

*(Convenience Translation of Consolidated Financial Statements and Related Disclosures
and Footnotes Originally Issued in Turkish, See Note 2.1)*

**İş Finansal Kiralama
Anonim Şirketi and Its Subsidiary**

Consolidated Financial Statements
As at and for the nine-month ended
30 September 2013

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONTENTS		PAGE
Consolidated Balance Sheet (Statement of Financial Position).....	1 -	2
Consolidated Statement of Off-Balance Sheet Items.....		3
Consolidated Statement of Income.....		4
Consolidated Statement of Gains and Losses Recognized in Equity.....		5
Consolidated Statement of Changes in Equity.....		6
Consolidated Statement of Cash Flows.....		7
Notes to the Consolidated Financial Statements.....	8 -	75
Note 1 Organization and Operations of the Company		8
Note 2 Basis of Presentation.....	8 -	12
Note 3 Significant Accounting Policies	12 -	22
Note 4 Financial Assets at Fair Value Through Profit or Loss		23
Note 5 Banks.....		24
Note 6 Financial Assets Available For Sale.....		25
Note 7 Factoring Receivables.....	25 -	26
Note 8 Lease Receivables.....	27 -	30
Note 9 Related Parties.....	31 -	36
Note 10 Tangible Assets.....	36 -	37
Note 11 Intangible Assets.....		37
Note 12 Goodwill.....		37
Note 13 Deferred Tax Assets and Liabilities	38 -	39
Note 14 Assets Held For Sale and Discontinued Operations		39
Note 15 Other Assets.....		40
Note 16 Funds Borrowed.....	40 -	42
Note 17 Miscellaneous Payables and Other Liabilities		42
Note 18 Finance Lease Obligations.....		42
Note 19 Debt Securities Issued	43 -	44
Note 20 Taxes and Duties Payable		44
Note 21 Provisions		45
Note 22 Employee Benefits	45 -	46
Note 23 Non-Controlling Interests		47
Note 24 Paid-in Capital and Capital Reserves	47 -	48
Note 25 Profit Reserves.....		48
Note 26 Prior Years' Profit / Loss.....		49
Note 27 Commitments and Contingencies	49 -	50
Note 28 Segment Reporting	51 -	52
Note 29 Events After Reporting Date		52
Note 30 Operating Income		53
Note 31 Operating Expenses		53
Note 32 Other Operating Income		53
Note 33 Finance Expenses.....		54
Note 34 Provisions for Non-Performing Receivables		54
Note 35 Other Operating Expenses	54 -	55
Note 36 Taxation	56 -	58
Note 37 Earnings Per Share		59
Note 38 Other Issues That Significantly Affect the Financial Statements or Other Issues Required for Understanding of the Financial Statements.....		59
Note 39 Additional Information on Financial Instruments.....	60 -	75

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2013
(STATEMENT OF FINANCIAL POSITION)**

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

BALANCE SHEET – ASSETS		Notes	Unaudited Current Period 30 September 2013			Audited Prior Period 31 December 2012		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	CASH		-	-	-	-	-	-
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	4	99	3.849	3.948	1.631	7.092	8.723
2.1	Financial Assets Held for Trading		99	-	99	1.631	-	1.631
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.3	Derivative Financial Assets Held for Trading		-	3.849	3.849	-	7.092	7.092
III.	BANKS	5	4.559	257.438	261.997	198.284	118.870	317.154
IV.	RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	6	25.630	-	25.630	25.595	-	25.595
VI.	FACTORING RECEIVABLES	7	803.239	108.358	911.597	987.008	27.936	1.014.944
6.1	Discounted Factoring Receivables		228.838	-	228.838	274.184	-	274.184
6.1.1	Domestic		233.393	-	233.393	278.954	-	278.954
6.1.2	Foreign		-	-	-	-	-	-
6.1.3	Unearned Income (-)		(4.555)	-	(4.555)	(4.770)	-	(4.770)
6.2	Other Factoring Receivables		574.401	108.358	682.759	712.824	27.936	740.760
6.2.1	Domestic		574.401	-	574.401	712.824	-	712.824
6.2.2	Foreign		-	108.358	108.358	-	27.936	27.936
VII.	FINANCING LOANS		-	-	-	-	-	-
7.1	Retail Loans		-	-	-	-	-	-
7.2	Credit Loans		-	-	-	-	-	-
7.3	Instalment Commercial Loans		-	-	-	-	-	-
VIII.	LEASE RECEIVABLES	8	366.839	1.433.653	1.800.492	274.660	1.072.257	1.346.917
8.1	Lease Receivables		353.882	1.344.633	1.698.515	272.117	1.056.067	1.328.184
8.1.1	Finance Lease Receivables		427.545	1.531.860	1.959.405	335.914	1.217.243	1.553.157
8.1.2	Operational Lease Receivables		-	-	-	-	-	-
8.1.3	Other		-	-	-	-	-	-
8.1.4	Unearned Income (-)		(73.663)	(187.227)	(260.890)	(63.797)	(161.176)	(224.973)
8.2	Leasing Contracts in Progress		9.255	36.478	45.733	1.683	8.622	10.305
8.3	Advances Given for Lease Transactions		3.702	52.542	56.244	860	7.568	8.428
IX.	NON-PERFORMING RECEIVABLES	7, 8	45.889	1.926	47.815	37.343	6.378	43.721
9.1	Non-Performing Factoring Receivables		13.281	-	13.281	10.902	-	10.902
9.2	Non-Performing Financing Loans		-	-	-	-	-	-
9.3	Non-Performing Lease Receivables		103.813	9.164	112.977	76.769	24.918	101.687
9.4	Specific Provisions (-)		(71.205)	(7.238)	(78.443)	(50.328)	(18.540)	(68.868)
X.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		-	-	-	-	-	-
10.1	Fair Value Hedges		-	-	-	-	-	-
10.2	Cash Flow Hedges		-	-	-	-	-	-
10.3	Net Foreign Investment Hedges		-	-	-	-	-	-
XI.	INVESTMENTS HELD TO MATURITY (Net)		-	-	-	-	-	-
XII.	INVESTMENT IN SUBSIDIARIES (Net)		-	-	-	-	-	-
XIII.	INVESTMENT IN ASSOCIATES (Net)		-	-	-	-	-	-
XIV.	INVESTMENT IN JOINT VENTURES (Net)		-	-	-	-	-	-
XV.	TANGIBLE ASSETS (Net)	10	1.808	-	1.808	1.344	-	1.344
XVI.	INTANGIBLE ASSETS (Net)		843	-	843	870	-	870
16.1	Goodwill	12	166	-	166	166	-	166
16.2	Other Intangibles	11	677	-	677	704	-	704
XVII.	DEFERRED TAX ASSETS	13	43.280	-	43.280	51.370	-	51.370
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	1.446	-	1.446	248	-	248
18.1	Assets Held For Sale		1.446	-	1.446	248	-	248
18.2	Assets of Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	15	6.887	1.556	8.443	6.933	2.503	9.436
TOTAL ASSETS			1.300.519	1.806.780	3.107.299	1.585.286	1.235.036	2.820.322

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

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2013
(STATEMENT OF FINANCIAL POSITION)**

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

	BALANCE SHEET - LIABILITIES	Notes	Unaudited Current Period 30 September 2013			Audited Prior Period 31 December 2012		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	4	-	63.247	63.247	-	7.089	7.089
II.	FUNDS BORROWED	16	1.298.027	887.686	2.185.713	1.192.117	870.259	2.062.376
III.	FACTORING PAYABLES		-	-	-	-	-	-
IV.	LEASE OBLIGATIONS	18	-	-	-	-	-	-
4.1	Finance Lease Obligations		-	-	-	-	-	-
4.2	Operational Lease Obligations		-	-	-	-	-	-
4.3	Other		-	-	-	-	-	-
4.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
V.	DEBT SECURITIES ISSUED (Net)	19	202.347	-	202.347	151.005	-	151.005
5.1	Bills		-	-	-	-	-	-
5.2	Asset-Backed Securities		-	-	-	-	-	-
5.3	Bonds		202.347	-	202.347	151.005	-	151.005
VI.	MISCELLANEOUS PAYABLES	17	5.803	14.327	20.130	4.063	10.741	14.804
VII.	OTHER LIABILITIES	17	5.005	10.546	15.551	2.560	5.881	8.441
VIII.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT		-	-	-	-	-	-
8.1	Fair Value Hedges		-	-	-	-	-	-
8.2	Cash Flow Hedges		-	-	-	-	-	-
8.3	Net Foreign Investment Hedges		-	-	-	-	-	-
IX.	TAXES AND DUTIES PAYABLE	20	2.080	-	2.080	4.551	-	4.551
X.	PROVISIONS		5.337	2.227	7.564	4.142	2.116	6.258
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserves For Employee Benefits	22	3.654	-	3.654	3.228	-	3.228
10.3	Other Provisions	21	1.683	2.227	3.910	914	2.116	3.030
XI.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XII.	PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
12.1	Held For Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
XIII.	SUBORDINATED LOANS		-	-	-	-	-	-
XIV.	SHAREHOLDERS' EQUITY		610.667	-	610.667	565.798	-	565.798
14.1	Paid-in Capital	24	424.365	-	424.365	389.000	-	389.000
14.2	Capital Reserves	24	8.020	-	8.020	10.082	-	10.082
14.2.1	Share Premium		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Securities Value Increase Fund		6.082	-	6.082	8.144	-	8.144
14.2.4	Revaluation Surplus on Tangible and Intangible Assets		-	-	-	-	-	-
14.2.5	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities		1.938	-	1.938	1.938	-	1.938
14.2.6	Hedging Reserves (Effective Portion)		-	-	-	-	-	-
14.2.7	Revaluation Surplus on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
14.2.8	Other Capital Reserves		-	-	-	-	-	-
14.3	Profit Reserves	25	99.571	-	99.571	112.907	-	112.907
14.3.1	Legal Reserves		21.291	-	21.291	19.251	-	19.251
14.3.2	Statutory Reserves		-	-	-	-	-	-
14.3.3	Extraordinary Reserves		78.280	-	78.280	93.656	-	93.656
14.3.4	Other Profit Reserves		-	-	-	-	-	-
14.4	Profit or Loss		63.868	-	63.868	40.805	-	40.805
14.4.1	Prior Periods Profit/Loss	26	18.775	-	18.775	-	-	-
14.4.2	Current Period Profit/Loss		45.093	-	45.093	40.805	-	40.805
14.5	Non-Controlling Interests	23	14.843	-	14.843	13.004	-	13.004
	TOTAL LIABILITIES AND EQUITY		2.129.266	978.033	3.107.299	1.924.236	896.086	2.820.322

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İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

	OFF-BALANCE SHEET ITEMS	Notes	Unaudited Current Period 30 September 2013			Audited Prior Period 31 December 2012		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	IRREVOCABLE FACTORING TRANSACTIONS		27.728	15.229	42.957	69.042	18.083	87.125
II.	REVOCABLE FACTORING TRANSACTIONS		54.038	18.541	72.579	40.259	12.680	52.939
III.	COLLATERALS RECEIVED	39	414.640	218.327	632.967	405.987	155.077	561.064
IV.	COLLATERALS GIVEN	27	3.120	-	3.120	2.815	-	2.815
V.	COMMITMENTS		22.585	335.717	358.302	6.311	41.408	47.719
5.1	Irrevocable Commitments		-	142.565	142.565	1.000	12.187	13.187
5.2	Revocable Commitments		22.585	193.152	215.737	5.311	29.221	34.532
5.2.1	Lease Commitments		22.585	193.152	215.737	5.311	29.221	34.532
5.2.1.1	Finance Lease Commitments		22.585	193.152	215.737	5.311	29.221	34.532
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL INSTRUMENTS		836.037	835.114	1.671.151	311.121	306.400	617.521
6.1	Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading	27	836.037	835.114	1.671.151	311.121	306.400	617.521
6.2.1	Forward Foreign Currency Purchases/Sales		8.230	7.088	15.318	1.960	1.929	3.889
6.2.2	Swap Purchases/Sales	27	827.807	828.026	1.655.833	309.161	304.471	613.632
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY		158.185	31.487	189.672	138.511	25.838	164.349
	TOTAL OFF-BALANCE SHEET ITEMS		1.516.333	1.454.415	2.970.748	974.046	559.486	1.533.532

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İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

	INCOME STATEMENT	Notes	Unaudited Current Period 01.01- 30.09.2013	Unaudited Current Period 01.07- 30.09.2013	Unaudited Prior Period 01.01- 30.09.2012	Unaudited Prior Period 01.07- 30.09.2012
I.	OPERATING INCOME	30	130.707	46.142	114.251	40.939
	FACTORING INCOME		41.963	14.039	36.924	13.481
1.1	Factoring Interest Income		38.028	12.776	34.861	12.671
1.1.1	Discounted		13.653	4.276	15.019	5.252
1.1.2	Other		24.375	8.500	19.842	7.419
1.2	Factoring Commission Income		3.935	1.263	2.063	810
1.2.1	Discounted		1.205	557	846	380
1.2.2	Other		2.730	706	1.217	430
	INCOME FROM FINANCING LOANS		-	-	-	-
1.1	Interest Income From Financing Loans		-	-	-	-
1.2	Commission Income From Financing Loans		-	-	-	-
	LEASE INCOME		88.744	32.103	77.327	27.458
1.1	Finance Lease Income		88.744	32.103	77.327	27.458
1.2	Operational Lease Income		-	-	-	-
1.3	Fees and Commission Income on Lease Operations		-	-	-	-
II.	OPERATING EXPENSES (-)	31	(22.033)	(7.778)	(17.773)	(5.551)
2.1	Personal Expenses		(12.832)	(4.620)	(11.111)	(3.535)
2.2	Employee Severance Indemnity Expense	22	(331)	(63)	(298)	(71)
2.3	Research and Development Expense		-	-	-	-
2.4	General Administration Expense		(8.870)	(3.095)	(6.364)	(1.945)
2.5	Other		-	-	-	-
III.	OTHER OPERATING INCOME	32	112.362	64.336	57.861	14.919
3.1	Interest Income on Bank Deposits		8.063	1.838	6.438	1.238
3.2	Interest Income on Reverse Repurchase Agreements		-	-	-	-
3.3	Interest Income on Securities Portfolio		60	5	1.177	399
3.3.1	Interest Income on Financial Assets Held for Trading		60	5	1.177	399
3.3.2	Interest Income on Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
3.3.3	Interest Income on Financial Assets Available For Sale		-	-	-	-
3.3.4	Interest Income on Financial Assets Held to Maturity		-	-	-	-
3.4	Dividend Income		2.454	-	2.272	50
3.5	Trading Account Income		15.150	8.180	41.053	11.046
3.5.1	Income From Derivative Financial Instruments		15.150	8.180	41.053	11.046
3.5.2	Other		-	-	-	-
3.6	Foreign Exchange Gains		79.549	50.682	-	-
3.7	Others		7.086	3.631	6.921	2.186
IV.	FINANCIAL EXPENSES (-)	33	(77.033)	(30.871)	(73.247)	(24.806)
4.1	Interest Expense on Funds Borrowed		(64.299)	(25.519)	(57.092)	(18.075)
4.2	Interest Expense on Factoring Payables		-	-	-	-
4.3	Interest Expense of Finance Leases		-	-	-	-
4.4	Interest Expense on Securities Issued		(10.382)	(4.246)	(14.271)	(6.099)
4.5	Other Interest Expenses		-	-	-	-
4.6	Fees and Commissions Paid		(2.352)	(1.106)	(1.884)	(632)
V.	PROVISION FOR LOSSES ON NON-PERFORMING RECEIVABLES (-)	34	(10.431)	(4.534)	(15.506)	(6.880)
VI.	OTHER OPERATING EXPENSES (-)	35	(75.828)	(39.999)	(24.832)	(6.263)
6.1	Impairment Losses on Securities Portfolio		-	-	(140)	(89)
6.1.1	Impairment Losses on Financial Assets at Fair Value Through Profit or Loss		-	-	(140)	(89)
6.1.2	Impairment Losses on Financial Assets Available For Sale		-	-	-	-
6.1.3	Impairment Losses on Financial Assets Held to Maturity		-	-	-	-
6.2	Impairment Losses on Non-Current Assets		-	-	-	-
6.2.1	Impairment Losses on Tangible Assets		-	-	-	-
6.2.2	Impairment Losses on Assets Held for Sale and Discontinued Operations		-	-	-	-
6.2.3	Impairment Losses on Goodwill		-	-	-	-
6.2.4	Impairment Losses on Other Intangible Assets		-	-	-	-
6.2.5	Impairment Losses on Subsidiaries, Associates and Joint Ventures		-	-	-	-
6.3	Losses From Derivative Financial Instruments		(73.455)	(39.377)	(10.585)	(3.578)
6.4	Foreign Exchange Losses		-	-	(9.579)	(2.227)
6.5	Other		(2.373)	(622)	(4.528)	(369)
VII.	NET OPERATING PROFIT / LOSS		57.744	27.296	40.754	12.358
VIII.	INCOME RESULTED FROM MERGES		-	-	-	-
IX.	GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
X.	PROFIT FROM CONTINUING OPERATIONS BEFORE TAX		57.744	27.296	40.754	12.358
XI.	INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)	36	(10.613)	(5.347)	(10.748)	(2.885)
11.1	Current Tax Charge		(2.523)	(1.012)	9.615	(793)
11.2	Deferred Tax Charge (-)		(8.090)	(4.335)	(20.363)	(2.092)
11.3	Deferred Tax Benefit (+)		-	-	-	-
XII.	NET PROFIT FROM CONTINUING OPERATIONS		47.131	21.949	30.006	9.473
XIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
13.1	Income from Assets Held for Sale		-	-	-	-
13.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
13.3	Other Income from Discontinued Operations		-	-	-	-
XIV.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
14.1	Expense on Assets Held for Sale		-	-	-	-
14.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-	-	-
14.3	Other Expenses from Discontinued Operations		-	-	-	-
XV.	PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX		-	-	-	-
XVI.	INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)		-	-	-	-
16.1	Current Tax Charge		-	-	-	-
16.2	Deferred Tax Charge (-)		-	-	-	-
16.3	Deferred Tax Benefit (+)		-	-	-	-
XVII.	NET PROFIT FROM DISCONTINUED OPERATIONS		-	-	-	-
XVIII.	NON-CONTROLLING INTEREST (INCOME) / EXPENSE	23	(2.038)	(537)	(51)	(72)
XIX.	NET PROFIT FOR THE PERIOD		45.093	21.412	29.955	9.401
	Earnings Per Share	37	0,11	0,06	0,08	0,02

