(*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 three-month ended

31 March 2014

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

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İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 31 MARCH 2014

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

	ASSETS		Unaudited Current Period 31 March 2014			Audited Prior Period 31 December 2013		
		Notes	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	CASH		-	-	-	-	-	-
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	4	-	11.868	11.868	-	-	-
2.1	Financial Assets Held for Trading		-	-	-	-	-	-
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
2.3	Derivative Financial Assets Held for Trading		-	11.868	11.868	-	-	-
III.	BANKS	5	1.974	292.154	294.128	11.245	221.548	232.793
IV.	RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	6	22.242	-	22.242	23.213	-	23.213
VI.	FACTORING RECEIVABLES	7	652.506	124.681	777.187	794.053	152.057	946.110
6.1	Discounted Factoring Receivables		289.131	-	289.131	303.081	-	303.081
6.1.1	Domestic		295.328	-	295.328	310.413	-	310.413
6.1.2	Foreign		-	-	-	-	-	-
6.1.3	Unearned Income (-)		(6.197)	-	(6.197)	(7.332)	-	(7.332)
6.2	Other Factoring Receivables		363.375	124.681	488.056	490.972	152.057	643.029
6.2.1	Domestic		363.375	-	363.375	490.972	-	490.972
6.2.2	Foreign		-	124.681	124.681	-	152.057	152.057
VII.	FINANCING LOANS		-	-	-	-	-	-
7.1	Retail Loans		-	-	-	-	-	-
7.2	Credit Loans		-	-	-	-	-	-
7.3	Instalment Commercial Loans		-	-	-	-	-	-
VIII.	LEASE RECEIVABLES	8	439.879	1.782.598	2.222.477	428.585	1.746.494	2.175.079
8.1	Lease Receivables		425.306	1.626.543	2.051.849	418.097	1.553.816	1.971.913
8.1.1	Finance Lease Receivables		508.801	1.861.027	2.369.828	499.849	1.766.063	2.265.912
8.1.2	Operational Lease Receivables		-	-	-	-	-	-
8.1.3	Unearned Income (-)		(83.495)	(234.484)	(317.979)	(81.752)	(212.247)	(293.999)
8.2	Leasing Contracts in Progress		12.286	124.704	136.990	8.917	148.609	157.526
8.3	Advances Given for Lease Transactions		2.287	31.351	33.638	1.571	44.069	45.640
IX.	OTHER RECEIVABLES	15	2.546	2.706	5.252	1.795	2.144	3.939
X.	NON-PERFORMING RECEIVABLES	7,8	51.015	1.374	52.389	51.647	5.285	56.932
10.1	Non-Performing Factoring Receivables		22.233	-	22.233	13.969	-	13.969
10.2	Non-Performing Financing Loans		-	-	-	-	-	-
10.3	Non-Performing Lease Receivables		103.113	4.856	107.969	98.416	11.169	109.585
10.4	Specific Provisions (-)		(74.331)	(3.482)	(77.813)	(60.738)	(5.884)	(66.622)
XI.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		-	-	-	-	-	-
11.1	Fair Value Hedges		-	-	-	-	-	-
11.2	Cash Flow Hedges		-	-	-	-	-	-
11.3	Net Foreign Investment Hedges		-	-	-	-	-	-
XII.	INVESTMENTS HELD TO MATURITY (Net)		-	-	-	-	-	-
XIII.	SUBSIDIARIES (Net)		-	-	-	-	-	-
XIV.	ASSOCIATES (Net)		-	-	-	-	-	-
XV.	JOINT VENTURES (Net)		-	-	-	-	-	-
XVI.	TANGIBLE ASSETS (Net)	10	1.794	-	1.794	1.694	-	1.694
XVII.	INTANGIBLE ASSETS (Net)		992	-	992	820	-	820
17.1	Goodwill		166	-	166	166	-	166
17.2	Other Intangibles		826	-	826	654	-	654
XVIII.	PREPAID EXPENSES	15	6.668	-	6.668	6.996	-	6.996
IXX.	CURRENT PERIOD TAX ASSETS		-	-	-	-	-	-
XX.	DEFERRED TAX ASSETS	13	35.792	-	35.792	44.268	-	44.268
XXI.	OTHER ASSETS	15	408	75	483	244	49	293
	SUBTOTAL		1.215.816	2.215.456	3.431.272	1.364.560	2.127.577	3.492.137
XXII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	360	-	360	444	-	444
22.1	Assets Held For Sale		360	-	360	444	-	444
22.2	Assets of Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		1.216.176	2.215.456	3.431.632	1.365.004	2.127.577	3.492.581

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 31 MARCH 2014

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

	LIABILITIES		**Unaudited Current Period 31 March 2014**			**Audited Prior Period 31 December 2013**		
		Notes	**TRY**	**FC**	**TOTAL**	**TRY**	**FC**	**TOTAL**
I.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**	**4**	**-**	**86.699**	**86.699**	**-**	**122.695**	**122.695**
II.	**FUNDS BORROWED**	**16**	**1.316.403**	**1.130.277**	**2.446.680**	**1.339.853**	**1.126.037**	**2.465.890**
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**	**202.746**	**-**	**202.746**	**202.405**	**-**	**202.405**
5.1	Bills		-	-	-	-	-	-
5.2	Asset-Backed Securities		-	-	-	-	-	-
5.3	Bonds		202.746	-	202.746	202.405	-	202.405
VI.	**MISCELLANEOUS PAYABLES**	**17**	**15.268**	**33.078**	**48.346**	**9.519**	**57.129**	**66.648**
VII.	**OTHER LIABILITIES**	**17**	**8.124**	**17.173**	**25.297**	**6.679**	**14.212**	**20.891**
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**	**5.598**	**-**	**5.598**	**1.188**	**-**	**1.188**
X.	**PROVISIONS**	**21**	**4.869**	**2.443**	**7.311**	**5.467**	**2.449**	**7.916**
10.1	Restructuring Reserves		-	-	-	-	-	-
10.2	Reserves For Employee Benefits	22	3.230	-	3.230	3.994	-	3.994
10.3	Other Provisions		1.638	2.443	4.081	1.473	2.449	3.922
XI.	**DEFERRED INCOME**		-	-	-	-	-	-
XII.	**CURRENT PERIOD TAX LIABILITY**	**23**	**763**	**-**	**763**	**1.310**	**-**	**1.310**
XIII.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XIV.	**SUBORDINATED LOANS**		-	-	-	-	-	-
	SUBTOTAL		**1.553.770**	**1.269.670**	**2.823.440**	**1.566.421**	**1.322.522**	**2.888.943**
XV.	**PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS**		-	-	-	-	-	-
15.1	Held For Sale		-	-	-	-	-	-
15.2	Discontinued Operations		-	-	-	-	-	-
XVI.	**SHAREHOLDERS' EQUITY**		**608.192**	**-**	**608.192**	**603,638**		**603,638**
16.1	Paid-in Capital	25	424.365	-	424.365	424.365	-	424.365
16.2	Capital Reserves	25	1.938	-	1.938	1.938	-	1.938
16.2.1	Share Premiums		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		1.938	-	1.938	1.938	-	1.938
16.3	Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		328	-	328	328	-	328
16.4	Accumulated Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		3.103	-	3.103	3.962	-	3.962
16.5	Profit Reserves	26	142.790	-	142.790	99.571	-	99.571
16.5.1	Legal Reserves		24.202	-	24.202	21.291	-	21.291
16.5.2	Statutory Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		81.450	-	81.450	78.280	-	78.280
16.5.4	Other Profit Reserves		37.138	-	37.138	-	-	-
16.6	Profit or Loss		21.524	-	21.524	58.365	-	58.365
16.6.1	Prior Periods Profit/Loss		146	-	146	18.776	-	18.776
16.6.2	Current Period Profit/Loss		21.378	-	21.378	39.589	-	39.589
16.7	Non-Controlling Interests	24	14.144	-	14.144	15.109	-	15.109
			-	-	-			
	TOTAL LIABILITIES AND EQUITY		**2.161.962**	**1.269.670**	**3.431.632**	**2.170.059**	**1.322.522**	**3.492.581**

