowance are as given below:

	Accumulated loss	Last date of allowance
2019	90,034	31 December 2024
	90,034	

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

NOTE 18 - TAXATION (Continued)

Movement of the deferred tax assets for the years 2019 and 2018 are as follows:

	2019
Deferred tax assets at 31 December 2018	97,999
First time adoption impact of IFRS 16, net	24
Deferred tax assets at 1 January 2019	98,023
Recognized under profit or loss	(22,154)
Recognized under other comprehensive income	(193)
Deferred tax assets at 31 December 2019	**75,676**

	2018
Deferred tax assets at 31 December 2017	30,862
First time adoption impact of IFRS 9, net	20,715
Deferred tax assets at 1 January 2018	56,577
Recognized under profit or loss	40,816
Recognized under other comprehensive income	606
Deferred tax assets at 31 December 2018	**97,999**

NOTE 19 - SHARE CAPITAL

At 31 December 2019 the Company's authorized share capital consists of 37,340,000,000 shares with a par value of Kr 1 each (2018: 24,840,000,000 shares with a par value of Kr 1 each). There is no privilege assigned to shares. At 31 December 2019 and 2018, the share capital is as follows:

	31 December 2019		**31 December 2018**	
	Shares (%)	**TL**	**Shares (%)**	**TL**
Akbank T.A.Ş.	99.985	373,344	99.985	248,363
Hacı Ömer Sabancı Holding A.Ş.	0.005	19	0.005	12
Tursa Sabancı Turizm ve Yatırım Hizm. A.Ş.	0.005	19	0.005	12
Exsa Export Sanayi Mamul. Şatış ve Araş. A.Ş.	0.003	13	0.003	9
Ak Yatırım Menkul Değerler A.Ş.	0.002	5	0.002	4
	100	**373,400**	**100.000**	**248,400**
Adjustment to share capital		(13,393)		(13,393)
		360,007		**235,007**

The Company has increased their capital in cash by TL 125,000 from TL 248,000 to TL 373,400 with the decision of General Assembly dated 20 March 2019.

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

NOTE 20 - LEGAL RESERVES

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. At 31 December 2019 and 2018 reserves held by the Company in the statutory financial statements which were adjusted for the effects of inflation in accordance with tax law is as follows:

	31 December 2019	**31 December 2018**
Legal reserves	57,737	57,737
	57,737	**57,737**

NOTE 21 - OPERATING EXPENSES

	31 December 2019	**31 December 2018**
Staff costs	22,702	19,208
Legal proceedings and lawyer expense	7,673	6,124
Depreciation and amortization expense (Note 11)	2,942	1,399
Cancellation of the interest accrual from impaired lease receivables	2,816	223
Office management expenses	1,231	754
Audit and consultancy expenses	1,198	1,566
Communication expenses	541	483
Advertisement expenses	285	652
Provision for expected credit loss on due from banks	188	53
Taxes and duties other than on income	121	661
Travel expenses	40	51
Provision for impaired asset held for sale (Note 12)	-	12,390
Rent expenses	-	1,441
Other	3,069	3,836
	42,806	**48,841**

NOTE 22 - FOREIGN EXCHANGE GAINS/LOSSES

	31 December 2019	**31 December 2018**
Foreign exchange gains on finance lease receivables	406,003	1,328,718
Foreign exchange losses on borrowings and debt securities issued (-)	(442,164)	(1,232,345)
Other foreign exchange losses, net (-)	(31,551)	(7)
Foreign exchange losses/gains, net	**(67,712)**	**96,366**

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

NOTE 23 - NET TRADING, HEDGING AND FAIR VALUE LOSS

	31 December 2019	31 December 2018
Trading, hedging and fair value gains	264,832	193,802
Trading, hedging and fair value losses (-)	(164,538)	(299,447)
	100,294	**(105,645)**

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

A number of transactions were entered into with related parties in the normal course of business.