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

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF GAINS AND LOSSES RECOGNIZED IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

PROFIT/LOSS ITEMS RECOGNISED DIRECTLY IN EQUITY	Unaudited Current Period 30 September 2013	Unaudited Current Period 30 September 2012
I. ADDITIONS TO MARKETABLE SECURITIES VALUE INCREASE FUND FROM AVAILABLE FOR SALE FINANCIAL ASSETS	(2.062)	4.024
1.1 Change in the Fair Value of the Financial Assets Available For Sale, Net	(2.062)	4.024
1.2 Change in the Fair Value of the Financial Assets Available For Sale, Net (Transfer to Profit/Loss)	-	-
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE DIFFERENCES ON FOREIGN CURRENCY TRANSACTIONS	-	-
V. PROFIT/LOSS ON DERIVATIVE FINANCIAL ASSETS FOR CASH FLOW HEDGES	-	-
5.1 Profit/Loss on Derivative Financial Assets for Cash Flow Hedges (Effective Portion of the Changes in Fair Value)	-	-
5.2 The Portion of Derivative Financial Assets Held for Cash Flow Hedges Reclassified in and Transferred to Income Statement	-	-
VI. PROFIT/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR NET FOREIGN INVESTMENT HEDGES	-	-
6.1 Profit/Loss from Derivative Financial Assets for Net Investment Hedges (Effective Portion of Fair Value Differences)	-	-
6.2 The Portion of Derivative Financial Assets Held for Net Foreign Investment Hedges Reclassified in and Transferred to Income Statement	-	-
VII. EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN THE ACCOUNTING POLICIES	-	-
VIII. OTHER INCOME AND EXPENSES RECOGNISED UNDER EQUITY IN ACCORDANCE WITH TAS	-	-
IX. DEFERRED TAXES ON REVALUATION DIFFERENCES	-	-
X. NET PROFIT/LOSS RECOGNIZED DIRECTLY IN EQUITY (I+II+...+IX)	(2.062)	4.024
XI. PROFIT/LOSS FOR THE PERIOD	45.093	29.955
XII. TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD	43.031	33.979

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

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

	Notes	Paid-in Capital	Paid-in Capital Inflation Adjustment	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value Changes Of Marketable Securities	Revaluation Reserve on Tangible and Intangible Assets	Bonus Shares Obtained From Subs., Assoc., and Jointly Contr. Ent.	Hedge Reserves (Effective Portion)	Revaluation Reserves on Assets Held for Sale and Discontinued Operations	Shareholders' Equity Before Non-Controlling Interests	Non-Controlling Interest	Total Equity
CHANGES IN EQUITY																			
Prior Period (01.01 – 30.09.2012) (Unaudited)																			
I.		339.000	-	-	-	16.627	-	94.241	-	52.473	(434)	4.639	-	1.938	-	-	508.484	11.534	520.018
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		339.000	-	-	-	16.627	-	94.241	-	52.473	(434)	4.639	-	1.938	-	-	508.484	11.534	520.018
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	24	-	-	-	-	-	-	-	-	-	-	4.024	-	-	-	-	4.024	522	4.546
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	24	50.000	-	-	-	-	-	(34.935)	(15.065)	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	29.955	-	-	-	-	-	-	29.955	51	30.006
XVIII.		-	-	-	-	-	-	-	-	(52.473)	434	-	-	-	-	-	-	-	-
18.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2		-	-	-	-	2.624	-	34.350	15.065	(52.473)	434	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		389.000	-	-	-	19.251	-	93.656	-	29.955	-	8.663	-	1.938	-	-	542.463	12.107	554.570
Current Period 01.01 – 30.09.2013(Unaudited)																			
I.		389.000	-	-	-	19.251	-	93.656	-	40.805	-	8.144	-	1.938	-	-	552.794	13.004	565.798
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	24	-	-	-	-	-	-	-	-	-	-	(2.062)	-	-	-	-	(2.062)	(199)	(2.261)
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	(18.775)	-	18.775	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	24	35.365	-	-	-	-	-	-	(35.365)	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	45.093	-	-	-	-	-	-	45.093	2.038	47.131
XVI.		-	-	-	-	-	-	-	-	(40.805)	-	-	-	-	-	-	(1)	-	(1)
16.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16.2		-	-	-	-	2.040	-	3.399	35.365	(40.805)	-	-	-	-	-	-	(1)	-	(1)
16.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		424.365	-	-	-	21.291	-	78.280	-	23.681	18.775	6.997	-	1.938	-	-	595.824	14.843	610.667

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

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

		Unaudited Current Period	Unaudited Prior Period
	Notes	30 September 2013	30 September 2012
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		146.747	40.078
1.1.1 Interests Received/Lease Income		133.173	122.279
1.1.2 Lease Expenses		-	-
1.1.3 Dividends Received		1.160	886
1.1.4 Fees and Commissions Received		3.935	2.063
1.1.5 Other Income		81.167	28.890
1.1.6 Collections from Non-performing Receivables	32	530	1.776
1.1.7 Payments to Personnel and Service Suppliers		(11.832)	(10.549)
1.1.8 Taxes Paid		(2.733)	(4.101)
1.1.9 Others		(58.653)	(101.166)
1.2 Changes in Operating Assets and Liabilities		(249.655)	(291.521)
1.2.1 Net (Increase) Decrease in Factoring Receivables		100.441	(54.813)
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		(636.689)	41.982
1.2.4 Net (Increase) Decrease in Other Assets		(54.770)	31.395
1.2.5 Net Increase (Decrease) in Factoring Payables		-	-
1.2.6 Net Increase (Decrease) in Lease Payables		-	-
1.2.7 Net Increase (Decrease) in Funds Borrowed		275.531	(321.814)
1.2.8 Net Increase (Decrease) in Due Payables		-	-
1.2.9 Net Increase (Decrease) in Other Liabilities		65.832	11.729
I. Net Cash Provided from / (Used in) Operating Activities		(102.908)	(251.443)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		(1000)	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3 Purchases of Tangible and Intangible Assets	10, 11	(1.031)	(126)
2.4 Proceeds From Sale of Tangible and Intangible Assets	10	33	-
2.5 Cash Paid for Purchase of Financial Assets Available for Sale	6	-	-
2.6 Proceeds From Sale of Financial Assets Available for Sale		-	-
2.7 Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8 Proceeds from Sale of Held-to-Maturity Investment Securities		-	-
2.9 Other		-	-
II. Net cash used in investing activities		(1.998)	(126)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash obtained from funds borrowed and securities issued		50.000	150.000
3.2 Cash used for repayment of funds borrowed and securities issued		-	(91.153)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	1
III. Net Cash Used in Financing Activities		50.000	58.848
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		(167)	(6)
V. Net Increase / (Decrease) in Cash and Cash Equivalents		(55.073)	(192.727)
VI. Cash and Cash Equivalents at the Beginning of the Period	5	316.849	309.118
VII. Cash and Cash Equivalents at the End of the Period	5	261.776	116.391

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Finansal Kiralama A.Ş. (“the Company”) was incorporated on 9 March 1988 to operate in Turkey in accordance with Finance Lease, Factoring and Financing Companies Law No: 6361. The core business of the Company is leasing operations, both domestic and abroad, and it started its leasing operations in July 1988. The head office of the Company is located at İş Kuleleri Kule:1 Kat:6 34330 Levent-İstanbul/Turkey.

The Company has purchased nominal shares of İş Faktoring A.Ş.(*) (“İş Faktoring”) amounting to TRY 12.517 in consideration of USD 10.952.375 on 11 August 2004. The Company owns 78,23% of this subsidiary and it has been consolidated in the accompanying financial statements.

(*) The title “İş Faktoring Finansman Hizmetleri A.Ş.” has been changed as “İş Faktoring A.Ş.”,

The Company and its subsidiary run their operations in accordance with “Finance Lease, Factoring and Financing Companies Law” published on the Official Gazette no. 28496 dated 13 December 2012 and “Regulation on Principles for Establishment and Operations of Finance Lease, Factoring and Financing Companies” of Banking Regulation and Supervision Agency (“BRSA”).

The ultimate parent of the Company is Türkiye İş Bankası A.Ş.. The main shareholders of the Company are Türkiye İş Bankası A.Ş. with 27,79% and Türkiye Sınai Kalkınma Bankası A.Ş. (“TSKB”) with 28,56% participation. The Company’s 42,67% of shares are publicly traded and listed on the Istanbul Stock Exchange.

As at 30 September 2013, the Company and its subsidiary (“the Group”) has 169 employees (31 December 2012: 138 employees).

Dividend Payable

As at 30 September 2013, the Company does not have any dividend payable.

Approval of the Financial Statements

The consolidated financial statements as at 30 September 2013 have been approved by the Board of Directors of the Company and authorized for issue as at 30 October 2013 General Assembly and / or legal authorities have the discretion of making changes in the accompanying consolidated financial statements after their issuance.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Accounting Standards Applied

The accompanying consolidated financial statements are prepared in accordance with “Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public” published on the Official Gazette no.26525 dated 17 May 2007 promulgated by BRSA, Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the appendices and interpretations promulgated by Turkish Accounting Standards Board (“TASB”) and the statements and guidance published by BRSA on accounting and financial reporting principles (together referred as “Reporting Standards”).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Per decree no 660 published on the Official Gazette dated 2 November 2011 and became effective, additional article no:1 of the 2499 numbered Law on establishment of TASB has been abrogated and establishment of Public Oversight, Accounting and Auditing Standards Association (“Board”) has been decided by the Council of Ministers. In accordance with this additional temporary article no 1 of the decree, current regulations will prevail until related standards and regulations will be issued by the Board become effective.

The consolidated financial statements have been prepared on the historical cost basis, except for the financial instruments measured at fair value. Determination of historical cost is generally based on the fair value amount paid for the assets.

Additional Paragraph for Convenience Translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

Functional and Reporting Currency

The individual financial statements of each group entities are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Preparation of Financial Statements in Hyperinflationary Periods

The consolidated financial statements of the Group have been adjusted for the effects of inflation in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies” until 31 December 2004. By a circular issued on 28 April 2005, BRSA and by a decision taken on 17 March 2005, Capital Markets Board of Turkey (“CMB”) declared that the application of inflation accounting has been ceased to be applied for the companies operating in Turkey starting from 1 January 2005, since the provisions of hyperinflationary economy do not exist anymore. Accordingly, non-monetary assets and liabilities, and components of equity as at 31 December 2012 were adjusted for the effects of inflation that lasted till 31 December 2004 for the items acquired before 31 December 2004 and the items which were acquired after 1 January 2005 were accounted for at their respective nominal amounts.

Comparative Information and Restatement of the Prior Periods’ Consolidated Financial Statements

The Group’s consolidated financial statements are prepared comparatively with the prior period in order to provide information on the financial position and performance of the Group. When the presentation or classification of financial statements is changed, prior period’s financial statements are also reclassified in line with the related changes in order to sustain consistency and all significant changes are explained.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Accounting estimates

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant accounting estimates used are described in the following notes:

Note 3 (b) and (c) – Useful lives of tangible and intangible assets

Note 4 – Financial assets and liabilities at fair value through profit or loss

Note 6 – Financial assets available for sale

Note 7 – Factoring receivables

Note 8 – Lease receivables

Note 13 – Deferred tax assets and liabilities

Note 21 – Provisions

Note 22 – Employee benefits

Note 27 – Commitments and contingencies

Note 39 – Additional information on financial instruments

Basis of Consolidation

The details of the Group’s subsidiary as at 30 September 2013 and 31 December 2012 are as follows:

<u>Subsidiary</u>	<u>Establishment and operation location</u>	<u>Shareholding rate %</u>	<u>Voting right rate %</u>	<u>Core business</u>
İş Faktoring	Istanbul	78,23	78,23	Factoring operations

The accompanying consolidated financial statements include the accounts of the Company and its subsidiary on the basis set out in “Subsidiaries” section below. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

As at 30 September 2013 and 31 December 2012, the Company owns 78,23% of İş Faktoring. As the Company has the power to control the operations of the İş Faktoring, the financial statements of İş Faktoring have been fully consolidated in the accompanying consolidated financial statements.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Basis of Consolidation (Continued)

(ii) Transactions eliminated on consolidation

Financial statements of İş Faktoring have been fully consolidated in the accompanying financial statements and the investment balance in the Company’s statement of financial position have been eliminated against the paid-in capital of İş Faktoring. Intra-group balances, transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accounting policies of the subsidiary have been adjusted when necessary to align them with the policies adopted by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(iii) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest in equity since the date of the combination.

Offsetting

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

2.2 Changes in Accounting Policies

Material changes in accounting policies are adjusted retrospectively and prior periods’ consolidated financial statements are restated. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods. There has not been any significant change in the accounting estimates of the Group in the current year.

Material accounting errors are adjusted retrospectively and prior periods’ consolidated financial statements are restated.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.4 Standards and Interpretations not yet effective as at 30 September 2013

The Group applied all of the relevant and required standards promulgated by TASB as at 30 September 2013.

A number of new standards, amendments to standards and interpretations are not yet effective as at 30 September 2013, and have not been applied in preparing these consolidated financial statements. These standards are as follows;

TFRS 9 – Financial instruments

TFRS 9 – *Financial instruments*, is published by Turkish Accounting Standards Board in April 2010 as a part of a wider project that aims to bring new regulations to replace TAS 39 – *Financial Instruments: Recognition and Measurement*.

Developing a new standard for the financial reporting of financial assets that is principle-based and less complex is aimed by this project. The objective of *TFRS 9*, being the first phase of the project, is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of amounts, timing and uncertainty of the entity’s future cash flows. With *TFRS 9* an entity shall classify financial assets as subsequently measured at either amortized cost or fair value on the basis of both the entity’s business model for managing the financial assets and the contractual cash flow characteristic of the financial assets. The guidance in TAS 39 on impairment of financial assets and hedge accounting continues to apply.

An entity shall apply TFRS 9 for annually years beginning on or after 1 January 2015. An earlier application is permitted. If an entity adopts this TFRS in its financial statements for a period beginning before 1 January 2012, then prior periods are not needed to be restated.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Revenue

Finance lease income: Initial value of leased assets at the beginning of the leasing period under the Finance Lease Act is recognized as finance lease receivables in the consolidated statement of financial position. Interest income resulting from the difference between the total finance lease receivables and the investment value of the leased assets are recognized in the period in which the relevant receivable portion for each accounting period is distributed over the related period using the fixed interest rate through the leasing period. The interest income not accrued yet is followed up under the account of unearned interest income.

Factoring revenue: Consists of Factoring interest and commission income collected or accrued on advances given to the customers.

Factoring commission income is a certain percentage of the total amount of invoices subject to Factoring transactions.

Other interest income is accrued based on the effective interest which equals the estimated cash flows to net book value of the related asset. Dividend income from equity share investments is recognized when the shareholders have the right to receive the dividend.

Commissions collected or paid on any transactions are recorded on accrual basis.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Tangible Assets

Tangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TRY units current at the 31 December 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

Tangible assets are depreciated over the estimated useful lives of the related assets on a straight-line basis over the cost. The estimated useful lives, residual values and depreciation method are reviewed at each reporting date.

Leasehold improvements are depreciated over their respective lease periods.