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS AT 31 MARCH 2014

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

	OFF-BALANCE SHEET ITEMS		**Unaudited Current Period 31 March 2014**			**Audited Prior Period 31 December 2013**		
		Notes	**TRY**	**FC**	**TOTAL**	**TRY**	**FC**	**TOTAL**
I.	**IRREVOCABLE FACTORING TRANSACTIONS**		**11.586**	**6.794**	**18.380**	**30.106**	**13.264**	**43.370**
II.	**REVOCABLE FACTORING TRANSACTIONS**		**55.163**	**21.523**	**76.686**	**85.143**	**40.239**	**125.382**
III.	**COLLATERALS RECEIVED**	**38**	**414.527**	**232.027**	**646.554**	**422.136**	**226.524**	**648.660**
IV.	**COLLATERALS GIVEN**	**26**	**4.199**	**-**	**4.199**	**3.823**	**-**	**3.823**
V.	**COMMITMENTS**		**30.557**	**273.665**	**304.222**	**26.386**	**306.537**	**332.923**
5.1	Irrevocable Commitments		-	77.138	77.138	-	79.260	79.260
5.2	Revocable Commitments		30.557	196.527	227.084	26.386	227.277	253.663
5.2.1	Lease Commitments		30.557	196.527	227.084	26.386	227.277	253.663
5.2.1.1	Finance Lease Commitments		30.557	196.527	227.084	26.386	227.277	253.663
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**943.903**	**949.988**	**1.893.891**	**852.150**	**900.277**	**1.752.427**
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	26	943.903	949.987	1.893.891	852.150	900.277	1.752.427
6.2.1	Forward Foreign Currency Purchases/Sales	26	8.230	7.756	15.986	8.230	7.574	15.804
6.2.2	Swap Purchases/Sales	26	935.673	942.232	1.877.905	843.920	892.703	1.736.623
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
VII.	**ITEMS HELD IN CUSTODY**		**1.339.160**	**301.445**	**1.640.605**	**1.216.026**	**299.704**	**1.515.730**
	TOTAL OFF-BALANCE SHEET ITEMS		**2.799.095**	**1.785.442**	**4.584.537**	**2.635.770**	**1.786.545**	**4.422.315**

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2014

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

	INCOMEAND EXPENSE ITEMS	Notes	Unaudited Current Period 01.01. - 31.03.2014	Unaudited Prior Period 01.01. - 31.03.2013
I.	**OPERATING INCOME**	**31**	**61.752**	**41.975**
	FACTORING INCOME		**22.124**	**14.145**
1.1	Factoring Interest Income		20.241	13.273
1.1.1	Discounted		9.406	5.032
1.1.2	Other		10.835	8.241
1.2	Factoring Commission Income		1.883	872
1.2.1	Discounted		850	341
1.2.2	Other		1.033	531
	LEASE INCOME		**39.628**	**27.830**
1.3	Finance Lease Income		39.628	27.830
1.4	Operational Lease Income		-	-
1.5	Fees and Commission Income on Lease Operations		-	-
II.	**FINANCING EXPENSES (-)**	**34**	**(46.465)**	**(23.551)**
2.1	Interest Expense on Funds Borrowed		(39.931)	(20.357)
2.2	Interest Expense on Factoring Payables		-	-
2.3	Interest Expense of Finance Leasing Expenses		-	-
2.4	Interest Expense on Securities Issued		(5.402)	(2.583)
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Paid		(1.132)	(611)
III.	**GROSS PROFIT / LOSS (I+II)**		**15.287**	**18.424**
IV.	**OPERATING EXPENSES (-)**	**32**	**(9.143)**	**(6.492)**
4.1	Personal Expenses		(4.773)	(3.888)
4.2	Employee Severance Indemnity Expense		(179)	(151)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(4.191)	(2.453)
4.5	Other		-	-
V.	**GROSS OPERATING PROFIT / LOSS (III+IV)**		**6.144**	**11.932**
VI.	**OTHER OPERATING INCOME**	**33**	**78.708**	**13.967**
6.1	Interest Income on Bank Deposits		1.595	4.369
6.2	Interest Income on Reverse Repurchase Agreements		-	-
6.3	Interest Income on Securities Portfolio		7	36
6.3.1	Interest Income on Financial Assets Held for Trading		7	36
6.3.2	Interest Income on Financial Assets at Fair Value Through Profit or Loss		-	-
6.3.3	Interest Income on Financial Assets Available For Sale		-	-
6.3.4	Interest Income on Financial Assets Held to Maturity		-	-
6.4	Dividend Income		1.328	121
6.5	Trading Account Income		49.083	5.309
6.5.1	Income From Derivative Financial Instruments		49.083	5.309
6.5.2	Other		-	-
6.6	Foreign Exchange Gains		22.453	2.281
6.7	Others		4.242	1.851
VII.	**PROVISION FOR LOSSES ON NON-PERFORMING RECEIVABLES (-)**	**35**	**(13.895)**	**(1.601)**
VIII.	**OTHER OPERATING EXPENSES (-)**	**36**	**(41.190)**	**(5.824)**
8.1	Impairment Losses on Securities Portfolio		-	-
8.1.1	Impairment Losses on Financial Assets at Fair Value Through Profit or Loss		-	-
8.1.2	Impairment Losses on Financial Assets Available For Sale		-	-
8.1.3	Impairment Losses on Financial Assets Held to Maturity		-	-
8.2	Impairment Losses on Non-Current Assets		-	-
8.2.1	Impairment Losses on Tangible Assets		-	-
8.2.2	Impairment Losses on Assets Held for Sale and Discontinued Operations		-	-
8.2.3	Impairment Losses on Goodwill		-	-
8.2.4	Impairment Losses on Other Intangible Assets		-	-
8.2.5	Impairment Losses on Subsidiaries, Associates and Joint Ventures		-	-
8.3	Losses From Derivative Financial Instruments		(40.664)	(4.659)
8.4	Foreign Exchange Losses		-	-
8.5	Other		(526)	(1.165)
IX.	**NET OPERATING PROFIT / LOSS (V+…..+VIII)**		**29.767**	**18.474**
X.	**INCOME RESULTED FROM MERGER**		**-**	**-**
XI.	**GAIN/LOSS ON NET MONETARY POSITION**		**-**	**-**
XII.	**PROFIT FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI)**		**29.767**	**18.474**
XIII.	**INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)**	**37**	**(9.239)**	**(3.607)**
13.1	Current Tax Charge		(763)	(856)
13.2	Deferred Tax Charge (-)		(8.476)	(2.751)
13.3	Deferred Tax Benefit (+)		-	-
XIV.	**NET PROFIT FROM CONTINUING OPERATIONS (XII±XIII)**		**20.528**	**14.867**
XV.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
15.1	Income from Assets Held for Sale		-	-
15.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-
15.3	Other Income from Discontinued Operations		-	-
XVI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
16.1	Expense on Assets Held for Sale		-	-
16.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities		-	-
16.3	Other Expenses from Discontinued Operations		-	-
XVII.	**PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX(XV-XVII)**		**-**	**-**
XVIII.	**INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)**		**-**	**-**
18.1	Current Tax Charge		-	-
18.2	Deferred Tax Charge (-)		-	-
18.3	Deferred Tax Benefit (+)		-	-
XIX.	**NET PROFIT FROM DISCONTINUED OPERATIONS (XVII+XVIII)**		**-**	**-**
XX.	**NET PROFIT FOR THE PERIOD**		**20.528**	**14.867**
20.1	**NON-CONTROLLING INTERESTs**		**850**	**(800)**
20.2	**EQUITY HOLDERS OF THE COMPANY**		**21.378**	**14.067**
	EARNINGS PER SHARE	**38**	**0,05**	**0,04**
	Earnings Per Share from Continued Operations		**0,05**	**0,04**
	Earnings Per Share from Discontinued Operations		**-**	**-**
	DILUTED EARNINGS PER SHARE		**0,05**	**0,04**
	Earnings Per Share from Continued Operations		**0,05**	**0,04**
	Earnings Per Share from Discontinued Operations		**-**	**-**