a) Balances with related parties

	31 December 2019	31 December 2018
Due from banks		
Shareholders		
Akbank T.A.Ş.	532,427	333,320
	532,427	**333,320**
Net finance lease receivables		
Shareholders		
Akbank T.A.Ş.	49	25,048
Hacı Ömer Sabancı Holding A.Ş.	-	4
Other group companies (*)		
CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş.	24,140	42,970
Sabancı Dijital Tek. Hizm. A.Ş.	5,281	1,550
	29,470	**69,572**
Borrowings		
Shareholders		
Akbank T.A.Ş.	727,418	291,744
Other group companies (*)		
Akbank A.G.	113,282	132,768
	840,700	**424,512**
Trade payables		
Other group companies (*)		
Aksigorta A.Ş.	31,654	48,609
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş.	17	17
Sabancı Dijital Tek. Hizm. A.Ş.	22	4
	31,693	**48,630**

(*) "Other group companies" consist of Akbank T.A.Ş. and Hacı Ömer Sabancı Holding A.Ş. group companies.

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Transactions with related parties

Interest income from finance leases

	1 January - 31 December 2019	1 January - 31 December 2018
Shareholders		
Akbank T.A.Ş.	1,540	2,823
Hacı Ömer Sabancı Holding A.Ş.	-	33
Other group companies (*)		
CarrefourSA Carrefour Sabancı Ticaret Merkezi A.Ş.	1,636	2,729
Sabancı Dijital Tek. Hizm. A.Ş.	631	400
	3,807	**5,985**

Interest income on bank deposits

Shareholders		
Akbank T.A.Ş.	27,651	28,578
	27,651	**28,578**

Interest expense on borrowings

Shareholders		
Akbank T.A.Ş.	66,293	46,722
Other group companies (*)		
Akbank A.G.	3,403	2,593
	69,696	**49,315**

Commission income

Other group companies (*)		
Aksigorta A.Ş.	2,740	2,980
Sabancı Dijital Tek. Hizm. A.Ş.	4	-
	2,744	**2,980**

(*) "Other group companies" consist of Akbank T.A.Ş. and Hacı Ömer Sabancı Holding A.Ş. group companies.

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2019	1 January - 31 December 2018
Commission expense		
Shareholders		
Akbank T.A.Ş.	320	316
Other group companies (*)		
Ak Yatırım Menkul Değerler A.Ş.	5,229	6,077
	5,549	**6,393**
Personnel expense		
Shareholders		
Akbank T.A.Ş.	138	115
	138	**115**
Rent and service expenses		
Shareholders		
Hacı Ömer Sabancı Holding A.Ş.	-	1,240
Akbank T.A.Ş.	-	295
	-	**1,535**
Gain on derivative instruments		
Shareholders		
Akbank T.A.Ş.	228,929	155,644
	228,929	**155,644**
Losses on derivative instruments		
Shareholders		
Akbank T.A.Ş.	157,863	283,564
	157,863	**283,564**
Remuneration of top management		
Remuneration of top management	2,466	2,204
	2,466	**2,204**

(*) “Other group companies” consist of Akbank T.A.Ş. and Hacı Ömer Sabancı Holding A.Ş. group companies.

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Off-balance sheet items

Guarantee obtained from	31 December 2019	31 December 2018
Shareholders Akbank T.A.Ş.		
Obtained for the purpose of using for borrowings from other banks	958,406	218,444
Obtained for the purpose of using for law courts	6,029	9,970
	964,435	**228,414**

Finance lease commitments

Shareholders		
Akbank T.A.Ş.	24,014	27
	24,014	**27**

Derivative Financial Instruments

31 December 2019	Contract/notional amount	Assets	Fair values Liabilities
Derivative financial instruments held for trading:			
Forward transactions			
Akbank T.A.Ş. (Shareholder)	79,629	-	(267)
Interest rate swap transactions			
Akbank T.A.Ş. (Shareholder)	157,953	-	(1,965)
Currency swap transactions			
Akbank T.A.Ş. (Shareholder)	242,184	242	(44,597)
Derivative financial instruments held for fair value hedges:			
Cross currency swap transaction			
Akbank T.A.Ş. (Shareholder)	80,570	-	(34,851)
Total	**560,336**	**242**	**(81,680)**