The cost of replacing part of an item of tangible assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of tangible assets are recognized in the profit or loss as incurred.

The estimated useful lives for the current and comparative periods are as follows:

<u>Definition</u>	<u>Years</u>
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	5 years

Gains and losses on disposal of an item of tangible assets are determined by comparing the proceeds from disposal with the carrying amount of tangible assets, and are recognized net within other operating income/expense in the consolidated income statement.

c. Intangible Assets

Intangible assets include computer software, licenses and goodwill. Intangible assets acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TRY units current at the 31 December 2004 less accumulated amortisation and impairment losses and intangible assets acquired after 1 January 2005 are carried at acquisition cost less accumulated amortisation and impairment losses. The estimated useful lives, residual values and amortization method of intangible assets other than goodwill are reviewed at each reporting date. Amortization is charged on a straight-line basis over their estimated useful lives. The intangible assets are comprised of computer software and licenses. The useful lives of intangible assets are 5 years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives. Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding five years).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Impairment of Non-Financial Assets

Assets that have an indefinite useful life, like goodwill, are not subject to amortization, but tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at each reporting date.

e. Borrowing Costs

All borrowing costs are recorded in the income statement on accrual basis.

f. Financial Assets Held For Sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group’s accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the consolidated income statement. Gains are not recognized in excess of any cumulative impairment loss.

g. Financial Instruments

Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: “financial assets as at fair value through profit or loss (“FVTPL”)”, “held-to-maturity investments (“HTM”)”, “available-for-sale (“AFS”)” financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated under this category upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or achieved more relevant accounting measurement. Derivatives are also categorized as held for trading unless they are designated as hedges.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less impairment, with revenue recognized using effective interest method.

Available for sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available-for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value cannot be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and presented under the marketable securities revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the marketable securities revaluation reserve is transferred to profit or loss.

Dividends on available-for-sale equity instruments are recognized in the profit or loss when the Group’s right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate valid at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Financial assets (Continued)

Finance lease receivables, Factoring receivables and other receivables

Finance lease receivables, Factoring receivables and other receivables are carried at fair value at initial recognition and they are carried at amortized cost subsequent to initial recognition, using the effective interest method.

Provision for doubtful finance lease receivables, Factoring receivables and other receivables are recognized as an expense and written off against the profit for the year. Provision for non-performing receivables is allocated assessing the Group’s loan portfolio, quality and risk and considering the economic conditions and other factors including the related legislation against the potential losses that may be resulted from the current finance lease and Factoring receivables. In accordance with the Communiqué No. 26588 on the “Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables” issued at 20 July 2007 by BRSA, the Group’s specific provision rate allocated for the below finance lease receivables considering their collaterals as at 1 January 2008 are as follows: 20%, at a minimum, for finance lease receivables overdue more than 150 days not exceeding 240 days, 50%, at a minimum, for finance lease receivables overdue more than 240 days not exceeding 360 days; and 100%, at a minimum, for finance lease receivables overdue more than 1 year.

The Group classifies its overdue finance lease receivables not exceeding 360 days as under the “Non-Performing Receivables” and classifies its finance lease receivables overdue more than 1 year under “Non-Performing Receivables”.

In accordance with the above-mentioned Communiqué, specific provision rate allocated for the Factoring receivables considering their collaterals are as follows: 20%, at a minimum, for Factoring receivables overdue more than 90 days not exceeding 180 days; 50%, at a minimum, for Factoring receivables overdue more than 180 days not exceeding 360 days; and 100%, at a minimum, for Factoring receivables overdue more than 1 year.

While the Group provides 100% provision for doubtful Factoring receivables which do not have worthy collaterals without considering the time intervals above, the Group provides provision for its other doubtful receivables having possibility of recovery based on the time intervals mentioned above.

When the Group annuls overdue foreign currency leasing contracts, it converts foreign currency receivables into TRY using the exchange rate at the annulment date and does not evaluate such amounts starting from the annulment date. Since invoice issuance for such receivables is ceased, the Group also ceases its income accrual calculation starting from the annulment date.

Other receivables that have fixed or determinable payments that are not quoted in an active market are also classified in this category. These receivables are measured at amortized cost using the effective interest method less any impairment.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss are subject to impairment testing at each reporting date to determine whether there is any indicator of impairment for financial asset or financial asset group. An entity shall assess at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. For the financial assets which are measured at amortized cost, except for finance lease receivables and Factoring receivables stated above, the amount of impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets with the exception of finance lease receivables and Factoring receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Changes in allowance accounts are recognized in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed the amortized cost that would have been impaired.

Increase in fair value of available for sale equity instruments subsequent to impairment is recognized in directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with maturities of three months or less than three months from date of acquisition and that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Financial liabilities

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

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL and stated at fair value, with any resulting gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on effective interest method.

The effective interest method that calculates the amortized cost of a financial liability and allocates interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments and hedge accounting

The Group’s activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward and currency swap contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured at fair value at subsequent reporting dates. Although some of the derivative transactions provide economic hedging, since all necessary conditions for hedge accounting have not been met, the Group classifies these transactions as held for trading and therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

h. Business Combinations

The acquisitions of subsidiaries are accounted for by using the purchase method. The cost of the acquisition is measured at the aggregate of fair value, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for the control of the acquiree. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under TFRS 3 “Business combinations” are recognized at fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 “Non-Current Assets Held for Sale and Discontinued Operations”, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. When the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, excess amount is recognized immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling party’s proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Effects of Changes in Exchange Rates

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

The foreign currency exchange rates used by the Group as at 30 September 2013 and 31 December 2012 are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
USD	2,0342	1,7826
Euro	2,7484	2,3517
GBP	3,2665	2,8708
CHF	2,2370	1,9430
100 JPY	2,0586	2,0656

In preparation of the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

j. Earnings Per Share

Earnings per share presented in the accompanying consolidated income statement is determined by dividing net income by the weighted average number of shares in issue during the year. Companies in Turkey can increase their capital by distributing “bonus shares” to shareholders from the prior years’ profit. Such “bonus share” distributions are considered as issued shares in the earnings per share calculations. Accordingly, weighted average number of equity shares used in the calculations is calculated by considering the retrospective effects of share distributions.

In Turkey, companies can increase their share capitals by issue of “Bonus Shares” to their shareholders from their retained earnings. In computing earnings per share, such issues of “Bonus Shares” are treated as issued shares. Accordingly, the retrospective effect for those share issues is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

k. Subsequent Events

Subsequent events means the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with TAS 10 “Events After the Balance Sheet Date”; post-balance sheet events that provide additional information about the Group’s position at the balance sheet dates (adjusting events) are reflected in the consolidated financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Provisions, Contingent Liabilities and Contingent Assets:

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

Contingent assets are disclosed in the notes and not recognized unless they are realized.

m. Leases

- Group as Lessor

The Group’s accounting policies over finance leases are disclosed in note (g).

- Group as Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss in accordance with the Group’s general policy on borrowing costs. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Lease incentives received or to be received to enter into an operating lease are also recognized in the profit or loss on a straight-line basis over the lease term.

n. Segment Reporting

The Group has two different operating segments, leasing and Factoring, that is used by management to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available (Note 28).

o. Taxes on Income

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense or credit comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Taxes on Income (Continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, investment incentives, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxes related to fair value measurement of available for sale assets are charged or credited to equity and subsequently recognized in profit or loss together with the deferred gains that are realized.

p. Employee Benefits / Reserve for Employee Termination Benefits

In accordance with the existing social legislation in Turkey, the Group is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are recognized in the accompanying consolidated financial statements as accrued. The computation of the liability is based upon the retirement pay ceiling announced by the government.

In accordance with TAS 19 “Employee Benefits”, the Group calculated the employee severance indemnities incurred due to retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the consolidated financial statements. The main estimates used are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Discount rate	2,12%	2,12%
Expected rate of salary/limit increase	5%	5%
Probability of retirement	100%	100%

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Statement of Cash Flows

The Group presents statement of cash flows as an integral part of its financial statements to inform the users of financial statements about its ability to manage changes in its net assets, its financial structure and the amount and timing of its cash flows under changing conditions.

In the statement of cash flows, the cash flows for the period are reported with a classification of operating, investment and financing activities. Cash flows related with operating activities compose of the cash flows arising from core operations of the Company. Cash flows related with investment activities compose of cash flows that the Group generates from or uses in investment activities (tangible and financial investments). Cash flows related with financing activities represent resources that the Group uses for financing activities and the reimbursements of such resources.

s. Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are reclassified as dividend payables by netting off from the retained earnings in the period in which they are approved and disclosed.

t. Related Parties

In accordance with TAS 24 “Related Party Disclosures” shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying consolidated financial statements, shareholders of the Company, the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties (Note 9).

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

4. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets held for trading:

As at 30 September 2013 and 31 December 2012, details of financial assets held for trading are as follows:

	30 September 2013		31 December 2012	
	TRY	FC	TRY	FC
Debt securities issued by private sector	-	-	1.617	-
Mutual funds	99	-	14	-
	99	-	1.631	-

The Group has investments in Türkiye İş Bankası A.Ş mutual funds amounting to TRY 99. (31 December 2012: TRY 14).

Derivative Financial Assets and Liabilities Held For Trading:

Derivative financial instruments are measured at their fair values. Favorable fair value changes of derivative financial instruments are recognized under derivative financial assets held for trading and unfavorable fair value changes of derivative financial instruments are recognized under derivative financial liabilities held for trading.

	30 September 2013		31 December 2012	
	TRY	FC	TRY	FC
<u>Derivative Financial Assets</u>				
Forwards	-	123	-	21
Currency swaps	-	3.726	-	7.071
	-	3.849	-	7.092

	30 September 2013		31 December 2012	
	TRY	FC	TRY	FC
<u>Derivative Financial Liabilities</u>				
Forwards	-	-	-	7
Currency swaps	-	63.247	-	7.082
	-	63.247	-	7.089

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

5. BANKS

As at 30 September 2013 and 31 December 2012, the details of the banks are as follows:

	30 September 2013		31 December 2012	
	TRY	FC	TRY	FC
Demand Deposits	4.260	7.626	695	5.355
Time Deposits	299	249.591	197.328	113.471
Interest Accrual	0	221	261	44
	4.559	257.438	198.284	118.870

The details of the time deposits as at 30 September 2013 are as follows:

Currency	Interest Rate %	Maturity	30 September 2013
TRY	3,5%	01.10.2013	299
USD	%0,50-%3,05	01.10.2013	7.702
Euro	%0,50-%3,65	01.10.2013 - 30.10.2013	242.110
			250.111

The details of the time deposits as at 31 December 2012 are as follows:

Currency	Interest Rate (%)	Maturity	31 December 2012
TRY	4,00-8,30	02.01.2013-28.01.2013	197.589
USD	0,50-3,35	02.01.2013-08.01.2013	89.276
Euro	0,40-2,60	02.01.2013	24.239
			311.104

As at 30 September 2013, TRY 11.274 portion of total foreign currency deposits (31 December 2012: TRY 16.890) and TRY 4.534 portion of total TRY deposits (31 December 2012: TRY 158.173) consist of accounts at the Company’s main shareholder, Türkiye İş Bankası A.Ş.

The reconciliation of carrying value of cash and cash equivalents in the accompanying consolidated financial statements and the statement of cash flow is as follows:

	30 September 2013	31 December 2012
Demand deposits	11.886	6.050
Time deposits (1-3 months) (excluding accrual)	249.890	310.799
Cash and cash equivalents	261.776	316.849

As at 30 September 2013 and 31 December 2012, there is no blockage on cash and cash equivalents.

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

6. FINANCIAL ASSETS AVAILABLE FOR SALE

As at 30 September 2013 and 31 December 2012, details of financial assets available for sale are as follows:

Name of the investment	Core business	Incorporation and location	Voting right (%)	Ownership Rate (%)		Carrying Amount	
				30 September 2013	31 December 2012	30 September 2013	31 December 2012
<u>Quoted Investments:</u>							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	21.450	22.957
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	1.836	1.319
<u>Unquoted investments:</u>							
Camiş Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,05	0,05	0,05	4	4
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	38	38
İş Net Elektronik Bilgi Üretim Dağ. Tic. ve İletişim Hiz. A.Ş. (İş Net)	Inf. Comm. and Techn. Services	İstanbul	1,00	1,00	1,00	302	277
Efes Varlık Yönetimi A.Ş.	Asset Management	İstanbul	10,00	10,00	10,00	2.000	1.000
TOTAL						25.630	25.595

7. FACTORING RECEIVABLES

As at 30 September 2013 and 31 December 2012, details of Factoring receivables are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
<u>Short-term Factoring receivables (*)</u>		
Domestic Factoring receivables (net)	805.780	988.967
Export and import Factoring receivables	107.553	27.750
Factoring interest income accrual	2.819	2.997
Unearned interest income	(4.555)	(4.770)
	<u>911.597</u>	<u>1.014.944</u>
Non-performing Factoring receivables (**)	13.281	10.902
Provision for non-performing Factoring receivables (**)	(13.281)	(10.902)
	<u>911.597</u>	<u>1.014.944</u>

(*) Consists of Factoring receivables of the subsidiary, İş Faktoring, which is owned by the Company with the ownership percentage of 78,23%.

(**) Presented under the non-performing receivables in the accompanying consolidated statement of financial position.

Euro 692.586 and TRY 91.371 of Factoring receivables have variable rates (31 December 2012: Euro 2.417.083, USD 2.617.254 and TRY 376.288) while Euro 22.436.655, USD 21.653.624, GBP 227.113 and TRY 711.868 of Factoring receivables have fixed rates (31 December 2012: 5.176.643, USD 3.035.993 and TRY 610.720).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

7. FACTORING RECEIVABLES (Continued)

As at 30 September 2013, the average interest rates applicable for the Factoring receivables are 10,74% for TRY, 5,37% for USD, 5,96 % for Euro and 6,50% for GBP (31 December 2012: 8.71% for TRY, 7.17% for USD and 5.16% for Euro).

The details of the Factoring receivables based on types of Factoring transactions are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Domestic irrevocable	506.569	636.446
Foreign irrevocable	27.361	8.816
Domestic revocable	296.670	350.562
Foreign revocable	80.997	19.120
	<u>911.597</u>	<u>1.014.944</u>

Except for its non-performing receivables for which 100% provision provided, the Group has no overdue Factoring receivables as at the reporting date. The carrying amount of the Group’s restructured Factoring receivables amounts to TRY 476 (31 December 2012: TRY 87). The Group has contractual securities as collateral for such receivables.

The Group’s collaterals for Factoring receivables are as follows; (if the amount of collaterals exceeds the amount of receivables during the calculation of collaterals, only the corresponding portion of the receivable is included in the below table).

<u>Collateral type</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Letters of guarantee	127.464	854
	<u>127.464</u>	<u>854</u>

The aging of non-performing Factoring receivables is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Up to 90 Days	895	-
Between 90 – 180 days	1.536	8.763
Between 180 – 360 days	800	-
Over 360 days	10.050	2.139
	<u>13.281</u>	<u>10.902</u>

The Group has contractual sureties as collateral for the above non-performing Factoring receivables.

The movement of provision for non-performing Factoring receivables is as follows:

	<u>1 January- 30 September 2013</u>	<u>1 January- 30 September 2012</u>
Provision at the beginning of the period	(10.902)	(2.603)
Provision set during the period	(2.729)	(9.052)
Collections	350	218
Provision at the end of the period	<u>(13.281)</u>	<u>(11.437)</u>

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

8. LEASE RECEIVABLES

As at 30 September 2013 and 31 December 2012, details of finance lease receivables are as follows:

<u>30 September 2013</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	35.422	-	35.422
Uninvoiced finance lease receivables	635.440	1.288.543	1.923.983
Less: Unearned interest income	(116.140)	(144.750)	(260.890)
Leasing contracts in progress (**)	-	45.733	45.733
Advances given for lease transactions	-	56.244	56.244
Gross finance lease receivables	<u>554.722</u>	<u>1.245.770</u>	<u>1.800.492</u>
Non-performing finance lease receivables (*)	110.719	2.258	112.977
Specific provisions (*)	(63.860)	(1.302)	(65.162)
Net finance lease receivables	<u>601.581</u>	<u>1.246.726</u>	<u>1.848.307</u>

<u>31 December 2012</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Invoiced finance lease receivables	33.704	-	33.704
Uninvoiced finance lease receivables	487.678	1.031.775	1.519.453
Less: Unearned interest income	(98.323)	(126.650)	(224.973)
Leasing contracts in progress (**)	-	10.305	10.305
Advances given for lease transactions	-	8.428	8.428
Gross finance lease receivables	<u>423.059</u>	<u>923.858</u>	<u>1.346.917</u>
Non-performing finance lease receivables (*)	91.470	10.217	101.687
Specific provisions (*)	(52.142)	(5.824)	(57.966)
Net finance lease receivables	<u>462.387</u>	<u>928.251</u>	<u>1.390.638</u>

(*) Presented as non-performing receivables in the accompanying consolidated statement of financial position.