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

İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2014

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

	PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	**Unaudited Current Period 01.01-31.03.2014**	**Unaudited Prior Period 01.01-31.03.2013**
I.	**CURRENT PERIOD PROFIT/LOSS**	**20.528**	**14.867**
II.	**OTHER COMPREHENSIVE INCOME**	**(974)**	**1.251**
2.1	**Items that will not be Reclassified to Profit or Loss**	**-**	**-**
2.1.1	Tangible Assets Revaluation Increases/Decreases	-	-
2.1.2	Intangible Assets Revaluation Increases/Decreases	-	-
2.1.3	Employee Benefits Re-Measuring Loss/Income	-	-
2.1.4	Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
2.1.5	Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
2.1.5.1	Current Tax Income/Expense	-	-
2.1.5.2	Deferred Tax Income/Expense	-	-
2.2	**Items that may be Reclassified subsequently to Profit or Loss**	**(974)**	**1.251**
2.2.1	Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2	Value Increases or Decreases on Assets Held for Sales	(974)	1.251
2.2.3	Cash Flow Hedge Income/Losses	-	-
2.2.4	Net Investment Hedge Income/Losses	-	-
2.2.5	Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6	Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6.1	Current Tax Income/Expense	-	-
2.2.6.2	Deferred Tax Income/Expense	-	-
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**19.554**	**16.118**

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

							Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss			Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss												
	CHANGES IN EQUITY	Paid-in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Profit Reserves	Current Period Profit/ Loss	Prior Period Profit/ Loss	Net Current Period Profit/ Loss	Non-Controlling Interest	Total Equity
	Prior Period (01.01 – 31.03.2013) (Unaudited)																					
I.	**Balance at the Beginning of the Period (31.12.2012)**	**389.000**	**-**	**-**	**-**	**1.938**	**-**	**-**	**-**	**-**	**8.144**	**-**	**112.907**	**19.251**	**-**	**93.656**	**-**	**40.805**	**-**	**40.805**	**13.004**	**565.798**
II.	**Correction Made According to TAS 8**	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	**New Balance (I+II)**	**389.000**	**-**			**1.938**	**-**	**-**	**-**	**-**	**8.144**	**-**	**112.907**	**19.251**	**-**	**93.656**	**-**	**40.805**	**-**	**40.805**	**13.004**	**565.798**
IV.	**Total Comprehensive İncome**	-	-	-	-	-	-	-	-	-	**1.085**	-	-	-	-	-	-	-	-	-	**166**	**1.251**
V.	**Cash Capital Increase**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from internal reserves**	-	-			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Paid-in-Capital Inflation Adjustment**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Loans**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increases / Decreases due to other changes**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit for the Period**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**14.067**	-	**14.067**	**800**	**14.867**
XII.	**Profit Distribution**	-	-	-	-	-	-	-	-	-	-	-	**40.805**	**2.040**	-	**3.400**	**35.365**	**(40.805)**	-	**(40.805)**	-	-
12.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Transfer to Reserves	-	-	-	-	-	-	-	-	-	-	-	**40.805**	**2.040**	-	**3.400**	**35.365**	**(40.805)**	-	**(40.805)**	-	-
12.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the End of the Period (31.03.2013)	**389.000**	**-**	**-**	**-**	**1.938**	**-**	**-**	**-**	**-**	**9.229**	**-**	**153.712**	**21.291**	**-**	**97.056**	**35.365**	**14.067**	**-**	**14.067**	**13.970**	**581.916**
	Current Period (01.01. –31.03.2014) (Unaudited)																					
I.	**Balance at the Beginning of the Period (31.12.2013)**	**424.365**	**-**	**-**	**-**	**1.938**	**-**	**328**	**-**	**-**	**3.962**	**-**	**99.571**	**21.291**	**-**	**78.280**	**-**	**58.365**	**18.776**	**39.589**	**15.109**	**603.638**
II.	**Correction Made According to TAS 8**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New Balance (I+II)**	**424.365**	**-**	**-**	**-**	**1.938**	**-**	**328**	**-**	**-**	**3.962**	**-**	**99.571**	**21.291**	**-**	**78.280**	**-**	**58.365**	**18.776**	**39.589**	**15.109**	**603.638**
IV.	**Total Comprehensive İncome**	-	-	-	-	-	-	-	-	-	**(859)**	-	-	-	-	-	-	-	-	-	**(115)**	**(974)**
V.	**Cash Capital Increase**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from internal reserves**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Paid-in-Capital Inflation Adjustment**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Loans**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increases / Decreases due to other changes**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit for the Period**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**21.378**	-	**21.378**	**(850)**	**20.528**
XII.	**Profit Distribution**	-	-	-	-	-	-	-	-	-	-	-	**43.219**	**2.911**	-	**3.170**	**37.138**	**(58.219)**	**(18.630)**	**(39.589)**	-	**(15.000)**
12.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**(15.000)**	-	-	-	-	-	**(15.000)**
12.2	Transfer to Reserves	-	-	-	-	-	-	-	-	-	-	-	**43.219**	**2.911**	-	**18.170**	**37.138**	**(43.219)**	**(18.630)**	**39.589)**	-	-
12.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the End of the Period (31.03.2014)	**424.365**	**-**	**-**	**-**	**1.938**	**-**	**328**	**-**	**-**	**3.103**	**-**	**142.790**	**24.202**	**-**	**81.450**	**37.138**	**21.524**	**146**	**21.378**	**14.144**	**608.192**

1, Revaluation increase/decrease of property and equipment,
2, Employee benefits re-measuring income/loss,
3, Other (Other comprehensive income related with equity pick up investment portions and accumulated other comprehensive income components that will not be re-classified to profit/loss)
4, Foreign currency translation differences for foreign operations,
5, Net change in fair value of available-for-sale financial assets,
6, Other (Cash flow hedge income/ (losses), accumulated other comprehensive income components that may re-classified subsequently to profit7loss)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014