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

NOTE 24 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

31 December 2018	Contract/notional amount	Assets	Fair values Liabilities
Derivative financial instruments held for trading:			
Forward transactions			
Akbank T.A.Ş. (Shareholder)	320,635	-	(33,013)
Interest rate swap transactions			
Akbank T.A.Ş. (Shareholder)	15,191	36	-
Currency swap transactions			
Akbank T.A.Ş. (Shareholder)	679,470	9,031	(22,728)
Derivative financial instruments held for fair value hedges:			
Cross currency swap transaction			
Akbank T.A.Ş. (Shareholder)	144,079	-	(59,790)
Derivative financial instruments held for cash flow hedges:			
Cross currency swap transaction			
Akbank T.A.Ş. (Shareholder)	390,278	-	(93,770)
Total	**1,549,653**	**9,067**	**(209,301)**

NOTE 25 - COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of activities, the Company undertakes commitments and incurs certain contingent liabilities that are not presented in these financial statements. The following is a summary of significant commitments and contingent liabilities at 31 December 2019 and 2018.

Legal Proceedings

The Company has provided for a total provision of TL 976 against certain open legal cases as of 31 December 2019 (31 December 2018: TL 1,046).

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

NOTE 25 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Commitments under derivative instruments

	31 December 2019		31 December 2018	
	Nominal Original amount	**Nominal TL**	**Nominal Original Amount**	**Nominal TL**
Forward and Swap Purchase Transactions				
US Dollar	55,464	329,467	73,468	386,506
Euro	7,997	53,187	23,139	139,485
TL	223,408	223,408	319,506	319,506
Hungarian Forint	-	-	700,000	13,138
Total Purchase		**606,062**		**858,635**
Forward and Swap Sale Transactions				
US Dollar	25,422	151,013	33,030	173,767
Euro	80,726	536,878	113,808	686,032
TL	-	-	180,566	180,566
Total Sales		**687,891**		**1,040,365**
Grand Total		**1,293,953**		**1,899,000**

Guarantees given

The Company has collateral and given letters of guarantees amounting to TL 264,974 (31 December 2018: TL 367,036) to courts, customs, banks for borrowings from Hermes; this amount also covers the aircrafts mortgaged to US Exim and Export Development Canada on structured finance transactions.

As of 31 December 2019, the Company has given the letters of guarantee amounting to TL 195,357 (31 December 2018: TL 218,445) which had been obtained from Akbank and the aircrafts mortgaged amounting to TL 58,577 (31 December 2018: TL 148,591) had been given as collateral. The letter of guarantee and aircrafts mortgaged were given with respect to borrowings from Hermes.

The external guarantee provided for the borrowings from Europe Investment Bank is amounting to TL 763,049 (31 December 2018: TL 693,220). The Company has letters of credit for import of the equipment subject to finance leases in the amount of TL 47,163 (31 December 2018: TL 87,835) and finance lease commitments in the amount of TL 380,161 (31 December 2018: TL 521,023) for the leased asset imports.

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

NOTE 26 - EARNINGS/(LOSS) PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making a pro rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from profit reserves such as retained earnings and revaluation surplus. For the purpose of the EPS calculation such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly, the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares, which are shown in the table below:

	31 December 2019	**31 December 2018**
Net income/(loss) for current year	95,148	(54,530)
Weighted average number of ordinary shares with a nominal value of Kr 1	34,661,428,571	24,840,000,000
Earnings/(Losses) per share (full TL)	**0.0027**	**(0.0022)**

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTE 27 - SUBSEQUENT EVENTS

None.

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