(**) The Group purchases machinery and equipment from domestic and foreign suppliers on behalf of the lessees on the basis of the leasing contract terms. As at 30 September 2013 and 31 December 2012, leasing contracts in progress balance includes the total amount paid for these machinery and equipment but not charged to the lessees yet.

As at 30 September 2013, analysis of finance lease receivables according to their maturities is as follows:

	<u>2013 (**)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 and after</u>	<u>Total</u>
Finance lease receivables (gross) (*)	255.166	617.899	440.324	292.796	205.945	195.090	2.007.220
Unearned interest	(33.943)	(103.539)	(62.989)	(34.326)	(17.756)	(8.337)	(260.890)
Finance lease receivables (net)	<u>221.223</u>	<u>514.360</u>	<u>377.335</u>	<u>258.470</u>	<u>188.189</u>	<u>186.753</u>	<u>1.746.330</u>

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

(**) Non-performing finance lease receivables amounting to TRY 47.815 are presented in 2013 column since their collection dates are not certain.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

8. LEASE RECEIVABLES (Continued)

As at 31 December 2012, analysis of finance lease receivables according to their maturities is as follows:

	<u>2013(**)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 and after</u>	<u>Total</u>
Finance lease receivables (gross) (*)	565.103	403.954	266.070	159.745	103.499	98.507	1.596.878
Unearned Interest	<u>(98.323)</u>	<u>(63.131)</u>	<u>(33.730)</u>	<u>(17.605)</u>	<u>(8.551)</u>	<u>(3.633)</u>	<u>(224.973)</u>
Finance lease receivables (net)	<u>466.780</u>	<u>340.823</u>	<u>232.340</u>	<u>142.140</u>	<u>94.948</u>	<u>94.874</u>	<u>1.371.905</u>

(*) Leasing contracts in progress and advances given balances are not included in the maturity analysis as they have not been scheduled by the payment plans yet.

(**) Non-performing finance lease receivables amounting to TRY 43.721 are presented in 2013 column since their collection dates are not certain.

As at 30 September 2013, the average compound interest rates applicable for the finance lease receivables are 14.11% for TRY, 6.26% for USD, and 6.96% for Euro (31 December 2012: 16.33% for TRY, 6.81% for USD, and 7.46% for Euro).

As at 30 September 2013, details of finance lease receivables in terms of currency types are as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principal (*) (Net)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest</u>
USD	353.829.661	719.760	51.978.662	105.735
Euro	228.058.744	626.799	29.650.886	81.492
TRY	-	399.771	-	73.663
Total		<u>1.746.330</u>		<u>260.890</u>

As at 31 December 2012, details of finance lease receivables in terms of currency types are as follows:

<u>Currency</u>	<u>Principal in foreign currency</u>	<u>Principal (*) (Net)</u>	<u>Unearned interest in foreign currency</u>	<u>Unearned interest</u>
USD	303.040.949	540.200	45.514.037	81.134
Euro	222.071.373	522.245	34.035.913	80.042
TRY	-	309.460	-	63.797
Total		<u>1.371.905</u>		<u>224.973</u>

(*) Leasing contracts in progress and advances given balances are not included in details of finance lease receivables in terms of currency types.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

8. LEASE RECEIVABLES (Continued)

USD 58.214.526 and Euro 22.630.925 portion of the Group’s finance lease receivables have variable rates (31 December 2012: 60.332.219 and Euro 26.305.478) while USD 295.615.135, Euro 205.427.189 and TRY 399.771 portion of its finance lease receivables have fixed rates (31 December 2012: USD 242.708.730, Euro 195.765.894 and TRY 309.460).

The collaterals obtained by the Group, except for the leased assets, for its all finance lease receivables, except for non-performing finance lease receivables are as follows; (if the amount of collaterals exceeds the amount of receivables during the calculation of collaterals, only the corresponding portion of the receivable is included in the below table).

<u>Collateral type</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Mortgages	100.446	91.798
Letters of guarantee	3.726	3.457
Cash blockages	3.231	1.175
Equity securities	2.450	2.450
Guarantors	37	72
Superficies mortgages	1.964	-
	111.854	98.952

In addition to collaterals above, the Group also has pledged vehicles amounting to TRY 11.447 and pledged machines amounting to TRY 390. (31 December 2012: pledged vehicles amounting to TRY 11.471, pledged machines amounting to TRY 200).

As at the reporting date, the Group did not record provision for invoiced finance lease receivables overdue less than 150 days classified under the finance lease receivables amounting to TRY 17.690 (31 December 2012: TRY 18.732) since the Group management assessed that there is no deterioration in the collection capacity and therefore these receivables are recoverable. The aging analysis of such receivables is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Up to 30 days	11.662	11.291
Between 30 – 60 days	2.580	3.087
Between 60 – 90 days	2.003	2.251
Between 90 – 150 days	1.445	2.103
Total overdue	17.690	18.732
Not due amount	157.845	165.972
	175.535	184.704

Details of the collaterals obtained by Group for overdue lease receivables mentioned above are as follows:

<u>Collateral type</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Mortgages	30.130	26.793
Letters of guarantee	397	115
Cash blockages	157	16
	30.684	26.924

In addition to above guarantees, the Group also has pledged vehicles amounting to TRY 1.668 and equipments amounting to TRY 219 (31 December 2012: pledged vehicles amounting to TRY 1.408).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

8. LEASE RECEIVABLES (Continued)

In determining the recoverability of the finance lease receivables, the Group considers any change in the credit quality of receivables from the date that receivable was initially recognized to the reporting date. The Group does not have significant credit risk concentration. The sectoral distribution of the finance lease receivables are given in Note 39.

Starting from 1 January 2008, the Group measures and recognizes losses incurred or to be incurred from its receivables in accordance with the requirements of “The Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables” issued by BRSA.

As at 30 September 2013 and 31 December 2012, the aging of non-performing finance lease receivables is as follows:

	<u>30 September 2013</u>	<u>31 December 2013</u>
Between 150 – 240 days	1.493	1.853
Between 240 – 360 days	2.655	1.650
Over 360 days	49.187	44.374
Uninvoiced non-performing finance lease receivables	60.675	57.617
Unearned interest of non-performing finance lease receivables	(1.033)	(3.807)
	<u>112.977</u>	<u>101.687</u>

Collaterals obtained for non-performing finance lease receivables as at 30 September 2013 and 31 December 2012 are as follows:

<u>Guarantee type:</u>	<u>30 September 2013</u>	<u>31 December 2013</u>
Mortgages	7.939	8.963
	<u>7.939</u>	<u>8.963</u>

In addition to the above collaterals, leased equipments amounting to TRY 36.627 and pledged assets (vehicles) amounting to TRY 369 are considered in the provision calculation (31 December 2012: leased equipments amounting to TRY 31.679 and pledged assets (vehicles) amounting to TRY 334).

The movement of provision for non-performing finance lease receivables is as follows:

<u>Movement of specific provisions:</u>	<u>1 January- 30 September 2013</u>	<u>1 January- 30 September 2012</u>
Provision at the beginning of the period	(57.966)	(57.527)
Provision set during the period	(7.376)	(6.454)
Collections	180	892
Provision at the end of the period	<u>(65.162)</u>	<u>(63.089)</u>

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

9. RELATED PARTIES

As at 30 September 2013 and 31 December 2012, details of related party balances are as follows:

	30 September 2013	31 December 2012
<u>Finance lease receivables</u>		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	32.191	30.301
Aras Kargo Yurt İçi Yurt Dışı Taşımacılık A.Ş.	2.399	3.094
Avea İletişim Hizmetleri A.Ş.	2.254	2.559
Ortopro Tıbbi Aletler San.ve Tic. A.Ş.	1.545	1.944
Anadolu Cam Sanayii A.Ş.	458	633
Numnum Yiyecek ve İçecek A.Ş.	138	
Antgıda Gıda Tarım Tur.Ener.ve Dem.Çelik San.ve.Tic.A.Ş.	130	171
Nemtaş Nemrut Liman İşletmeleri A.Ş.	33	-
Türkiye Sınai Kalkınma Bankası A.Ş.	-	5
	39.148	38.707
<u>Factoring receivables</u>		
Ant Gıda Tarım Turizm Enerji ve Demir Çelik San.Tic. A.Ş.	2.968	6.353
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	500	16.595
Kültür Yayınları İş-Türk Ltd. Şti.	432	1.142
	3.900	24.090
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Insurance premium)	10.735	7.246
Türkiye İş Bankası A.Ş.	115	47
Aras Kargo Yurtiçi Yurtdışı Taş.A.Ş.	5	5
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	4	31
İş Merkezleri Yönetim ve İşletim A.Ş.	-	175
Avea İletişim Hizmetleri A.Ş.	-	4
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	3
	10.859	7.511
<u>Deposits placed to related parties</u>		
Türkiye İş Bankası A.Ş. Demand Deposits	11.855	6.039
Türkiye İş Bankası A.Ş. Time Deposits	3.953	169.024
	15.808	175.063
<u>Derivative financial assets held for trading</u>		
Türkiye İş Bankası A.Ş.	3.473	6.131
	3.473	6.131
<u>Derivative financial liabilities held for trading</u>		
Türkiye İş Bankası A.Ş.	32.987	3.810
	32.987	3.810

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

9. RELATED PARTIES (Continued)

As at 30 September 2013 and 31 December 2012, details of borrowings from related parties are as follows:

Türkiye İş Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>30 September 2013</u>
TRY	1,00%-13,24%	02.10.2013-15.06.2018	727.481
USD	2,80%-6,92%	08.10.2013-30.09.2016	219.581
Euro	3,30%-4,00%	04.10.2013-26.12.2016	119.553
			1.066.615

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2012</u>
TRY	%6,40-12,00%	07.01.2013-15.06.2018	533.608
USD	%3,50-6,92%	04.02.2013-30.09.2016	174.032
Euro	%3,75-4,50%	04.01.2013-26.12.2016	94.597
			802.237

İşbank AG

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>30 September 2013</u>
USD	2,40%-4,19%	18.10.2013-07.11.2013	9.884
Euro	1,75%-3,75%	Overdraft - 27.12.2013	68.950
			78.834

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2012</u>
USD	4,13%-4,67%	29.05.2013-07.11.2013	9.845
Euro	1,90%-4,54%	Overdraft-27.12.2013	56.087
			65.932

Türkiye Sınai Kalkınma Bankası A.Ş.

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>30 September 2013</u>
USD	2,41%-2,96%	15.07.2014-17.06.2017	62.676
Euro	2,26%-2,60%	15.07.2014-15.06.2017	20.579
			83.255

<u>Currency</u>	<u>Interest Rate %</u>	<u>Maturity</u>	<u>31 December 2012</u>
USD	2,75%-3,06%	15.07.2014-15.06.2017	63.643
Euro	2,59%-2,71%	15.07.2014-15.06.2017	20.421
			84.064

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

9. RELATED PARTIES (Continued)

For the years ended 30 September 2013 and 30 September 2012, finance income and expenses from related parties are as follows:

	01.01.2013- 30.09.2013	01.07.2013- 30.09.2013	01.01.2012- 30.09.2012	01.07.2012- 30.09.2012
<u>Finance lease interest income</u>				
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	1.424	519	1.487	491
Aras Kargo Yurtiçi Yurtdışı Taş.A.Ş.	334	101	6	6
Ortopro Tıbbi Aletler San.ve Tic. A.Ş.	169	52	97	49
Anadolu Cam Sanayii A.Ş.	75	22	54	33
Avea İletişim Hizmetleri A.Ş.	57	20	65	22
Antgıda Gıda Tarım Tur.Ener.ve	16	5		
Dem.Çelik San.ve Tic.A.Ş.			-	-
İş Yatırım Menkul Değerler A.Ş.	5	5		
Numnum Yiyecek ve İçecek A.Ş.	4	4		
Nemtaş Nemrut Liman İşletmeleri A.Ş.	3	1	-	-
Other	-	1	25	4
Total	2.087	729	1.758	605
<u>Interest income from related parties</u>				
Türkiye İş Bankası A.Ş.	4.228	85	440	210
Total	4.228	85	440	210
<u>Dividend income from related parties</u>				
İş Yatırım Menkul Değerler A.Ş.	2.166	-	1.999	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	232	-	229	50
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş.	56	-	40	-
Yatırım Finansman Menkul Değerler A.Ş.	-	-	4	-
Total	2.454	-	2.272	50
<u>Finance expense</u>				
Türkiye İş Bankası A.Ş.	19.276	10.109	20.123	3.217
İşbank AG	2.174	831	2.318	737
Türkiye Sınai Kalkınma Bankası A.Ş.	1.870	617	2.114	725
İş Yatırım Menkul Değerler A.Ş.	260	87	547	201
Arap Türk Bankası A.Ş.	127	93	-	-
İş Portföy Yönetimi A.Ş.	-	-	47	(8)
Total	23.707	11.737	25.149	4.872

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

9. RELATED PARTIES (Continued)

	01.01.2013- 30.09.2013	01.07.2013- 30.09.2013	01.01.2012- 30.09.2012	01.07.2012- 30.09.2012
<u>Rent Expense</u>				
Türkiye İş Bankası A.Ş.	1.612	576	459	115
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	851	287
Total	1.612	576	1.310	402
<u>Commission income</u>				
Anadolu Anonim Türk Sigorta Şirketi	1.861	832	1.522	471
Total	1.861	832	1.522	471
<u>Factoring commission income from related parties</u>				
Şişe Cam Dış Tic. A.Ş.	81	26	107	45
Kültür Yayınları İş-Türk Ltd.Şti.	3	-	14	6
Total	84	26	121	51
<u>Factoring interest income from related parties</u>				
Bayek Tedavi Sağlık Hizm. ve İşlet. A.Ş.	1.150	265	112	92
Ant Gıda Tarım Turizm Enerji Ve Demir	411	100		
Çelik San.Tic.A.Ş.			430	151
Kültür Yayınları İş-Türk Ltd. Şti.	26	1	117	32
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş.	-	-	34	11
Total	1.587	366	693	286
<u>Investment fund income</u>				
Türkiye İş Bankası A.Ş.	11	5	24	9
Total	11	5	24	9

Financial assets of related parties in the Group’s portfolio are presented in Note 4.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

9. RELATED PARTIES (Continued)

As at 30 September 2013 and 31 December 2012, nominal values of derivative transactions from related parties are as follows:

	30 September 2013		31 December 2012	
	Purchase	Sale	Purchase	Sale
Forward Transactions	8.230	7.088	1.960	1.929
Swap Transactions	545.768	520.355	220.182	214.795
	553.998	527.443	222.142	216.724

As at 30 September 2013 and 31 December 2012, the amount of the Company’s issued debt securities (with maturities of 26 February 2014 , 10 June 2014 and 03 April 2015) in related parties’ portfolio are as follows:

	30 September 2013	31 December 2012
Türkiye Sınai Kalkınma Bankası A.Ş.	27.626	13.698
Türkiye İş Bankası A.Ş.	7.040	7.037
Millî Reasürans T.A.Ş.	5.431	524
İş Yatırım Ortaklığı A.Ş.	4.696	4.688
İş Portföy Yönetimi A.Ş.	4.575	4.567
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	4.070	1.004
İş Yatırım Menkul Değerler A.Ş.	3.322	2.218
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	181
	56.760	33.917

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

9. RELATED PARTIES (Continued)

For the years ended 30 September 2013 and 30 September 2012, the remuneration of the key management during year comprised the following:

Key management personnel compensation (*)

	<u>01.01.2013- 30.09.2013</u>	<u>01.07.2013- 30.09.2013</u>	<u>01.01.2012- 30.09.2012</u>	<u>01.07.2012- 30.09.2012</u>
<u>Salaries and other short-term benefits (**)</u>	<u>3.173</u>	<u>942</u>	<u>2.423</u>	<u>750</u>
	<u>3.173</u>	<u>942</u>	<u>2.423</u>	<u>750</u>

(*) Key management consists of members of the board of directors, general manager and assistant general managers.

(**) Consists of monetary benefits such as; salaries, bonuses and premiums along with vehicle rentals and other associated expenses.