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

			Unaudited Current Period	**Unaudited Prior Period**
		Notes	**01.01-31.03.2014**	**01.01-31.03.2013**
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	**Operating Profit Before Changes İn Operating Assets And Liabilities**		**32.965**	**26.641**
1.1.1	Interests Received/Lease Income		59.241	46.271
1.1.2	İnterest Paid / Lease Expenses		(29.085)	(21.390)
1.1.3	Lease Expenses		-	-
1.1.4	Dividends Received		1.328	96
1.1.5	Fees and Commissions Received		1.883	872
1.1.6	Other Income		14.673	12.613
1.1.7	Collections from Non-performing Receivables	33	2.644	289
1.1.8	Payments to Personnel and Service Suppliers		(4.339)	(3.683)
1.1.9	Taxes Paid		(1.310)	(1.211)
1.1.10	Others		(12.070)	(7.216)
1.2	**Changes in Operating Assets and Liabilities**		**41.453**	**(109.197)**
1.2.1	Net (Increase) Decrease in Factoring Receivables		160.068	(22.848)
1.2.2	Net (Increase) Decrease in Financing Loans		-	-
1.2.3	Net (Increase) Decrease in Lease Receivables		(90.587)	(25.785)
1.2.4	Net (Increase) Decrease in Other Assets		(12.928)	(1.093)
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		(3.913)	(82.252)
1.2.8	Net Increase (Decrease) in Due Payables		-	-
1.2.9	Net Increase (Decrease) in Other Liabilities		(11.187)	22.781
			-	
I.	**Net Cash Provided from / (Used in) Operating Activities**		**74.418**	**(82.556)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
2.1	Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		-	-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3	Purchases of Tangible and Intangible Assets	10, 11	(512)	(657)
2.4	Proceeds From Sale of Tangible and Intangible Assets	10	-	33
2.5	Cash Paid for Purchase of Financial Assets Available for Sale		-	-
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**		**(512)**	**(624)**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
3.1	Cash obtained from funds borrowed and securities issued		(1.058)	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(15.000)	-
3.5	Payments for finance leases		-	-
3.6	Other		-	(1)
III.	**Net Cash Used in Financing Activities**		**(16.058)**	**(1)**
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**3.409**	**(48)**
V.	**Net Increase / (Decrease) in Cash and Cash Equivalents**		**61.257**	**(83.229)**
VI.	**Cash and Cash Equivalents at the Beginning of the Period**	**5**	**232.770**	**316.849**
VII.	**Cash and Cash Equivalents at the End of the Period**	**5**	**294.027**	**233.620**

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 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 Borsa İstanbul.

As at 31 March 2014, the Company and its subsidiary ("the Group") has 196 employees (31 December 2013: 179 employees).

Dividend Payable

As at 31 March 2014, the Company has TRY 6.038 dividend to be paid.

Approval of the Financial Statements

The consolidated financial statements as at 31 March 2014 have been approved by the Board of Directors of the Company and authorized for issue as at 30 April 2014. The 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 Group prepared accompanying financial statements due to the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" and the "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies and on Financial Statements to be announced to Public" published in the Official Gazette dated 24 December 2013 and numbered 28861 and Turkish Accounting Standards published by Public Oversight Accounting and Auditing Standards Institute (POAAS), Turkish Financial Reporting Standards and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Agency ("BRSA") in respect of accounting and financial reporting.

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

2.1 Basis of the Presentation (Continued)

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 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.

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 March 2014 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.

(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 28 – Commitments and contingencies

Note 40 – Additional information on financial instruments

Basis of Consolidation

The details of the Group's subsidiary as at 31 March 2014 and 31 December 2013 are as follows:

Subsidiary	Establishment and operation location	Shareholding rate %	Voting right rate %	Core business
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 31 March 2014 and 31 December 2013, the Company owns 78,23% of İş Factoring. As the Company has the power to control the operations of the İş Factoring, the financial statements of İş Factoring have been fully consolidated in the accompanying consolidated financial statements.

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 Factoring 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 Factoring. 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

Except for the new standards summarised below, the accounting policies applied for the year ended 31 December 2013 have been applied consistently for the period ended 31 March 2014 in preparing these financial statements.

The material changes in accounting policies are applied on a retrospective basis and the comparative financial statements have been restated where applicable. The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013:

•TFRS 13 *Fair Value Measurement* (see note (i))

•TAS 1 *Presentation of Financial Statements* (Amendments) (see note (ii))

•TAS 19 *Employee Benefits* (2011) (see note (iii))

The nature and effects of the changes are explained below.

(i) Fair Value Measurement

TFRS 13 *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other TFRSs.

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

2.2 Changes in Accounting Policies

(i) Fair Value Measurement (continued)

It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including TFRS 7 *Financial Instruments: Disclosures*.

In accordance with the transitional provisions of TFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

(ii) Presentation of items of other comprehensive income

As a result of the amendments to TAS 1, the Company has modified the presentation of items of Other Comprehensive Income ("OCI") in its statement of profit or loss and OCI, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

The amendments to TAS 1 had no significant impact on the profit or loss and other comprehensive income and assets and liabilities.

(iii) Employee benefits

As a result of the amendments to TAS 19 (2011), all actuarial gains and losses are recognised in other comprehensive income.

Prior to these amendments, all actuarial gains and losses had been recognised in profit or loss. As the do not have significant impact on the comparative financial statements for the year ended 31 March 2013, they have not been restated.

(iv) Changes in the format requirements of the financial statements

As a result of new format requirements by "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 by BRSA, the below mentioned classifications have been made in the comparative financial statements for the year ended 31 March 2013 presented in the accompanying statement of financial position:

Interest paid on "operating profit before changes in operating assets and liabilities-other" amounting to TL 21.390 on the Group's consolidated financial statements as at 31 March 2013 are re-classified to "operating profit before changes in operating assets and liabilities-interest paid" in the comparative 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.

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

2.4 Standards and Interpretations not yet effective as at 31 December 2012

The Group applied all of the relevant and required standards promulgated by TASB as at 31 March 2014.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 March 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below;

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, factoring and Financing Companies Law No: 6361 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.

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

2. 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 31 December 2004 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:

Definition	***Years***
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 31 December 2004 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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. 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.

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 "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 and the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" published in the Official Gazette dated 20 July 2007 and numbered 26588 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. <u>Financial Instruments (Continued)</u>

<u>Financial assets (Continued)</u>

<u>Impairment of financial assets</u>

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.

<u>Cash and cash equivalents</u>

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.

<u>Financial liabilities</u>

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.

<u>Financial liabilities at fair value through profit or loss</u>

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.

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.

(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 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	**31 December 2013**
USD	2,1898	2,1343
Euro	3,0072	2,9365
GBP	3,6343	3,5114
CHF	2,4615	2,3899
100 JPY	2,1351	2,0231

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. 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 29).

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.

(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 deductable 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:

	31 March 2014	31 December 2013
Discount rate	%3,29	%3,29
Expected rate of salary/limit increase	%6,5	%6,5
Probability of retirement	%100	%100

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).

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

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

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.

	31 March 2014		**31 December 2013**	
	TRY	FC	TRY	FC
Derivative Financial Assets				
Forwards	-	-	-	-
Currency swaps	-	11.868	-	-
	-	**11.868**	**-**	**-**

	31 March 2014		**31 December 2013**	
	TRY	FC	TRY	FC
Derivative Financial Liabilities				
Forwards	-	459	-	486
Currency swaps	-	86.240	-	122.209
	-	**86.699**	**-**	**122.695**

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

5. BANKS

As at 31 March 2014 and 31 December 2013, the details of the banks are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Demand Deposits	1.509	5.091	10.995	2.744
Time Deposits	465	286.962	250	218.783
Interest Accrual	-	101	-	21
	1.974	**292.154**	**11.245**	**221.548**

The details of the time deposits as at 31 March 2014 are as follows:

Currency	Interest Rate %	Maturity	31 March 2014
TL	3,50%	01.04.2014	465
USD	0,06%-2,90%	01.04.2014-25.04.2014	146.225
Euro	0,50%-2,90%	02.01.2014	140.838
			287.528

The details of the time deposits as at 31 December 2013 are as follows:

Currency	Interest Rate (%)	Maturity	31 December 2013
TRY	3,50%	02.01.2014	251
USD	0,07%-2,85%	02.01.2014 - 27.01.2014	57.832
Euro	1,60%-2,60%	02.01.2014	160.971
			219.054

As at 31 March 2014, TRY 123.544 portion of total foreign currency deposits (31 December 2013: TRY 192.103) and TRY 1.937 portion of total TRY deposits (31 December 2013: TRY 1.239) 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 statement of financial position and the statement of cash flow is as follows:

	31 March 2014	31 December 2013
Demand deposits	6.600	13.739
Time deposits (1-3 months) (excluding accrual)	287.427	219.034
Cash and cash equivalents	**294.027**	**232.773**

As at 31 March 2014 and 31 December 2013, there is no blockage on cash and cash equivalents.