10. TANGIBLE ASSETS

For the years ended 30 September 2013 and 30 September 2012, movement's in tangible assets are as follows:

	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Assets</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Cost</u>					
Opening balance at 1 January 2013	179	2.888	1.867	2.541	7.475
Additions	-	192	-	680	872
Disposals	-	(207)	-	(32)	(239)
Closing balance at 30 September 2013	<u>179</u>	<u>2.873</u>	<u>1.867</u>	<u>3.189</u>	<u>8.108</u>
<u>Accumulated depreciation</u>					
Opening balance at 1 January 2013	(57)	(2.161)	(1.867)	(2.046)	(6.131)
Depreciation for the period	(27)	(191)	-	(157)	(375)
Disposals	-	206	-	-	206
Closing balance at 30 September 2013	<u>(84)</u>	<u>(2.146)</u>	<u>(1.867)</u>	<u>(2.203)</u>	<u>(6.300)</u>
Carrying amounts at 30 September 2013	<u>95</u>	<u>727</u>	<u>-</u>	<u>986</u>	<u>1.808</u>

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

10. TANGIBLE ASSETS (Continued)

	<u>Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Assets</u>	<u>Leasehold Improvements</u>	<u>Total</u>
<u>Cost</u>					
Opening balance 1 January 2012	179	3.166	1.867	2.107	7.319
Additions	-	24	-	3	27
Disposals	-	-	-	(1)	(1)
Closing balance 30 September 2012	<u>179</u>	<u>3.190</u>	<u>1.867</u>	<u>2.109</u>	<u>7.345</u>
<u>Accumulated depreciation</u>					
Opening balance 1 January 2012	(21)	(2.314)	(1.867)	(2.013)	(6.215)
Depreciation for the period	(27)	(177)	-	(20)	(224)
Disposals	-	-	-	1	1
Closing balance 30 September 2012	<u>(48)</u>	<u>(2.491)</u>	<u>(1.867)</u>	<u>(2.032)</u>	<u>(6.438)</u>
Carrying amounts at 30 September 2012	<u>131</u>	<u>699</u>	<u>-</u>	<u>77</u>	<u>907</u>

As at 30 September 2013 and 30 September 2012, there is no restriction on the tangible assets of the Group.

11. INTANGIBLE ASSETS

For the years ended 30 September 2013 and 30 September 2012, movement's in intangible assets are as follows:

	<u>30 September 2013</u>	<u>30 September 2012</u>
<u>Cost</u>		
Opening balance at 1 January	1.799	1.639
Transfer	159	99
Additions	-	-
Closing balance at the end of the period	<u>1.958</u>	<u>1.738</u>
<u>Amortization</u>		
Opening balance at 1 January	(1.095)	(847)
Transfer	(186)	(187)
Amortization for the period	-	-
Closing balance at the end of the period	<u>(1.281)</u>	<u>(1.034)</u>
Carrying amounts	<u>677</u>	<u>704</u>

12. GOODWILL

The Company has purchased nominal shares of İş Faktoring amounting to TRY 12.517 in consideration of USD 10.952.375 on 11 August 2004. The ownership rate of the Company in this subsidiary is 78,23%. Goodwill has arisen amounting to TRY 169 on purchased equity of TRY 16.603. As at 30 September 2013, net amount of goodwill is TRY 166 (31 December 2012: TRY 166). Based on TFRS 3, for the annual periods beginning on or after 30 June 2004 the Group has ceased amortization of goodwill arising from the acquisitions before 31 December 2004.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

13. DEFERRED TAX ASSETS AND LIABILITIES

As at 30 September 2013 and 31 December 2012, details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
<u>Temporary differences subject to deferred tax</u>		
Investment incentive – without withholding tax	113.627	211.910
Investment incentive – with withholding tax	173.937	169.576
Valuation differences on financial instruments	59.399	(3)
Allowance for doubtful finance lease receivables	53.840	51.288
Unearned Factoring income	4.555	4.770
Reserve for employee benefits	2.017	2.001
Provision for lawsuit	1.350	923
Employee bonus accrual	1.000	750
Unused Vacation	579	477
BRSA contributions accruals	202	-
Expense accruals	132	-
Prepaid expenses	(71)	(132)
Tax base difference in tangible and intangible assets	(940)	(944)
Finance lease adjustment	(3.367)	(146)
Finance lease income accruals	(17.779)	(15.856)
Other	115	115
	<u>388.596</u>	<u>424.729</u>

	<u>30 September 2013</u>	<u>31 December 2012</u>
<u>Deferred tax assets / (liabilities)</u>		
Investment incentive – without withholding tax	22.725	42.382
Investment incentive – with withholding tax	348	339
Valuation differences on financial instruments	11.880	(1)
Allowance for doubtful finance lease receivables	10.768	10.258
Unearned Factoring income	911	954
Reserve for employee benefits	404	400
Provision for lawsuit	270	185
Employee bonus accrual	200	150
Unused vacation	116	95
BRSA contributions accruals	40	-
Expense accruals	26	-
Prepaid expenses	(14)	(26)
Tax base difference in tangible and intangible assets	(188)	(189)
Finance lease adjustment	(673)	(29)
Finance lease income accruals	(3.556)	(3.171)
Other	23	23
Deferred tax asset	<u>43.280</u>	<u>51.370</u>

Tax rate used in computation of deferred tax assets and liabilities is 0,2% for “Investment incentives with withholding tax” and 20% for the other items (31 December 2012: 0,2% and 20%).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Investment Incentive:

The statement "limited to 2006, 2007 and 2008 only" in the 69th Article of the Income Tax Law No. 193, which was cancelled by the Constitutional Court decision No. 2009/144 and published in the Official Gazette on 8 January 2010, was re-regulated by the Law No. 6009 Article 5, published in the Official Gazette No. 27659, dated 1 August 2010. This new legislation enabled without any year limitation the continued utilization of investment allowances, which are carried forward due to insufficient current year earnings. However, the amount of investment allowance to be utilised may not exceed 25% of earnings for the year. With this change, corporation tax rate adopted for corporations benefiting from investment allowance is determined at the current rate (20%) instead of the previous rate of 30%. The clause “The amount which to be deducted as investment incentive to estimate tax base cannot exceed 25% of related income” which has been added to first clause of the temporary 69th article of Law No:193 with the 5th article of Law No:6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the decision of the Constitutional Court dated 9 February 2012 no. 2012/9. Subsequent to the decision of the Court, necessary amendments has been made by Revenue Administration Department for the tax payers to utilize investment incentives in their 2011 tax declarations without taking 25% limit into account. The Group may utilise TRY 287.564 (31 December 2012: TRY 381.486) of its unused investment allowances as offset against its future profits. The Group has TRY 23.073 (31 December 2012: TRY 42.721) of deferred tax assets comprising of unused investment allowances, which may be offset against future profits. Partial or whole recoverable amounts of deferred tax asset are estimated based on current conditions. Future profit projections and potential tax planning strategies have been taken into consideration for valuation purposes.

There is no unused tax losses carried forward.

Movements in deferred tax assets/(liabilities) are as follows:

	<u>30 September 2013</u>	<u>30 September 2012</u>
Opening balance at 1 January	51.370	72.516
Deferred tax benefit	(8.090)	(20.363)
Closing balance	<u>43.280</u>	<u>52.153</u>

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 30 September 2013 and 31 December 2012, details of assets held for sale and discontinued operations are as follows:

	<u>30 September 2013</u>		<u>31 December 2012</u>	
	TRY	FC	TRY	FC
Assets held for sale (*)	1.446	-	248	-
	<u>1.446</u>	<u>-</u>	<u>248</u>	<u>-</u>

(*) Consists of properties acquired as a result of the legal proceedings in relation to its non-performing receivables.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

15. OTHER ASSETS

As at 30 September 2013 and 31 December 2012, details of other assets are as follows:

	30 September 2013		31 December 2012	
	<u>TRY</u>	<u>FC</u>	<u>TRY</u>	<u>FC</u>
Prepaid Expenses	5.284	-	3.880	-
Insurance receivables	950	1.544	562	1.636
Receivables from sales of tangible assets (*)	-	-	-	740
Advanced Given	-	-	1.501	-
Others	653	12	990	127
	<u>6.887</u>	<u>1.556</u>	<u>6.933</u>	<u>2.503</u>

(*) Receivables from sales of tangible assets consists receivable from sales of fixed assets which is related to uncollected financial lease receivables.

16. FUNDS BORROWED

As at 30 September 2013 and 31 December 2012, details of funds borrowed are as follows:

	30 September 2013		31 December 2012	
	<u>TRY</u>	<u>FC</u>	<u>TRY</u>	<u>FC</u>
Short-term borrowings	888.106	386.100	1.091.985	496.377
Short-term portion of long-term borrowings	26.671	121.714	26.072	109.272
Total short-term borrowings	<u>914.777</u>	<u>507.814</u>	<u>1.118.057</u>	<u>605.649</u>
Long-term borrowings	383.250	379.872	74.060	264.610
Total long-term borrowings	<u>383.250</u>	<u>379.872</u>	<u>74.060</u>	<u>264.610</u>
Total borrowings	<u>1.298.027</u>	<u>887.686</u>	<u>1.192.117</u>	<u>870.259</u>

As at 30 September 2013 and 31 December 2012, maturity analysis of borrowings is as follows:

<u>Maturity analysis of borrowings</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Within 1 year	1.422.591	1.723.706
Within 1-2 years	394.398	195.226
Within 2-3 years	282.011	86.030
Within 3-4 years	48.993	46.598
Within 4-5 years	27.965	9.324
5 years and over	9.755	1.492
TOTAL	<u>2.185.713</u>	<u>2.062.376</u>

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

16. FUNDS BORROWED (Continued)

As at 30 September 2013 and 31 December 2012 details of borrowings based on types of currency are as follows:

<u>Currency (*)</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>30 September 2013</u>
TRY	1,00 - 11,02	-	819.066
USD	1,51 - 6,92	87.640.300	178.278
Euro	1,99 - 7,12	94.763.296	260.448
GBP	4,5	212.731	695
Interest accruals			15.719
TOTAL			1.274.206

<u>Currency (*)</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 December 2012</u>
TRY	6,00-13,02	-	1.071.595
USD	1,72-6,92	110.422.206	196.839
Euro	1,90-7,12	131.206.602	308.558
Interest accruals			11.370
TOTAL			1.588.362

(*) Foreign currency indexed borrowings have been presented in TRY column in the accompanying consolidated statement of financial position.

As at 30 September 2013 and 31 December 2012, details of long-term borrowings and short-term portion of long-term borrowings based on types of currency are as follows:

<u>Currency</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>30 September 2013</u>
TRY	7,11 - 13,24	-	336.741
USD	1,51 - 6,92	176.066.331	354.086
Euro	1,33 - 4,01	80.294.137	220.680
TOTAL			911.507

<u>Currency</u>	<u>Interest rate %</u>	<u>Original Currency Amount</u>	<u>31 December 2012</u>
TRY	8,77	-	16.408
USD	2,75-6,92	157.059.510	279.974
Euro	1,41-5,04	75.533.315	177.632
TOTAL			474.014

As at 30 September 2013 and 31 December 2012, compounded interest rates have been presented.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

16. FUNDS BORROWED (Continued)

As at 30 September 2013 and 31 December 2012 details of borrowings based on types of interest rate are as follows:

	30 September 2013		31 December 2012	
	TRY	FC	TRY	FC
Fixed rate	1.200.541	669.700	214.098	522.731
Variable rate	97.486	217.986	978.019	347.528
	1.298.027	887.686	1.192.117	870.259

Fair values of the funds borrowed are presented in Note 39.

As at 30 September 2013, the Group has available TRY 1.745.245 of unused credit lines for which all precedent conditions were met (31 December 2012: TRY 3.157.970).

17. MISCELLANEOUS PAYABLES AND OTHER LIABILITIES

As at 30 September 2013 and 31 December 2012, details of miscellaneous payables are as follows:

	30 September 2013		31 December 2012	
	TRY	FC	TRY	FC
Payables to suppliers for lease transactions	632	8.680	131	6.487
Other payables (*)	5.171	5.647	3.932	4.254
	5.803	14.327	4.063	10.741

(*) The Group insures the equipments that are subject to the leasing transactions and pays for the relevant costs in instalments. Other payables consist of the Group’s insurance premium payables and payables to suppliers resulting from daily operations of the Group.

The Group purchases generally in cash from the suppliers. The Group has a financial risk management policy that enables the Group to pay all its payables at their maturities.

As at 30 September 2013 and 31 December 2012, details of other liabilities are as follows:

	30 September 2013		31 December 2012	
	TRY	FC	TRY	FC
Advances received (*)	4.679	9.913	2.242	5.808
Others	326	633	318	73
	5.005	10.546	2.560	5.881

(*) Advances received consist of advances received from lessees in accordance with the leasing agreements for machinery and equipments that are not readily in use of the customers.

18. FINANCE LEASE OBLIGATIONS

None.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

19. DEBT SECURITIES ISSUED

	30 September 2013		31 December 2012	
	TRY	FC	TRY	FC
Bond issue	200.000	-	150.000	-
Interest accruals	2.347	-	1.005	-
	202.347	-	151.005	-

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TRY 100.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 11/T-868 dated 23 February 2012). Issuance of bond was held on 27-28 February 2012. The floating rate quarterly coupon bond have a maturity of 26 February 2014 and the seventh coupon annual compound interest rate of 2,74 % (1st coupon interest rate is 2,58%, 2nd coupon interest rate is 2,63%, 3rd coupon interest rate is 2,25%, 4th coupon interest rate is 1,89%, 5th coupon interest rate is 1,77%, 6th coupon interest rate is 1,65%).

The date of coupon payments are as follows:

Date of first coupon payment(*)	31 May 2012
Date of second coupon payment(*)	29 August 2012
Date of third coupon payment(*)	28 November 2012
Date of fourth coupon payment(*)	27 February 2013
Date of fifth coupon payment(*)	29 May 2013
Date of sixth coupon payment(*)	28 August 2013
Date of seventh coupon payment	27 November 2013
Date of eighth coupon payment	26 February 2014

(*)The first coupon payment of bond was made on 31 May 2012, the second coupon payment of bond was made on 29 August 2012, the third coupon payment of bond was made on 28 November 2012 , the fourth coupon payment of bond was made on 27 February 2013, the fifth coupon payment of bond was made on 29 May 2013 and the sixth coupon payment of bond was made on 28 August 2013.

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TRY 50.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 45/T-611 dated 05 June 2012). Issuance of bond was held on 12 June 2012. The floating rate quarterly coupon bond have a maturity of 10 June 2014 and the sixth coupon annual compound interest rate of 2,64% (1st coupon interest rate is 2,58%, 2nd coupon interest rate is 2,18%, 3rd coupon interest rate is 1,79%, 4th coupon interest rate is 1,78%, 5th coupon interest rate is 1,95%).

Date of first coupon payment (*)	11 September 2012
Date of second coupon payment (*)	11 December 2012
Date of third coupon payment(*)	12 March 2013
Date of fourth coupon payment(*)	11 June 2013
Date of fifth coupon payment(*)	10 September 2013
Date of sixth coupon payment	10 December 2013
Date of seventh coupon payment	11 March 2014
Date of eighth coupon payment	10 June 2014

(*)The first coupon payment of bond was made on 11 September 2012, the second coupon payment of bond was made on 11 December 2012, the third coupon payment of bond was made on 12 March 2013, the fourth coupon payment of bond was made on 11 June 2013 and the fifth coupon payment of bond was made on 10 September 2013 .

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

19. DEBT SECURITIES ISSUED (Continued)

Bond issued by İş Finansal Kiralama A.Ş. having nominal value of TRY 50.000 was registered in accordance with the decision of the Capital Markets Board of Turkey (numbered 45/T-611 dated 05 June 2012). Issuance of bond was held on 05 April 2013. The floating rate quarterly coupon bond have a maturity of 03 April 2015 and the second coupon annual compound interest rate of 2,25% (first coupon annual compound interest rate of 1,92%).

The date of coupon payments are as follows:

Date of first coupon payment (*)	5 July 2013
Date of second coupon payment	4 October 2013
Date of third coupon payment	3 January 2014
Date of fourth coupon payment	4 April 2014
Date of fifth coupon payment	4 July 2014
Date of sixth coupon payment	4 October 2014
Date of seventh coupon payment	2 January 2015
Date of eighth coupon payment	3 April 2015

(*)The first coupon payment of bond was made on 5 July 2013.

20. TAXES AND DUTIES PAYABLE

As at 30 September 2013 and 31 December 2012, details of taxes and duties payable are as follows:

	30 September 2013		31 December 2012	
	TRY	FC	TRY	FC
Corporate tax provision	1.001	-	1.211	-
Taxes and duties payable	1.079	-	3.340	-
	2.080	-	4.551	-

As at 30 September 2013 and 31 December 2012, details of corporate tax provision and prepaid taxes are as follows:

	30 September 2013	31 December 2012
Current period corporate tax provision (Note:36)	2.523	3.633
Corporation taxes paid in advance during the year	(1.522)	(2.422)
Corporate tax provision (net),	1.001	1.211

As at 30 September 2013 and 30 September 2012, details of corporate tax provision are as follows:

	30 September 2013	30 September 2012
Corporate tax provision at the beginning of the period	1.211	2.474
Total income tax expense (Note:36)	2.523	2.421
Corporation taxes paid during the year	(2.733)	(4.101)
Corporate tax provision (net)	1.001	794

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

21. PROVISIONS

As at 30 September 2013 and 31 December 2012, other provisions are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
General provision for financial lease receivables	2.227	1.902
Provision for lawsuits	1.350	923
Provision for general administrative expenses	333	205
	<u>3.910</u>	<u>3.030</u>

Movements in provisions for the years ended 30 September 2013 and 30 September 2012 are as follows:

	General provision for financial lease receivables	Provision for lawsuits	Provision for general administrative expenses	Other
<u>30 September 2013</u>				
At the beginning of the period	1.902	923	205	-
Additions	325	692	333	-
Cancellations	-	(265)	(205)	-
At the end of the period	<u>2.227</u>	<u>1.350</u>	<u>333</u>	<u>-</u>
<u>30 September 2012</u>				
At the beginning of the period	666	966	-	-
Additions	-	(13)	429	12
Cancellations	(666)	(30)	-	-
Collections	-	-	-	-
At the end of the period	<u>-</u>	<u>923</u>	<u>429</u>	<u>12</u>

22. EMPLOYEE BENEFITS

As at 30 September 2013 and 31 December 2012, reserve for employee benefits are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Reserve for employee severance indemnity	2.075	2.001
Unused vacation provision	579	477
Employee bonus accrual	1.000	750
	<u>3.654</u>	<u>3.228</u>

22. EMPLOYEE BENEFITS (Continued)

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

Under the Turkish Labor Law, the companies are required to pay termination benefits to each employee who has qualified for such amount at the end of its employment contract. Also, employees who are entitled to retirement are required to be paid retirement pay in accordance with the requirements of Act no. 2422 dated 6 March 1981, Act no. 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code no. 506. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended on 23 May 2002. As the retirement pay ceiling is revised semi-annually, the ceiling amount of TRY full 3.254,44 effective from 1 July 2013 has been taken into consideration in calculation of provision for employee termination benefits

TAS 19 – “Employee Benefits” requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability:

	<u>30 September 2013</u>	<u>30 September 2012</u>
Discount rate	2,12%	3,82%
Inflation	5%	5%
Probability of retirement	100%	100%

For the periods ended 30 September 2013 and 30 September 2012, movements in reserve for employee severance indemnity are as follows:

	<u>30 September 2013</u>	<u>30 September 2012</u>
Balance at the beginning of the period	2.001	1.198
Charge for the period	2	(7)
Cost of services	329	305
Amounts paid	(184)	(70)
Cancellations	(73)	-
Balance at the end of the period	<u>2.075</u>	<u>1.426</u>

The movement of the provision for unused vacation for the years ended 30 September 2013 and 30 September 2012 are as follows:

	<u>30 September 2013</u>	<u>30 September 2012</u>
Balance at the beginning of the period	477	325
Provision set during the period	102	134
Balance at the end of the period	<u>579</u>	<u>459</u>

The movement of the provision for employee bonus accrual for the years ended 30 September 2013 and 30 September 2012 are as follows:

	<u>30 September 2013</u>	<u>30 September 2012</u>
Balance at the beginning of the period	750	1.219
Provision set during the period	1.000	562
Cancellations	-	(397)
Payment made during the period	(750)	(822)
Balance at the end of the period	<u>1.000</u>	<u>562</u>

23. NON-CONTROLLING INTERESTS

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

The Company owns 78,23% of İş Faktoring. As at 30 September 2013, the non-controlling interests amounting to TRY 14.843 (31 December 2012: TRY 13.004) has been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TRY 2.038 (30 September 2012: TRY 51) has been calculated on the net profit of the subsidiary.

The movement of non-controlling interests for the years ended 30 September 2013 and 30 September 2012 are as follows:

	<u>30 September 2013</u>	<u>30 September 2012</u>
Balance at the beginning of the period	13.004	11.534
Fair value changes of marketable securities	(199)	522
Profit for the period	2.038	51
Balance at the end of the period	<u>14.843</u>	<u>12.107</u>

24. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 30 September 2013 nominal capital of company is TRY 424.365. The share capital company consist of 42.436.500.000 shares Kurus 1 price.

As at 30 September 2013 and 31 December 2012, shareholders and their ownership percentages are as follows:

<u>Shareholders</u>	<u>(%)</u>	<u>30 September 2013</u>	<u>(%)</u>	<u>31 December 2012</u>
Türkiye Sınai Kalkınma Bankası A.Ş.	28,56	121.199	28,56	111.098
Türkiye İş Bankası A.Ş.	27,79	117.948	27,79	108.119
Camiş Yatırım Holding A.Ş.	0,83	3.537	0,83	3.243
Türkiye Şişe ve Cam Fab. A.Ş.	0,08	324	0,08	297
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,07	282	0,07	258
Publicly traded	42,67	181.075	42,67	165.985
Total	<u>100,00</u>	<u>424.365</u>	<u>100,00</u>	<u>389.000</u>

The Group has increased its share capital by TRY 35.365 to TRY 424.365. The increase comprises of TRY 35.365 of bonus shares from previous year’s profit . Capital increase was registered on 25 June 2013.

The Company’s share capital is divided into Group A and Group B shares. Group A shareholders have the privilege of nominating board of directors members and audit committee members. As a result of this privilege, board of directors members and audit committee members are selected among the candidates nominated by Group A shareholders. Allocation of Group A shares among shareholders is as follows;

<u>Shareholders</u>	<u>30 September 2013</u>	<u>31 December 2012</u>
Türkiye İş Bankası A.Ş.	300.000.000	300.000.000
Türkiye Sınai Kalkınma Bankası A.Ş.	255.000.000	255.000.000
Türkiye Şişe ve Cam Fab. A.Ş.	22.500.000	22.500.000
Nemtaş Nemrut Liman İşletmeleri A.Ş.	22.500.000	22.500.000
Total	<u>600.000.000</u>	<u>600.000.000</u>

Any change in the articles of association of the Company is subject to the consent of Group A shareholders.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

24. PAID-IN CAPITAL AND CAPITAL RESERVES (Continued)

CAPITAL RESERVES

As at 30 September 2013 and 31 December 2012, details of capital reserves are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Marketable securities revaluation reserve	6.082	8.144
Bonus shares obtained from associates, subsidiaries and jointly controlled entities	1.938	1.938
Total	<u>8.020</u>	<u>10.082</u>

Marketable Securities Revaluation Reserve:

Marketable securities revaluation reserve arises as a result of valuation of available for sale financial assets at their fair values. In case of disposing a financial asset valued at fair value, a portion of the revaluation reserve in connection with the disposed asset is immediately recognized in profit or loss. If the revalued financial asset is permanently impaired, a portion of the revaluation fund in connection with the impaired financial asset is also recognized in profit or loss.

Bonus shares obtained from associates, subsidiaries and jointly controlled entities:

Bonus shares obtained from associates, subsidiaries and jointly controlled entities arise as a result of the capital increase of the associates, subsidiaries and jointly controlled entities from their capital reserves that are not stemmed from profit or loss.

25. PROFIT RESERVES

As at 30 September 2013 and 31 December 2012, details of profit reserves are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Legal reserves	21.291	19.251
Other profit reserves	-	-
Extraordinary reserves (*)	78.280	93.656
TOTAL	<u>99.571</u>	<u>112.907</u>

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. Legal reserves, if less than 50% of the paid-in capital, can only be used to net-off the losses.

(*) As per the BRSA, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Group has deferred tax amounting to TRY 51.251 classified in extraordinary reserves which will not be distributed as at 30 September 2013.(31 December 2012: TRY 72.606).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

26. PRIOR YEARS’ PROFIT/LOSS

The Group has retained earning of 30 September 2013 as 18.775. (31 December 2012 None)

27. COMMITMENTS AND CONTINGENCIES

As at 30 September 2013, TRY 3.120 of letters of guarantee are given to customs, authorities and banks (31 December 2012: TRY 2.815).

As at 30 September 2013, the total risk of litigations filed and currently pending against the Group amounting to approximately TRY 4.336 (31 December 2012: TRY 4.443). The Group has provided a provision amounting to TRY 1.350 for litigations (31 December 2012: TRY 923) in the accompanying consolidated financial statements (Note 21). The Group management does not anticipate any further provision for the remaining litigations.

As at 30 September 2013, the Group has letter of credit commitments of USD 14.242.526, Euro 41.330.564, (31 December 2012: USD 70.000, Euro 4.861.836, GBP 219.000).

As at 30 September 2013, the Group has lease commitments of USD 30.025.425, Euro 48.055.028, TRY 22.585 (31 December 2012: USD 4.203.198, Euro 9.239.227, TRY 5.311).

As at the reporting date, the Group does not have any guarantees, pledges or mortgages given for the purpose of guaranteeing any third party payables.

As at 30 September 2013 details of derivatives are as follows:

	30 September 2013	
	Amount as	
	Original Currency	TRY
Currency Swap Purchases:		
TRY	827.807.522	827.808
Euro	-	-
		<u>827.808</u>
Currency Swap Sales:		
USD	163.099.092	331.776
Euro	180.559.339	496.249
		<u>828.025</u>

	30 September 2013	
	Amount as	
	Original Currency	TRY
Forward Purchase Transactions:		
TRY	8.229.927	8.230
		<u>8.230</u>
Forward Sales Transactions:		
Euro	2.579.106	7.088
		<u>7.088</u>

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

27. COMMITMENTS AND CONTINGENCIES (Continued)

As at 31 December 2012 details of derivatives are as follows:

	31 December 2012	
	Amount as Original Currency	TRY
Currency Swap Purchases:		
TRY	-	309.161
		<u>309.161</u>
Currency Swap Sales:		
USD	122.345.600	218.093
Euro	36.729.825	86.378
		<u>304.471</u>
	31 December 2012	
	Amount as Original Currency	TRY
Forward Purchase Transactions:		
TRY	-	1.960
		<u>1.960</u>
Forward Sales Transactions:		
USD	950.000	1.694
Euro	100.000	235
		<u>1.929</u>

Derivative transactions performed with related parties are presented in Note 9.

The Group has TRY 3.849 of unrealized profit and TRY 63.247 of unrealized loss in relation to the fair value changes of swap transactions designated at through profit or loss at 30 September 2013 (Note 4) (31 December 2012: TRY 7.092 profit, 7.089 loss).

As at 30 September 2013, analysis of derivatives according to their maturities is as follows:

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Currency Swap Purchases	374.378	453.429	827.807
Currency Swap Sales	404.775	423.251	828.025
Forward Purchase Transactions	-	8.230	8.230
Forward Sales Transactions	-	7.088	7.088

As at 31 December 2012, analysis of derivatives according to their maturities is as follows:

	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Currency Swap Purchases	145.736	163.425	309.161
Currency Swap Sales	137.245	167.226	304.471
Forward Purchase Transactions	1.960	-	1.960
Forward Sales Transactions	1.929	-	1.929

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

28. SEGMENT REPORTING

Information regarding the Group’s operating business segments is based on the Group’s management and internal reporting structure.

Segment capital expenditure is the total cost incurred during the period to acquire tangible assets and intangible assets.

Business segments

The Group comprises the following main business segments:

- Leasing Includes the Group’s finance lease activities
- Factoring operations Includes the Group’s Factoring activities

<u>30 September 2013</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
Total assets	2.207.410	935.269	(35.380)	3.107.299
Total liabilities	1.629.535	867.097	-	2.496.632
Net profit	56.546	9.361	(20.814)	45.093

<u>31 December 2012</u>	<u>Leasing</u>	<u>Factoring</u>	<u>Consolidation Adjustments</u>	<u>Consolidated</u>
Total assets	1.795.669	1.041.259	(16.606)	2.820.322
Total liabilities	1.272.989	981.535	-	2.254.524
Net profit	37.226	4.575	(996)	40.805

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

28. SEGMENT REPORTING (Continued)

	Leasing	Factoring	Consolidation Adjustments	Total
30 September 2013				
Operating Income	88.744	41.963	-	130.707
Operating Expense (-)	(15.700)	(6.333)	-	(22.033)
Other Operating Income	127.901	3.237	(18.776)	112.362
Financial Expenses (-)	(52.817)	(24.216)	-	(77.033)
Provision for Losses on Non-Performing Receivables (-)	(7.702)	(2.729)	-	(10.431)
Other operating Expenses (-)	(75.828)	-	-	(75.828)
Profit or Loss from Continuing Operations	64.598	11.922	(18.776)	57.744
Provision for Taxes from Continuing Operations (±)	(8.052)	(2.561)	-	(10.613)
Net Profit or Loss from Continuing Operations	56.546	9.361	(18.776)	47.131
Non-controlling Interests	-	-	(2.038)	(2.038)
Net Profit or Loss for the Period	56.546	9.361	(20.814)	45.093
Fixed Asset Additions	879	152	-	1.031
Depreciation and Amortisation	(421)	(140)	-	(561)
			Consolidation Adjustments	Total
30 September 2012	Leasing	Factoring		
Operating Income	77.327	36.924	-	114.251
Operating Expense (-)	(13.299)	(4.474)	-	(17.773)
Other Operating Income	55.693	2.168	-	57.861
Financial Expenses (-)	(49.645)	(23.602)	-	(73.247)
Provision for Losses on Non-Performing Receivables (-)	(6.454)	(9.052)	-	(15.506)
Other operating Expenses (-)	(24.856)	24	-	(24.832)
Profit or Loss from Continuing Operations	38.766	1.988	-	40.754
Provision for Taxes from Continuing Operations (±)	(8.995)	(1.753)	-	(10.748)
Net Profit or Loss from Continuing Operations	29.771	235	-	30.006
Non-controlling Interests	-	-	(51)	(51)
Net Profit or Loss for the Period	29.771	235	(51)	29.955
Fixed Asset Additions	60	66	-	125
Depreciation and Amortisation	(290)	(121)	-	(411)

29. EVENTS AFTER REPORTING PERIOD

None.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

30. OPERATING INCOME

For the periods ended 30 September 2013 and 30 September 2012, details of operating income are as follows:

	01.01.2013 - 30.09.2013	01.07.2013 - 30.09.2013	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012
Finance lease interest income	88.744	32.103	77.327	27.458
Factoring income	41.963	14.039	36.924	13.481
	130.707	46.142	114.251	40.939

31. OPERATING EXPENSES

For the periods ended 30 September 2013 and 30 September 2012, operating expenses are as follows:

	01.01.2013 - 30.09.2013	01.07.2013 - 30.09.2013	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012
Personnel expenses	(12.832)	(4.620)	(11.111)	(3.535)
Office rent expenses	(1.785)	(635)	(1.538)	(1.150)
Consulting expenses	(1.259)	(277)	(407)	(142)
Board of Directors attendance fee	(912)	(326)	(709)	(266)
Office contribution expenses	(708)	(236)	(539)	(197)
Information technology expenses	(718)	(274)	(628)	(158)
Travel and car expenses	(627)	(229)	(581)	(177)
Provision for employee				
Severance İndemnity	(331)	(63)	(298)	(71)
Depreciation and amortisation expense	(561)	(200)	(411)	(133)
Capital increase expense	(210)	-	(220)	(67)
Advertising expense	(95)	-	(92)	(9)
Litigation expenses	(149)	(79)	(379)	(64)
Other general administrative expenses	(1.846)	(839)	(860)	(211)
	(22.033)	(7.778)	(17.773)	(5.551)

32. OTHER OPERATING INCOME

For the periods ended 30 September 2013 and 30 September 2012, details of other operating income are as follows:

	01.01.2013 - 30.09.2013	01.07.2013 - 30.09.2013	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012
Foreign exchange gains, net	79.549	50.682	-	-
Income from derivative financial transaction	15.150	8.180	41.053	11.046
Interest income	8.123	1.843	7.615	1.637
Dividend income	2.454	-	2.272	50
Commission income	1.861	832	1.522	471
Collections from non-performing receivables	530	211	1.776	700
Other	4.695	2.588	3.623	1.015
	112.362	64.336	57.861	14.919

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

33. FINANCE EXPENSES

For the periods ended 30 September 2013 and 30 September 2012, details of financial expenses are as follow:

	01.01.2013 - 30.09.2013	01.07.2013 - 30.09.2013	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012
Interest expense	(64.299)	(25.519)	(57.092)	(18.075)
Interest expense on debt securities issued	(10.382)	(4.246)	(14.271)	(6.099)
Fees and commissions expense	(2.352)	(1.106)	(1.884)	(632)
	<u>(77.033)</u>	<u>(30.871)</u>	<u>(73.247)</u>	<u>(24.806)</u>

34. PROVISION FOR NON-PERFORMING RECEIVABLES

For the periods ended 30 September 2013 and 30 September 2012, details of provision for non-performing receivables are as follows:

	01.01.2013 - 30.09.2013	01.07.2013 - 30.09.2013	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012
Specific provision expenses	(10.106)	(4.360)	(15.506)	(6.834)
General provision expenses (*)	(325)	(174)	-	(46)
	<u>(10.431)</u>	<u>(4.534)</u>	<u>(15.506)</u>	<u>(6.880)</u>

(*) In addition to the specific provision for non-performing receivables, the Group management provided an additional provision for finance lease receivables having overdue less than legal terms but regarded as risky by the management.