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

6. FINANCIAL ASSETS AVAILABLE FOR SALE

As at 31 March 2014 and 31 December 2013, details of financial assets available for sale are as follows:

				Ownership Rate (%)		Carrying Amount	
Name of the investment	Core business	Incorporation and location	Voting right (%)	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	18.429	19.335
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	1.469	1.534
Unquoted investments:							
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	302
Efes Varlık Yönetimi A.Ş.	Asset Management	İstanbul	10,00	10,00	10,00	2.000	2.000
TOTAL						**22.242**	**23.213**

7. FACTORING RECEIVABLES

As at 31 March 2014 and 31 December 2013, details of factoring receivables are as follows:

	31 March 2014	31 December 2013
Short-term factoring receivables (*)		
Domestic factoring receivables (net)	654.766	798.780
Export and import factoring receivables	123.804	151.402
Factoring interest income accrual	4.814	3.260
Unearned interest income	(6.197)	(7.332)
	777.187	946.110
Non-performing factoring receivables (**)	22.233	13.969
Provision for non-performing factoring receivables (**)	(22.233)	(13.969)
	777.187	**946.110**

(*) 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 4.994.893 and TRY 83.846 of factoring receivables have variable rates (31 December 2013: Euro 680.742, GBP 63.870 ve TRY 126.879) while Euro 20.805.145, USD 21.292.604, GBP 133.305 and TRY 568.659 of factoring receivables have fixed rates (31 December 2013: Euro 36.173.336, USD 20.395.914 and TRY 667.174).

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

7. FACTORING RECEIVABLES (Continued)

As at 31 March 2014, the average interest rates applicable for the factoring receivables are 14,34% for TRY, 6,77% for USD and 6,83% for Euro and 7,00% for GBP (31 December 2013: 11,71% for TRY, 5,80% for USD and 5,59% for Euro , 6,50% for GBP).

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

	31 March 2014	31 December 2013
Domestic irrevocable	268.797	371.080
Foreign irrevocable	10.512	11.967
Domestic revocable	383.709	422.973
Foreign revocable	114.169	140.090
	777.187	**946.110**

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 159 (31 December 2013: TRY 476). 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):

Collateral type	31 March 2014	31 December 2013
Letters of guarantee	2.396	8.632
	2.396	**8.632**

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

	31 March 2014	31 December 2013
Up to 90 days	-	926
Between 90 – 180 days	10.089	658
Between 180 – 360 days	2.196	1.851
Over 360 days	9.948	10.534
	22.233	**13.969**

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:

	1 January- 31 March 2014	1 January- 31 March 2013
Provision at the beginning of the period	(13.969)	(10.902)
Provision set during the period	(10.673)	(316)
Collections	2.409	275
Provision at the end of the period	**(22.233)**	**(10.943)**

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

8. LEASE RECEIVABLES

As at 31 March 2014 and 31 December 2013, details of finance lease receivables are as follows:

31 March 2014	**Short Term**	**Long Term**	**Total**
Invoiced finance lease receivables	35.490	-	35.490
Non-performing finance lease receivables (*)	107.312	657	107.969
Uninvoiced finance lease receivables	790.727	1.543.611	2.334.338
Less: Unearned interest income	(133.796)	(184.183)	(317.979)
Leasing contracts in progress (**)	-	136.990	136.990
Advances given for lease transactions	-	33.638	33.638
Specific provisions (*)	(55.242)	(338)	(55.580)
Net finance lease receivables	744.491	1.530.375	2.274.866

31 December 2013	**Short Term**	**Long Term**	**Total**
Invoiced finance lease receivables	32.817	-	32.817
Non-performing finance lease receivables (*)	107.512	2.073	109.585
Uninvoiced finance lease receivables	768.032	1.465.063	2.233.095
Less: Unearned interest income	(130.690)	(163.309)	(293.999)
Leasing contracts in progress (**)	-	157.526	157.526
Advances given for lease transactions	-	45.640	45.640
Specific provisions (*)	(51.657)	(996)	(52.653)
Net finance lease receivables	726.014	1.505.997	2.232.011

(*) 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 31 March 2014 and 31 December 2013, leasing contracts in progress balance includes the total amount paid for these machinery and equipment but not charged to the lessees yet.

As at 31 March 2014, analysis of finance lease receivables according to their maturities is as follows:

	2014 (**)	**2015**	**2016**	**2017**	**2018**	**2019 and after**	**Total**
Finance lease receivables (gross) (*)	707.881	622.179	434.786	306.733	213.807	136.831	2.422.217
Unearned interest	(104.921)	(99.386)	(56.787)	(30.940)	(14.122)	(11.823)	(317.979)
Finance lease receivables (net)	**602.960**	**522.793**	**377.999**	**275.793**	**199.685**	**125.008**	**2.104.238**

(*) 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 52.389 are presented in 2014 column since their collection dates are not certain.

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

8. LEASE RECEIVABLES (Continued)

As at 31 December 2013, analysis of finance lease receivables according to their maturities is as follows:

	2014 (**)	**2015**	**2016**	**2017**	**2018**	**2019 and after**	**Total**
Finance lease receivables (gross) (*)	857.782	553.533	380.470	266.421	183.882	80.756	2.322.844
Unearned interest	(130.690)	(80.781)	(45.701)	(23.937)	(9.440)	(3.450)	(293.999)
Finance lease receivables (net)	**727.092**	**472.752**	**334.769**	**242.484**	**174.442**	**77.306**	**2.028.845**

(*) 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 56.932 are presented in 2014 column since their collection dates are not certain.

As at 31 March 2014, the average compound interest rates applicable for the finance lease receivables are 13,98% for TRY, 6,16 % for USD, and 6,86 % for Euro (31 December 2013: 13,70% for TRY, 6,13 % for USD and 6,96% for Euro).

As at 31 March 2014, details of finance lease receivables in terms of currency types are as follows:

Currency	Principal in foreign currency	Principal (*) (Net)	Unearned interest in foreign currency	Unearned interest
USD	389.922.831	853.853	56.401.911	123.509
Euro	257.403.809	774.065	36.903.042	110.975
TRY	-	476.320	-	83.495
Total		**2.104.238**		**317.979**

As at 31 December 2013, details of finance lease receivables in terms of currency types are as follows:

Currency	Principal in foreign currency	Principal (*) (Net)	Unearned interest in foreign currency	Unearned interest
USD	395.135.604	843.338	57.790.849	123.343
Euro	243.747.415	715.766	30.275.573	88.904
TRY	-	469.741	-	81.752
Total		**2.028.845**		**293.999**

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

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

8. LEASE RECEIVABLES (Continued)

USD 56.141.032 and Euro 20.495.444 portion of the Group's finance lease receivables have variable rates (31 December 2013: USD 60.437.216 and Euro 22.670.799) while USD 333.781.799, Euro 236.908.365 and TRY 476.321 portion of its finance lease receivables have fixed rates (31 December 2013: USD 334.698.388, Euro 221.076.616 and TRY 469.742).