35. OTHER OPERATING EXPENSES

For the periods ended 30 September 2013 and 30 September 2012, details of other operating expenses are as follows:

	01.01.2013 - 30.09.2013	01.07.2013 - 30.09.2013	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012
Foreign exchange losses	-	-	(9.579)	(2.227)
Losses from derivative financial transactions(**)	(73.455)	(39.377)	(10.585)	(3.578)
Tax penalties(*)	-	-	(2.997)	-
Impairment losses on assets held for sale	-	-	(140)	(89)
Other	(2.373)	(622)	(1.531)	(369)
	<u>(75.828)</u>	<u>(39.999)</u>	<u>(24.832)</u>	<u>(6.263)</u>

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

35. OTHER OPERATING EXPENSES (Continued)

(*) Pursuant to no. 394 decision of the 3 February 2012 dated, 2448 numbered meeting of the Financial Crimes Investigation Board, it has been decided to impose administrative fine of 3.996 TL to the Company at open legal appeal facilities by the reason of infringing the conviction of Article No.3 of Act. No.5549.

“Regarding the Prevention of Laundering of Crime Revenues”. The fine was paid on 24 February 2012 as 2.997 TL by benefiting from the reduction in accordance with Article No.17 Misdemeanor Act No.5326 and with the save for the right to plead a counterclaim. The Company has filed an annulment action at 28th Criminal Court of peace on duty in İstanbul with the request of conducting a trial. The judgment of the trial has been decided by 24th Criminal Court of Peace against the Company. The exception against the decision by the Company has been revoked by the 38th Criminal Court of General Jurisdiction.

(**) Derivative financial instruments with a view to directing the Group’s financial risks (forward and currency swap contracts) consist of combination of more than one sub-transaction as time or spot. Entire such transactions are not trading and are preferred due to economic worth occurred at the maturity. Although, entire such transactions do not cover all conditions for hedge accounting, buy-sell spot transactions at the transaction date are recorded at initial amounts, buy-sell transactions that held to maturity date are recorded in fair values.

Measurement differences of such sub-transactions which are integrated and fixed by the initial date economic worth at the maturity date on initial measurement of buy-sell transactions and measurement at the maturity date of buy-sell transactions cause the differences on income/expense components in the interim periods.

The difference as foreign currency expense difference between income/loss is at amounting TL 594 from measurement difference of such transactions in the Group’s financial statements as at 30 September 2013. The difference is expected to be substantially, extensively at the maturity of transactions.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

36. TAXATION

For the periods ended 30 September 2013 and 30 September 2012, details of income tax expense are as follows:

	01.01.2013 - 30.09.2013	01.07.2013 - 30.09.2013	01.01.2012 - 30.09.2012	01.07.2012 - 30.09.2012
Current tax charge (Note:20)	(2.523)	(1.012)	(2.421)	(793)
Adjustment to prior period corporate tax(*)	-	-	12.036	-
Deferred tax benefit	(8.090)	(4.335)	(20.363)	(2.092)
	<u>(10.613)</u>	<u>(5.347)</u>	<u>(10.748)</u>	<u>(2.885)</u>

The reported income tax expenses for the period is different than the amounts computed by applying the statutory tax rate of the Company to profit before income tax of the Group, as shown in the following reconciliation

	%	1January- 30 September 2013	%	1January- 30 September 2012
Net profit for the period		47.131		30.006
Total tax expense/(income)		10.613		10.748
Profit before tax		57.744		40.754
Income tax using the Company's tax rate	20,00	11.549	20,00	8.151
- Non deductible expenses	2,64	1.527	6,13	2.500
- Tax exempt income	(0,85)	(491)	(1,03)	(418)
- Investment incentives	(1,69)	(978)	32,46	13.227
- Corporate tax refund	-	-	(29,45)	(12.004)
- Other	(1,72)	(994)	(1,74)	(708)
Total income tax expense / (income)	18,38	<u>10.613</u>	26,37	<u>10.748</u>

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

36. TAXATION (Continued)

Corporate Tax

The Group is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group’s results for the period. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

As at 30 September 2013, corporate income tax rate is 20% (31 December 2012: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2013 is 20% (31 December 2012: 20%). Under the Turkish taxation system, tax losses can be carried forward up to five years. Tax losses cannot be carried back to offset profit from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 25 April of the following year (between 1st and 25th of the following fourth month of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% period between 24 April 2003 and 22 July 2006. This rate was changed to 15% with the cabinet decision numbered 2006/10731 commencing from 22 June 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. After this date, companies can deduct 40% of the investments within the scope of the investment incentive certificate and that are directly related to production facilities of the companies. There is no withholding tax on the investments incentives utilized without investment incentive certificates

Investment Incentives

Temporary Article 69 added to the Income Tax Law numbered 193 with Law no 5479, which became effective starting from 1 January 2006, upon being promulgated in Official Gazette no 26133 dated 8 April 2006, stating that taxpayers can deduct the investment allowance exemption amounts which were present according to legislative provisions effective on 31 December 2005 (and by taking into account the corporate tax legislation in that date) only from the corporate profits of 2006, 2007 and 2008. Accordingly, the investment incentive allowance practice was ended as of 1 January 2006. At this perspective, an investment allowance which cannot be deducted partially or totally in three years was not allowed to be transferred to following years and became unavailable as of 31 December 2008. On the other side, Article 19 of the Income Tax Law was annulled and the investment allowance practice was ended as of 1 January 2006 with effectiveness of Article 2 and Article 15 of the Law no 5479 and the right of investment allowance became unavailable during the period of 1 January 2006 and 8 April 2006.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

36. TAXATION (Continued)

However, on 15 October 2009, Turkish Constitutional Court decided to cancel the clause numbered (2) of the Article 15 of the Law 5479 and expressions of “2006, 2007, 2008” in the Temporary Article 69 related to investment allowance mentioned above that enables effectiveness of the Law as at 1 January 2006 rather than 8 April 2006, since it is against the Constitution. Accordingly, time limitations for carried forward investment allowance gained in the previous period of mentioned date and limitations related to investments commenced between the dates of the Law promulgated and 1 January 2006 were eliminated. According to the decision of Turkish Constitutional Court, cancellation of investment allowance become effective with promulgation of decision on the official gazette and the decision of Turkish Constitutional Court was promulgated in Official Gazette no 27456 dated 8 January 2010.

According to the decision mentioned above, investment allowances transferred to 2006 due to lack of profit and investment allowances gained by the investments that are commenced before 1 January 2006 and continued after that date constituting economic and technical integrity will not be only used in 2006, 2007 and 2008, but also in the following years. However, the amount of investment allowance to be utilised may not exceed 25% of earnings for the year according to amendments to the Income Tax Law promulgated in Official Gazette no 27659 dated 1 August 2010. With this amendment, corporation tax rate adopted for corporations benefiting from investment allowance is determined at the current rate (20%) instead of the previous rate of 30%.

The statement “ the amount of investment allowance to be utilized may not exceed %25 of earnings for the year” was cancelled by the Constitutional Court decision No.2012/9 dated 9 February 2012. Subsequent to the decision of the Court, necessary amendments has been made by Revenue Administration Department for the tax payers to utilize investment incentives in their 2011 tax declarations without taking 25% limit into account.

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

37. EARNINGS PER SHARE

Earnings per share are calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. In Turkey, companies can raise their share capital by distributing “bonus shares” to shareholders from retained earnings. In computing earnings per share, such “bonus share” distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

The weighted average number of shares of the Group and earnings per share for the period ended 30 September 2013 and 30 September 2012 are as follows:

	<u>1 January- 30 September 2013</u>	<u>1 January- 30 September 2012</u>
Weighted average number of outstanding shares (*)	42.436.500.000	38.900.000.000
Net profit for the period (TRY)	45.093	29.955
Basic earnings per share (full Kurus) (**)	0,11	0,08

(*) As at 30 September 2013, the share capital of the Company consists of 42.436.500.000 shares having Kurus 1 nominal price.

	<u>30 September 2013</u>	<u>31 December 2012</u>
Number of shares at beginning of the period	38.900.000.000	33.900.000.000
Capital increase (**)	3.536.500.000	5.000.000.000
Number of shares at end of the period	<u>42.436.500.000</u>	<u>38.900.000.000</u>

(**) Capital increase has been made through internal resources and has been used in the calculation of the prior period’s earnings per share figure.

38. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital by sustaining its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

Although there is no change in the capital risk management strategy in 2013, the debt/equity ratio is 28% as at 30 September 2013 (31 December 2012: 29%). As at 30 September 2013 and 31 December 2012, the leverage ratios are as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
Funds borrowed	2.185.713	2.062.376
Debt securities issued	202.347	151.005
Miscellaneous payables	20.130	14.804
Other liabilities	15.551	8.441
Total liabilities	<u>2.423.741</u>	<u>2.236.626</u>
Banks (-)	<u>(261.997)</u>	<u>(317.154)</u>
Net liabilities	<u>2.161.744</u>	<u>1.919.472</u>
Total shareholders’ equity	610.667	565.798
Shareholders’ equity / liabilities	%28	%29

According to the credit rating reports of Fitch issued at 14 December 2012, credit ratings of the Company are as follows:

Foreign Currency

Long term	BBB
Short term	F3
Outlook	Stable

TRY

Long term	BBB
Short term	F3
Outlook	Stable

National

Long term	AAA (tur)
Outlook	Stable
Support	2

(b) Significant accounting policies

The Group’s accounting policies on financial instruments are disclosed in Note 3 “Significant accounting policies”.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(c) Categories of financial instrument:

	<u>30 September 2013</u>	<u>31 December 2012</u>
<u>Financial Assets:</u>		
Banks	261.997	317.154
Financial assets at fair value through profit or loss:		
-Financial assets held for trading	99	1.631
-Derivative financial assets held for trading	3.849	7.092
Finance lease receivables and non-performing receivables, net	1.848.307	1.390.638
Factoring receivables and non-performing Factoring receivables, net	911.597	1.014.944
Insurance receivables (*)	2.494	2.198
Other receivables (*)	0	740
Financial assets available for sale	25.630	25.595
<u>Financial Liabilities:</u>		
Derivative financial liabilities held for trading	(63.247)	(7.089)
Miscellaneous payables and other liabilities	(35.681)	(23.245)
Funds borrowed	(2.185.713)	(2.062.376)
Debt securities issued	(202.347)	(151.005)

(*) Included in other assets.

(d) Financial risk management objectives

The Group’s corporate treasury function provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risk. Such risks include market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group uses derivative instruments to minimize the effects of such risks and it also uses such instruments for hedging. The Group does not enter into or trade any financial instruments (including derivative financial instruments) for speculative purposes.

In order to minimize potential risks, the Group reports monthly to the risk management committee which is in charge of monitoring risks and the policies applied.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates (refer to section f), interest rates (refer to section g) and equity prices will affect the Group’s income or the value of its holdings of financial instruments. To manage risks relating to exchange rates and interest rates, the Group uses various derivative financial instruments including the following:

- “Forward foreign exchange contracts” to hedge the exchange rate risk arising from operations.
- “Currency swaps” to control the exchange rate risk of foreign currency denominated liabilities.

At the Group level, market risk exposures are measured by sensitivity analysis.

There has been no change in the Group’s exposure to market risks or the method it uses to manage and measure such risks.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its consolidated financial position and cash flows. The Group manages this currency risk by using the foreign exchange derivative contracts.

As at 30 September 2013 and 31 December 2012, details of foreign currency denominated assets and liabilities are as follows:

30 September 2013 (*)	USD 000	Euro 000	CHF 000	GBP 000	JPY 000	TRY Equivalent
Banks	4.840	90.067	-	16	26	257.438
Finance lease receivables	353.830	228.059	-	-	-	1.346.559
Factoring receivables	54.568	29.419	-	227	-	192.599
Advances given for lease transactions	15.823	7.406	-	-	-	52.542
Leasing contracts in progress	5.223	9.406	-	-	-	36.478
Other assets	173	438	-	-	-	1.556
Total assets (**)	434.457	364.795	-	243	26	1.887.172
Funds borrowed	(263.481)	(176.711)	-	(213)	-	(1.022.340)
Miscellaneous payables and other liabilities	(3.816)	(6.187)	(9)	(22)	(770)	(24.873)
Other provisions	(1.095)	-	-	-	-	(2.227)
Total liabilities (**)	(268.392)	(182.898)	(9)	(235)	(770)	(1.049.440)
Balance sheet position	166.065	181.897	(9)	8	(744)	837.732
Notional amounts of derivatives	(163.099)	(183.138)	-	-	-	(835.114)
Net foreign currency position	2.966	(1.241)	(9)	8	(744)	2.618

(*) As at 30 September 2013 , foreign currency indexed borrowings amounting to USD 39.946.718 and Euro 19.427.493 (Total: TRY 134.654) and foreign currency indexed Factoring receivables amounting to USD 32.914.613 and Euro 6.289.582 (Total: TRY 84.241) are presented in TRY column in the accompanying consolidated statement of financial position.

(**) As at 30 September 2013, accruals of derivative assets and liabilities amounting to TRY 3.849 and TRY 63.247, respectively, are not included.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

31 December 2012 (*)	USD 000	Euro 000	CHF 000	GBP 000	JPY 000	TRY Equivalent
Banks	51.068	11.812	-	20	26	118.870
Finance lease receivables	303.041	222.071	-	-	-	1.062.445
Factoring receivables	41.215	9.072	-	-	-	94.804
Advances given for lease transactions	818	2.598	-	-	-	7.568
Leasing contracts in progress	2.021	2.134	-	-	-	8.622
Other assets	303	835	-	-	-	2.503
Total assets (**)	398.466	248.522	-	20	26	1.294.812
Funds borrowed	(269.528)	(208.495)	-	-	-	(970.779)
Miscellaneous payables and other liabilities	(1.929)	(5.574)	(9)	(21)	61	(16.622)
Other provisions	(1.187)	-	-	-	-	(2.116)
Total liabilities (**)	(272.644)	(214.069)	(9)	(21)	61	(989.517)
Balance sheet position	125.822	34.453	(9)	(1)	87	305.295
Off balance sheet position	(123.296)	(36.830)	-	-	-	(306.400)
Net foreign currency position	2.526	(2.377)	(9)	(1)	87	(1.105)

(*) As at 31 December 2012 , foreign currency indexed borrowings amounting to USD 44.660.385 and Euro 8.890.970 (Total: TRY 100.520) and foreign currency indexed Factoring receivables amounting to USD 35.561.532 and Euro 1.478.184 (Total: TRY 66.868) are presented in TRY column in the accompanying consolidated statement of financial position.

(**) As at 31 December 2012, accruals of derivative assets and liabilities amounting to TRY 7.092 and TRY 7.089, respectively, are not included.

Foreign currency sensitivity

The Group is mainly exposed to USD and Euro exchange rate risks.

The table below indicates the sensitivity of the Group to USD and Euro when there is a 15% of change in such exchange rates. The Group uses 15% of rate change when it reports its foreign currency risk to the top management and this rate represents the top management’s expectation on the exchange rate fluctuations. Sensitivity analysis made in relation to the Group’s exposure to foreign currency at the reporting period is determined based on the fluctuations at the beginning of the fiscal year and the analysis are fixed during the reporting period. Positive amount refers to an increase in the net profit.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

	Profit / (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
30 September 2013				
15% change of the USD against TRY				
1- Net USD asset/liability	50.672	(50.672)	-	-
2- Hedged portion of TRY against USD risk (-)	(49.766)	49.766	-	-
3- Net effect of USD (1+ 2)	906	(906)	-	-
15% change of the Euro against TRY				
4- Net Euro asset/liability	74.989	(74.989)	-	-
5- Hedged portion of TRY against Euro risk (-)	(75.501)	75.501	-	-
6- Net effect of Euro (4+5)	(512)	512	-	-
15% change of other foreign currencies against TRY				
7- Net other foreign currencies asset/liability	(4)	4	-	-
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	(4)	4	-	-
TOTAL (3+6+9)	390	(390)	-	-

(*) Includes profit/loss effect.

	Profit / (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2012				
15% change of the USD against TRY				
1- Net USD asset/liability	33.643	(33.643)	33.643	(33.643)
2- Hedged portion of TRY against USD risk (-)	(32.968)	32.968	(32.968)	32.968
3- Net effect of USD (1+ 2)	675	(675)	675	(675)
15% change of the Euro against TRY				
4- Net Euro asset/liability	12.153	(12.153)	12.153	(12.153)
5- Hedged portion of TRY against Euro risk (-)	(12.992)	12.992	(12.992)	12.992
6- Net effect of Euro (4+5)	(839)	839	(839)	839
15% change of other foreign currencies against TRY				
7- Net other foreign currencies asset/liability	(4)	4	(4)	4
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	(4)	4	(4)	4
TOTAL (3+6+9)	(168)	168	(168)	168

(*) Includes profit/loss effect.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Forward foreign exchange contracts and currency swaps

The Group uses forward contracts and currency swaps to cover the risks of receipts and payments, expected sales and purchases in a certain foreign currency.

(g) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and variable rates. Such risk is managed by making a proper classification between fixed and variable rate liabilities.

Interest rate sensitivity

The interest rate sensitivity analysis below is based on the Group’s exposure to interest rate risk at the reporting date and estimated interest rate fluctuations at the beginning of the fiscal year, and is fixed during the reporting period. The Group management makes its sensitivity analysis based on a 100 base point interest rate fluctuation scenario. This rate is also used in reporting to the top management.

As at 30 September 2013 and 31 December 2012, the interest rate profile of the Group’s interest-bearing financial instruments is as follows:

	<u>30 September 2013</u>	<u>31 December 2012</u>
<u>Fixed rate instruments</u>		
Financial assets:		
Banks	250.111	311.104
Finance lease receivables (*)	1.565.711	1.202.494
Factoring receivables	818.323	628.306
Financial liabilities:		
Funds borrowed	1.870.241	736.829
Debt securities issued	-	-
<u>Variable rate instruments</u>		
Financial assets:		
Finance lease receivables (*)	180.619	169.411
Factoring receivables	93.274	386.638
Financial liabilities:		
Borrowings	315.472	1.325.547
Debt securities issued	202.347	151.005

(*) Leasing contracts in progress and advances given are not included in the balances above.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(g) Interest rate risk management (Continued)

Interest rate sensitivity (Continued)

If interest rates were 100 base points higher at the reporting date and all other variables were fixed:

- Interest income from finance leases with variable interest rates would be higher at an amount of TL 1.336 (30 September 2012: TL 1.098), fixed interest rates would be higher at an amount of TL 10.998 (30 September 2012: TL 8.334).
- Interest income from Factoring transactions variable interest rates would be higher at an amount of TL 690 (30 September 2012: TL 1.384), fixed interest rates would be higher at an amount of TL 6.053 (30 September 2012: TL 1.947).
- Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 4.212 (30 September 2012: TL 5.862), fixed interest rates would be higher at an amount of TL 12.828 (30 September 2012: TL 4.720).

(h) Other price risks

The Group is exposed to equity securities price risks because of equity investments. Equity securities are held especially for strategic purposes rather than trading purposes. These investments are not traded by the Group.

Equity price sensitivity

Sensitivity analysis below is determined based on the equity share price risks exposed as at the reporting date.

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

If data used in the valuation method were 15% higher / lower and all other variables were fixed:

The effect on equity (without tax effects) as a result of change in the fair value of equity instruments quoted to Istanbul Stock Exchange held as financial assets available for sale in the accompanying consolidated financial statements, due to a reasonably possible change in equity indices, with all other variables held constant, would be TL 1.495 (30 September 2012: TL 1.600).

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group’s exposure to credit risks and credit ratings of its counterparties are monitored periodically. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

Finance lease receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Sectoral allocation of finance lease receivables is as follows:

	<u>30 September 2013 (%)</u>	<u>31 December 2012(%)</u>
Construction	20,75	14,47
Transportation	14,35	15,39
Metal industry	14,17	15,62
Tourism	6,96	7,70
Textile	5,82	6,69
Healthcare	5,75	7,31
Forestry products and paper	4,44	5,97
Food and beverage	3,81	3,86
Finance	3,30	3,11
Mining	3,21	2,75
Agriculture and forestry	2,94	3,20
Chemical and Plastic	2,67	3,26
Retail and wholesale	2,05	1,70
Machinery and equipment	1,70	2,53
Other	8,08	6,44
	<u>100,00</u>	<u>100,00</u>

Leased asset allocation of finance lease receivables is as follows:

	<u>30 September 2013 (%)</u>	<u>31 December 2012(%)</u>
Real Estate	28,76	22,90
Machinery and equipment	22,37	25,71
Building and construction machinery	18,04	15,93
Air transportation equipments	5,26	4,66
Sea transport vessels	4,81	5,52
Textile machinery	4,48	5,19
Medical equipment	3,78	5,00
Electronic and optical equipment	3,26	3,28
Tourism equipment	2,17	2,81
Printing machinery	2,16	3,31
Road transportation equipments	1,55	1,88
Office equipments	1,20	1,80
Other	2,16	2,01
	<u>100,00</u>	<u>100,00</u>

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 30 September 2013, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables				Deposits	Fair value through profit/loss financial assets	Available for sale financial assets	Insurance receivables	Other Receivables
	Finance Lease Receivables		Factoring Receivables						
	Related party	Third party	Related party	Third party					
30 September 2013									
Exposure to maximum credit risk as at reporting date (*)	39.148	1.809.159	3.900	907.697	261.997	3.948	25.630	2.494	-
- The portion of maximum risk covered by guarantee	-	119.793	-	127.464	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	39.148	1.585.809	3.900	907.221	261.997	3.948	-	2.494	-
- The portion covered by guarantee	-	81.170	-	127.464	-	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	476	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	175.535	-	-	-	-	-	-	-
- The portion covered by guarantee	-	30.684	-	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	47.815	-	-	-	-	-	-	-
- Overdue (gross book value)	-	108.690	-	13.281	-	-	-	-	-
- Impairment (-)	-	(62.872)	-	(13.281)	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	7.939	-	-	-	-	-	-	-
- Not past due (gross book value)	-	4.287	-	-	-	-	-	-	-
- Impairment (-)	-	(2.290)	-	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-	-

(*) Guarantees received are not taken into account in the calculation.

(**) Includes collaterals for the assets impaired but not overdue.

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2012, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables				Deposits	Fair value through profit/loss financial assets	Insurance receivables	Other Receivables
	Finance Lease Receivables		Factoring Receivables					
31 December 2012	Related party	Third party	Related party	Third party				
Exposure to maximum credit risk as at reporting date (*)	38.707	1.351.931	24.090	990.854	317.154	8.723	2.198	740
- The portion of maximum risk covered by guarantee	-	107.915	-	854	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	38.707	1.123.506	24.090	990.767	317.154	8.723	2.198	740
- The portion covered by guarantee	-	72.028	-	854	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	87	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	184.704	-	-	-	-	-	-
- The portion covered by guarantee	-	26.924	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	43.721	-	-	-	-	-	-
- Overdue (gross book value)	-	81.557	-	10.902	-	-	-	-
- Impairment (-)	-	(56.502)	-	(10.902)	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	8.963	-	-	-	-	-	-
- Not past due (gross book value)	-	20.130	-	-	-	-	-	-
- Impairment (-)	-	(1.464)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

(*) Guarantees received are not taken into account in the calculation.

(**) Includes collaterals for the assets impaired but not overdue.

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 30 September 2013 and 31 December 2012, details of finance lease receivables rating in terms of internal rating information:

	<u>30 September 2013 (%)</u>	<u>31 December 2012 (%)</u>
Internal rating results:		
A+ (Perfect)	0,15	0,21
A (Very good)	5,44	6,77
A- (Good)	6,87	5,81
B+ (Satisfactory)	18,23	16,98
B (Close Monitoring)	31,01	25,24
B- (Insufficient)	18,54	24,76
C+ (Doubtful)	14,16	11,34
C (Loss)	2,62	3,71
Not rated	2,98	5,18
Total	<u>100,00</u>	<u>100,00</u>

The Company has started SME-Micro scoring system. Accordingly, clients with revenue amounts under USD 1 million and credit limits below USD 60.000 will be subject to scoring under Micro title and the clients with revenue amounts between USD 1 million and USD 8 million and credit limits between USD 60.000 and USD 1 million are to be categorized as SME. The ratio of companies which are subjected to SME and Micro Scoring to total portfolio is 14.93% as at 30 September 2013 (31 December 2012: 14.68%).

As at 30 September 2013 and 31 December 2012, details of finance lease receivables ratings in terms of SME-Micro scoring information:

	<u>30 September 2013 (%)</u>	<u>31 December 2012 (%)</u>
High	31,40	31,20
Medium	58,10	57,54
Low	10,50	11,26
Total	<u>100,00</u>	<u>100,00</u>

The aging analysis of overdue finance lease receivables is disclosed in Note 8. The Group does not have overdue financial assets other than finance lease receivables.

Collaterals obtained for finance lease receivables and Factoring receivables including past dues and non-performing receivables are as follows:

	<u>30 September 2013</u>		<u>31 December 2012</u>	
	Nominal Value	Fair Value (*)	Nominal Value	Fair Value (*)
Other mortgages	574.127	108.385	524.407	100.761
Letters of guarantee	32.624	131.190	26.437	4.311
Superficies mortgages	10.000	1.964	-	-
Cash blockages	7.633	3.231	2.244	1.175
Ship mortgage	5.086	-	4.457	-
Equities	2.450	2.450	2.450	2.450
Guarantors	1.047	37	1.069	72
	<u>632.967</u>	<u>247.257</u>	<u>561.064</u>	<u>108.769</u>

(*) In determination of the fair value, lower of collateral amount or fair value up to the credit exposure amount has been taken into account.

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the board of directors. The board of directors has built an appropriate liquidity risk management framework for the management of the Group’s short, medium and long term funding and liquidity management requirements. The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by constantly monitoring forecasts and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity risk table

The following table details the maturities of non-derivative financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual amounts of the financial assets and liabilities based on their maturities. Interest amounts to be collected and to be disbursed regarding the Group’s assets and liabilities have also been included in the table below.

30 September 2013

<u>Contractual Maturities</u>	<u>Carrying Amount</u>	<u>Contractual Cash Flows (I+II+III+IV)</u>	<u>Less than 3 Months (I)</u>	<u>3-12 Months (II)</u>	<u>1-5 Years (III)</u>	<u>More than 5 Years (IV)</u>
Non-derivative Financial Assets:						
Banks	261.997	262.267	262.267	-	-	-
Financial Assets Held For Trading	99	99	99	-	-	-
Finance Lease Receivables (*)	1.746.330	1.989.441	233.890	464.750	1.212.645	78.156
Factoring Receivables	911.597	922.489	778.816	139.815	3.858	-
Insurance Receivables	2.468	2.468	2.468	-	-	-
Other Receivables	-	-	-	-	-	-
Total Assets	2.922.491	3.176.764	1.277.540	604.565	1.216.503	78.156
Non-derivative Financial Liabilities:						
Funds Borrowed	2.185.713	2.325.874	967.674	494.554	853.718	9.928
Debt Securities Issued	202.347	217.765	5.185	160.180	52.400	-
Miscellaneous Payables and Other Liabilities	35.681	35.681	32.357	-	3.324	-
Total Liabilities	2.423.741	2.579.320	1.005.216	654.734	909.442	9.928

(*) Advances given for lease receivables and leasing contracts in progress are not included in finance lease receivables, because payment plan for these transactions have not scheduled yet.

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Liquidity risk management (Continued)

31 December 2012

<u>Contractual Maturities</u>	<u>Carrying Amount</u>	<u>Contractual Cash Flows (I+II+III+IV)</u>	<u>Less than 3 Months (I)</u>	<u>3-12 Months (II)</u>	<u>1-5 Years (III)</u>	<u>More than 5 Years (IV)</u>
Non-derivative Financial Assets:						
Banks	317.154	318.223	318.223	-	-	-
Financial Assets Held For Trading	1.631	1.631	15	1.616	-	-
Finance Lease Receivables (*)	1.371.905	1.581.022	173.381	365.649	943.485	98.507
Factoring Receivables	1.014.944	1.020.284	858.075	161.676	533	-
Insurance Receivables	2.198	2.198	2.198	-	-	-
Other Receivables	740	740	605	135	-	-
Total Assets	2.708.572	2.924.098	1.352.497	529.076	944.018	98.507
Non-derivative Financial Liabilities:						
Funds Borrowed	2.062.376	2.113.713	1.190.745	565.734	355.695	1.539
Debt Securities Issued	151.005	166.620	3.170	9.544	153.906	-
Miscellaneous Payables and Other Liabilities	23.245	23.245	20.430	258	2.557	-
Total Liabilities	2.236.626	2.303.578	1.214.345	575.536	512.158	1.539

(*) Advances given for lease receivables and leasing contracts in progress are not included in finance lease receivables, because payment plan for these transactions have not scheduled yet.

The following table details the maturities of derivative financial assets and liabilities as at 30 September 2013 and 31 December 2012.

<u>30 September 2013 Contractual Maturities</u>	<u>Carrying Amount</u>	<u>Contractual Cash Flows (I+II+III+IV)</u>	<u>Less than 3 Months (I)</u>	<u>3-12 Months (II)</u>	<u>1-5 Years (III)</u>	<u>More than 5 Years (IV)</u>
Cash inflows from derivatives	923	836.037	70.162	304.217	461.658	-
Cash outflows from derivatives	-	(835.114)	(70.306)	(334.468)	(450.340)	-
31 December 2012 Contractual Maturities						
Cash inflows from derivatives	4.721	311.121	80.173	67.523	161.933	1.492
Cash outflows from derivatives	-	(306.400)	(75.167)	(64.008)	(165.740)	(1.485)

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments

Except for the items below, the Group management estimates that the carrying amount of the financial assets and liabilities approximate to their fair value.

Fair value of the financial instruments is determined based on the reliable data provided from financial markets. Fair value of other financial assets is determined by the benchmarking market value of a similar financial asset or by assumption methods which includes discounting future cash flows with current interest rates.

The table below refers to the comparison of carrying amounts and fair values of financial instruments which are carried at other than their fair value in the financial statements.

30 September 2013	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying amount	Fair value	Note
<u>Financial Assets</u>								
Banks	-	261.997	-	-	-	261.997	261.997	5
Financial assets at fair value through profit or loss								
- Financial assets held for trading	99	-	-	-	-	99	99	4
- Derivative financial assets held for trading	3.849	-	-	-	-	3.849	3.849	4
Finance lease receivables and non- performing lease receivables	-	-	1.848.307	-	-	1.848.307	1.872.250	8
Factoring receivables and non-performing Factoring receivables	-	-	911.597	-	-	911.597	911.597	7
Insurance receivables	-	-	2.494	-	-	2.494	2.494	15
Other Receivables	-	-	-	-	-	-	-	15
Available for sale financial assets	-	-	-	25.630	-	25.630	25.630	6
<u>Financial liabilities</u>								
Derivative financial assets held for trading	63.247	-	-	-	-	63.247	63.247	4
Miscellaneous payables and other liabilities	-	-	-	-	35.655	35.655	35.655	17
Funds borrowed	-	-	-	-	2.185.713	2.185.713	2.182.179	16
Debt securities issued	-	-	-	-	202.347	202.347	202.347	19

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE 2.1)

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments (Continued)

31 December 2012	Financial assets Held for trading	Financial assets at amortized cost	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost	Carrying amount	Fair value	Note
<u>Financial Assets</u>								
Banks	-	317.154	-	-	-	317.154	317.154	5
Financial assets at fair value through profit or loss								
- Financial assets held for trading	1.631	-	-	-	-	1.631	1.631	4
- Derivative financial assets held for trading	7.092	-	-	-	-	7.092	7.092	4
Finance lease receivables and non- performing lease receivables	-	-	1.390.638	-	-	1.390.638	1.449.984	8
Factoring receivables and non-performing Factoring receivables	-	-	1.014.944	-	-	1.014.944	1.014.944	7
Insurance receivables	-	-	2.198	-	-	2.198	2.198	15
Other Receivables	-	-	740	-	-	740	740	15
Available for sale financial assets	-	-	-	25.595	-	25.595	25.595	6
<u>Financial liabilities</u>								
Derivative financial assets held for trading	7.089	-	-	-	-	7.089	7.089	4
Miscellaneous payables and other liabilities	-	-	-	-	23.245	23.245	23.245	17
Funds borrowed	-	-	-	-	2.062.376	2.062.376	2.067.408	16
Debt securities issued	-	-	-	-	151.005	151.005	151.005	19

İŞ FİNANSAL KİRALAMA A.Ş. AND ITS SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

(Amounts are expressed in thousands of Turkish Lira (“TRY”) unless otherwise stated.)

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(1) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2013	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	-	99	-	99
Derivative financial assets held for trading	-	3.849	-	3.849
Available-for-sale financial assets (*)	23.286	-	302	23,588
Total financial assets carried at fair value	23.286	3.948	302	27.536
Derivative financial liabilities held for trading	-	63.247	-	63.247
Total financial liabilities carried at fair value	-	63.247	-	63.247

(*) As at 30 September 2013, securities that are not publicly traded amounting to TRY 2.042 have been measured at cost.

31 December 2012	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	1.616	15	-	1.631
Derivative financial assets held for trading	-	7.092	-	7.092
Available-for-sale financial assets (*)	24.276	-	277	24.553
Total financial assets carried at fair value	25.892	7.107	277	33.276
Derivative financial liabilities held for trading	-	7.089	-	7.089
Total financial liabilities carried at fair value	-	7.089	-	7.089

(*) As at 31 December 2012, securities that are not publicly traded amounting to TRY 1.042 have been measured at cost.