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):

Collateral type	31 March 2014	31 December 2013
Mortgages	100.608	96.420
Letters of guarantee	3.541	3.945
Equity securities	6.651	6.981
Cash blockages	2.450	2.450
Guarantors	452	27
Upper right Mortgages	1.643	1.926
	115.345	**117.749**

In addition to collaterals above, the Group also has pledged vehicles amounting to TRY 15.353 and pledged machines amounting to TRY 193 (31 December 2013: pledged vehicles amounting to TRY 14.669, pledged machines amounting to TRY 330).

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 18.369 (31 December 2013: TRY 16.049) 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:

	31 March 2014	31 December 2013
Up to 30 days	12.472	8.916
Between 30 – 60 days	2.547	3.345
Between 60 – 90 days	2.882	1.506
Between 90 – 150 days	468	2.282
Total overdue	18.369	16.049
Not due amount	177.506	176.616
	195.875	**192.665**

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

Collateral type	31 March 2014	31 December 2013
Mortgages	45.784	26.848
Letters of guarantee	500	106
Cash blockages	115	140
	46.399	**27.094**

In addition to above guarantees, the Group also has pledged vehicles amounting to TRY 1.484 and pledged machines amounting to TRY 193 (31 December 2013: pledged vehicles amounting to TRY 1.265 and pledged machines amounting to TRY 202).

(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 40.

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 31 March 2014 and 31 December 2013, the aging of non-performing finance lease receivables is as follows:

	31 March 2014	**31 December 2013**
Between 150 – 240 days	1.006	5.776
Between 240 – 360 days	2.642	3.725
Over 360 days	42.132	37.890
Uninvoiced non-performing finance lease receivables	63.179	63.184
Unearned interest of non-performing finance lease receivables	(990)	(990)
	107.969	**109.585**

Collaterals obtained for non-performing finance lease receivables as at 31 March 2014 and 31 December 2013 are as follows:

Guarantee type:	**31 March 2014**	**31 December 2013**
Mortgages	7.057	7.800
Cash blockages	2.338	2.302
	9.395	**10.102**

In addition to the above collaterals, leased equipments amounting to TRY 38.079 and pledged assets (vehicles) amounting to TRY 382 are considered in the provision calculation (31 December 2013: leased equipments amounting to TRY 41.210 and pledged assets (vehicles) amounting to TRY 376).

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

Movement of specific provisions:	**1 January-31 March 2014**	**1 January-31 March 2013**
Provision at the beginning of the period	(52.653)	(57.966)
Provision set during the period	(3.162)	(1.258)
Collections	235	14
Provision at the end of the period	**(55.580)**	**(59.210)**

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

9. RELATED PARTIES

As at 31 March 2014 and 31 December 2013, details of related party balances are as follows:

	31 March 2014	31 December 2013
Finance lease receivables		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	30.468	31.338
Avea İletişim Hizmetleri A.Ş.	2.061	2.382
Aras Kargo Yurt İçi Yurt Dışı Taşımacılık A.Ş.	1.890	2.150
Ortopro Tıbbi Aletler San.ve Tic. A.Ş.	411	1.399
Anadolu Cam Sanayii A.Ş.	328	394
Numnum Yiyecek ve İçecek A.Ş.	296	309
Antgıda Gıda Tarım Tur.Ener.ve Dem.Çelik San.ve.Tic.A.Ş.	99	115
Nemtaş Nemrut Liman İşletmeleri A.Ş.	19	25
	35.572	**38.112**

	31 March 2014	31 December 2013
Factoring receivables		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	18.100	16.920
Ortopro Tıbbi Aletler San. ve Tic.A.Ş.	5.571	-
Ant Gıda Tarım Turizm Enerji ve Demir Çelik San.Tic. A.Ş.	-	1.500
Kültür Yayınları İş-Türk Ltd. Şti.	-	139
	23.671	**18.559**
Payables to related parties		
Anadolu Anonim Türk Sigorta Şirketi (Insurance premium)	9.878	10.262
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş	23	27
Avea İletişim Hizmetleri A.Ş.	11	3
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	6	6
İş Merkezleri Yönetim ve İşletim A.Ş.	3	5
Diğer	1	1
	9.923	**10.304**
Deposits placed to related parties		
Türkiye İş Bankası A.Ş. Demand Deposits	44.843	3.725
Türkiye İş Bankası A.Ş. Time Deposits	80.638	189.617
	125.481	**193.342**
Derivative financial liabilities held for trading		
Türkiye İş Bankası A.Ş.	44.570	69.920
	44.570	**69.920**

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

9. RELATED PARTIES (Continued)

As at 31 March 2014 and 31 December 2013, details of borrowings from related parties are as follows:

Türkiye İş Bankası A.Ş.

Currency	Interest Rate %	Maturity	31 March 2014
TRY	1,005%-16%	01.04.2014-15.06.2018	312.124
USD	3,0%-6,62%	06.06.2014-30.09.2016	177.304
Euro	3,40%-4,25%	23.01.2014-26.12.2016	89.429
			578.857

Currency	Interest Rate %	Maturity	31 December 2012
TRY	1,00%-13,24%	02.01.2014-15.06.2018	370.285
USD	2,80%-6,92%	02.01.2014-30.09.2016	199.308
Euro	3,40%-4,25%	03.01.2014-26.12.2016	107.378
			676.971

İşbank AG (*)

Currency	Interest Rate %	Maturity	31 March 2014
Euro			-
			-

Currency	Interest Rate %	Maturity	31 December 2013
Euro	2,25%	Overdraft	10.971
			10.971

TSKB

Currency	Interest Rate %	Maturity	31 March 2014
USD	2,35%-2,89%	15.07.2014-17.06.2017	55.658
Euro	2,37%-2,91%	15.07.2014-18.12.2020	27.984
			83.642

Currency	Interest Rate %	Maturity	31 December 2013
USD	2,41%-2,87%	15.07.2014-15.06.2017	57.129
Euro	2,26%-2,91%	15.07.2014-18.12.2018	28.952
			86.081

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

9. RELATED PARTIES (Continued)

For the years ended 31 Marc 2014 and 31 December 2013, finance income and expenses from related parties are as follows:

	31 March 2014	31 December 2013
Finance lease interest income from related parties		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	606	430
Aras Kargo Yurt İçi Yurt Dışı Taşımacılık A.Ş.	84	121
Ortopro Tıbbi Aletler Sa.nve Tic.A.Ş.	43	61
Anadolu Cam Sanayii A.Ş.	17	28
Avea İletişim Hizmetleri A.Ş.	35	20
Antgıda Gıda Tarım Tur.Ener.ve Dem.Çelik San.ve.Tic.A.Ş.	4	6
Numnum Yiyecek ve İçecek A.Ş.	9	-
Nemtaş Nemrut Liman İşletmeleri A.Ş.	1	-
Other	-	1
Total	**799**	**667**
Interest income from related parties		
Türkiye İş Bankası A.Ş.	222	3.065
Total	**222**	**3.065**
Dividend income from related parties		
İş Yatırım Menkul Değerler A.Ş.	1.192	-
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	106	65
İş Net Elektr.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş.	30	56
Total	**1.328**	**121**
Finance expense		
Türkiye İş Bankası A.Ş.	11.562	5.065
Türkiye Sınai Kalkınma Bankası A.Ş.	652	611
İşbank AG	97	953
İş Yatırım Menkul Değerler A.Ş.	79	87
Arap Türk Bankası A.Ş.	12	-
Total	**12.402**	**6.716**
Rent expense		
Türkiye İş Bankası A.Ş	723	513
Total	**723**	**513**
Commission income		
Anadolu Anonim Türk Sigorta Şirketi	696	426
Total	**696**	**426**

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

9. RELATED PARTIES (Continued)

Factoring commission income	31 March 2014	31 December 2013
Şişe Cam Dış Tic.AŞ.	28	36
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	42	-
Kültür Yayınları İş-Türk Ltd.Şti.	-	2
Total	**70**	**38**

Factoring interest income from related parties		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	435
Ant Gıda Tarım Turizm Enerji ve Demir Çelik San.Tic.A.Ş.	42	184
Kültür Yayınları İş-Türk Ltd. Şti.	337	21
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	96	-
Total	**475**	**640**

Mutual fund income		
Türkiye İş Bankası A.Ş	-	4
Total	**-**	**4**

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

As at 31 March 2014 and 31 December 2013, nominal values of derivative transactions with related parties are as follows:

	31 March 2014		31 December 2013	
	Purchase	Sale	Purchase	Sale
Forward Transactions	8.230	7.756	8.230	7.574
Swap Transactions	427.030	420.022	545.022	551.592
	435.260	**427.778**	**553.252**	**559.166**

As at 31 March 2014 and 31 December 2013, the amount of the Company's issued debt securities (with maturities of 10 June 2014, 3 April 2015, 25 February 2016 and 14 April 2016) in related parties' portfolio are as follows:

	31 March 2014	31 December 2013
Türkiye Sınai Kalkınma Bankası A.Ş.	28.609	27.982
Türkiye İş Bankası A.Ş.	7.000	7.040
İş Yatırım Menkul Değerler A.Ş.	7.055	5.976
Millî Reasürans T.A.Ş.	12.500	5.431
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	9.250	4.943
İş B Tipi Yatırım Ortaklığı A.Ş.	4.650	4.696
İş Portföy Yönetimi A.Ş.	-	4.575
	69.064	**60.643**

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

9. RELATED PARTIES (Continued)

For the years ended 31 March 2014 and 31 March 2013, the remuneration of the key management during year comprised the following:

Key management personnel compensation (*)

	31 March 2014	31 March 2013
Salaries and other short-term benefits (**)	1.464	1.273
	1.464	**1.273**

(*) 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.

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

10. TANGIBLE ASSETS

For the periods ended 31 March 2014 and 31 March 2013, movements in tangible assets are as follows:

	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Cost					
Opening balance at 1 January 2014	179	2.888	1.867	2.541	7.475
Additions	-	224	-	24	248
Disposals	-	-	-	-	-
Closing balance at 31 March 2014	179	3.112	1.867	3.220	8.378
Accumulated depreciation					
Opening balance at 1 January 2014	(93)	(2.213)	(1.867)	(2.264)	(6.437)
Depreciation for the period	(9)	(76)	-	(62)	(147)
Disposals	-	-	-	-	-
Closing balance at 31 March 2014	(102)	(2.289)	(1.867)	(2.326)	(6.584)
Carrying amounts at 31 March 2014	77	823	-	894	1.794

	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Total
Cost					
Opening balance at 1 January 2013	179	2.888	1.867	2.541	7.475
Additions	-	56	-	525	581
Disposals	-	(143)	-	(32)	(175)
Closing balance at 31 March 2013	179	2.801	1.867	3.034	7.881
Accumulated depreciation					
Opening balance at 1 January 2013	(57)	(2.161)	(1.867)	(2.046)	(6.131)
Depreciation for the period	(9)	(61)	-	(38)	(108)
Disposals	-	141	-	1	142
Closing balance at 31 March 2013	(66)	(2.081)	(1.867)	(2.083)	(6.097)
Carrying amounts at 31 March 2013	113	720	-	951	1.784

As at 31 March 2014 and 31 March 2013, there is no restriction on the tangible assets of the Group.

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

11. INTANGIBLE ASSETS

For the periods ended 31 March 2014 and 31 March 2013, movements in intangible assets are as follows:

	31 March 2014	31 March 2013
Cost		
Opening balance at 1 January	1.999	1.799
Transfer	264	76
Additions	-	-
Closing balance at the end of the period	2.263	1.875
Amortization		
Opening balance at 1 January	(1.345)	(1.095)
Transfer	(92)	(62)
Amortization for the period	-	-
Closing balance at the end of the period	(1.437)	(1.157)
Carrying amounts	826	718

12. GOODWILL

The Company has purchased nominal shares of İş Factoring 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 166 on purchased equity of TRY 16.603. As at 31 March 2014, net amount of goodwill is TRY 166 (31 December 2013: 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.

As at 31 March 2014 and 31 December 2013 , the Group tested impairment by comparing the goodwill from the acquisition of İş Faktoring with the values in use of the cash generating units and concluded that no impairment exists.

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

13. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 March 2014 and 31 December 2013, details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

Temporary differences subject to deferred tax	31 March 2014	31 December 2013
Investment incentive – with witholding tax	181.906	174.912
Investment incentive – without witholding tax	64.488	55.143
Valuation differences on financial instruments	74.831	122.695
Allowance for doubtful finance lease receivables	51.827	53.057
Unearned factoring income	6.197	7.332
Reserve for employee benefits	1.938	1.759
Employee bonus accrual	102	1.580
Provision for lawsuit	1.221	1.221
Unused vacation	858	655
Valuation of equity securities	350	251
Prepaid expenses	(44)	(56)
Tax base differences in tangible and intangible assets	(887)	(944)
Finance lease adjustment	(6.694)	(6.382)
Finance lease income accruals	(17.163)	(16.837)
Other	115	115
	359.045	**394.501**

Deferred tax assets / (liabilities)	31 March 2014	31 December 2013
Investment incentive – with witholding tax	364	350
Investment incentive – without witholding tax	12.898	11.028
Valuation differences on financial instruments	14.966	24.539
Allowance for doubtful finance lease receivables	10.365	10.611
Unearned factoring income	1.239	1.466
Reserve for employee benefits	388	352
Employee bonus accrual	21	316
Provision for lawsuit	244	244
Unused vacation	172	131
Valuation of equity securities	70	50
Prepaid expenses	(9)	(11)
Tax base differences in tangible and intangible assets	(177)	(189)
Finance lease adjustment	(1.339)	(1.276)
Finance lease income accruals	(3.433)	(3.367)
Other	23	24
Deferred tax asset	**35.792**	**44.268**

Tax rate used in computation of deferred tax assets and liabilities is 0.2% for "Investment incentives with witholding tax" and 20% for the other items (31 December 2013: 0.2% and 20%).

(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 246.394 (31 December 2013: TRY 230.055) of its unused investment allowances as offset against its future profits. The Group has TRY 13.262 (31 December 2013: TRY 11.378) 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:

	31 March 2014	31 March 2013
Opening balance at 1 January	44.268	51.370
Deferred tax benefit	(8.476)	(2.751)
Closing balance	**35.792**	**48.619**

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 March 2014 and 31 December 2013, details of assets held for sale and discontinued operations are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Assets held for sale (*)	360	-	444	-
	360	**-**	**444**	**-**

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

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

15. OTHER RECEIVABLES AND OTHER ASSETS

As at 31 March 2014 and 31 December 2013, details of other receivables are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Insurance receivables	1.852	2.648	1.110	2.131
Others	694	58	685	13
	2.546	**2.706**	**1.795**	**2.144**

As at 31 March 2014 and 31 December 2013, prepaid expenses are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Prepaid expenses	6.668	-	6.996	-
	6.668	**-**	**6.996**	**-**

As at 31 March 2014 and 31 December 2013, details of other assets are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Receivables from sales of tangible assets (*)				
Advanced given	79	-	31	-
Others	329	75	213	49
	408	**75**	**244**	**49**

(*) Receivables from sales of tangible assets consist of receivables from sales of fixed assets which are related to uncollected financial lease receivables.

16. FUNDS BORROWED

As at 31 March 2014 and 31 December 2013, details of funds borrowed are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Short-term borrowings	747.267	400.808	927.944	389.267
Short-term portion of long-term borrowings	29.708	84.549	29.040	109.154
Total short-term borrowings	776.975	485.357	956.984	498.421
Long-term borrowings	539.428	644.920	382.869	627.616
Total long-term borrowings	539.428	644.920	382.869	627.616
Total borrowings	**1.316.403**	**1.130.277**	**1.339.853**	**1.126.037**

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

16. FUNDS BORROWED (Continued)

As at 31 March 2014 and 31 December 2013, maturity analysis of borrowings is as follows:

Maturity analysis of borrowings	31 March 2014	31 December 2013
Within 1 year	1.262.332	1.455.405
Within 1-2 years	737.072	526.568
Within 2-3 years	326.445	363.558
Within 3-4 years	65.999	64.465
Within 4-5 years	44.142	43.844
5 years and over	10.690	12.050
TOTAL	**2.446.680**	**2.465.890**

As at 31 March 2014 and 31 December 2013, details of borrowings based on types of currency are as follows:

Currency (*)	Interest rate %	Original Currency Amount	31 March 2014
TRY	%1-%15,75	-	660.383
USD	%1,49-%6,92	107.507.147	235.420
Euro	%1,99-%5,04	70.659.451	212.487
GBP	%4,5	98.659	359
Interest accruals			39.426
TOTAL			**1.148.075**

Currency (*)	Interest rate %	Original Currency Amount	31 December 2013
TRY	%1 - %11,02	-	815.383
USD	%1,5 - %6,92	97.112.182	207.267
Euro	%1,99 -%5,04	91.853.185	269.727
GBP	%4,50	72.593	255
Interest accruals			24.579
TOTAL			**1.317.211**

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

As at 31 March 2014 and 31 December 2013, details of long-term borrowings and short-term portion of long-term borrowings based on types of currency are as follows:

Currency	Interest rate %	Original Currency Amount	31 March 2014
TRY	%7,11-%15,8	-	491.296
USD	%1,51-%4,26	208.702.405	457.016
Euro	%1,39-%4,45	116.485.159	350.293
TOTAL			**1.298.605**

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

16. FUNDS BORROWED (Continued)

Currency	Interest rate %	Original Currency Amount	31 December 2013
TRY	7,11% - 13,24%	-	335.993
USD	1,51% - 4,26%	229.702.405	490.254
Euro	1,33% - 4,01%	109.801.403	322.432
TOTAL			**1.148.679**

As at 31 March 2014 and 31 December 2013, compounded interest rates have been presented.

As at 31 March 2014 and 31 December 2013, details of borrowings based on types of interest rate are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Fixed rate	1.220.009	670.179	555.305	504.541
Variable rate	96.393	460.098	784.548	621.496
	1.316.402	**1.130.277**	**1.339.853**	**1.126.037**

Fair values of the funds borrowed are presented in Note 40.

As at 31 March 2014, the Group has available TRY 5.304.744 of unused credit lines for which all precedent conditions were met (31 December 2013: TRY 3.987.927).

17. MISCELLANEOUS PAYABLES AND OTHER LIABILITIES

As at 31 March 2014 and 31 December 2013, details of miscellaneous payables are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Payables to suppliers for lease transactions	3.752	26.655	4.300	50.575
Divident Payable	6.038	-	-	-
Other payables (*)	5.478	6.423	5.219	6.554
	15.268	**33.078**	**9.519**	**57.129**

(*) 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.

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

17. MISCELLANEOUS PAYABLES AND OTHER LIABILITIES (Continued)

As at 31 March 2014 and 31 December 2013, details of other liabilities are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Advances received (*)	7.742	17.015	6.458	13.708
Others	382	158	221	504
	8.124	**17.173**	**6.679**	**14.212**

(*) 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.

19. DEBT SECURITIES ISSUED

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Bonds issued	200.000	-	200.000	-
Interest accruals	2.746	-	2.405	-
	202.746	**-**	**202.405**	**-**

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 5 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 eighth coupon annual compound interest rate of 3.05 % (1st coupon interest rate is 2,58%, 2nd coupon interest rate is 2,18%, 3rd coupon interest rate is 1.79%, 4 rd coupon interest rate is 1,78%, 5 th coupon interest rate is 1,95%, 6 th coupon interest rate is 2.64%, 7 th coupon interest rate is 2,62%).

The date of coupon payments are as follows:

Date of first coupon payment(*)	11September 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 on 11 December 2012, the third coupon on 12 March 2013, the fourth coupon on 11 June 2013, the fifth coupon on 10 September 2013, the sixth coupon on 10 December 2013, the seventh coupon on 11 March 2014.

(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 3 April 2015 and the seventh coupon annual compound interest rate of 2,92 % (1^{st} coupon interest rate is 1,92%, 2^{nd} coupon interest rate is 2,25%, 3^{rd} coupon interest rate is 2,40%, 4^{th} coupon interest rate is 2,81%).

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	3 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, the second coupon on 4 October 2013, the third coupon on 3 January 2014, the fourth coupon on 4 April 2014

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 33/1102 dated 03 October 2013). Issuance of bond was held on 27 February 2014. The floating rate quarterly coupon bond have a maturity of 25 February 2016 and the first coupon annual compound interest rate of 3,08 % .

Date of first coupon payment	29 May 2014
Date of second coupon payment	28 August 2014
Date of third coupon payment	27 November 2014
Date of fourth coupon payment	26 February 2015
Date of fifth coupon payment	28 May 2015
Date of sixth coupon payment	27 August 2015
Date of seventh coupon payment	26 November 2015
Date of eighth coupon payment	25 February 2016

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 33/1102 dated 03 October 2013). Issuance of bond was held on 17 April 2014. The floating rate quarterly coupon bond have a maturity of 14 April 2016 and the first coupon annual compound interest rate of 2,90 % .

Date of first coupon payment	17 July 2014
Date of second coupon payment	16 October 2014
Date of third coupon payment	15 January 2015
Date of fourth coupon payment	16 April 2015
Date of fifth coupon payment	16 July 2015
Date of sixth coupon payment	15 October 2015
Date of seventh coupon payment	14 January 2016
Date of eighth coupon payment	14 April 2016

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

20. TAXES AND DUTIES PAYABLE

As at 31 March 2014 and 31 December 2013, details of taxes and duties payable are as follows:

	31 March 2014		31 December 2013	
	TRY	FC	TRY	FC
Banking and Insurance Transaction Tax	581	-	415	-
Income Taxes	1.324	-	288	-
Social security premium	327	-	245	-
Value Added Tax	3.366	-	219	-
Other	-	-	21	-
	5.598	**-**	**1.188**	**-**

21. PROVISIONS

As at 31 March 2014 and 31 December 2013, other provisions are as follows:

	31 March 2014	31 December 2013
General provision for financial lease receivables	2.509	2.449
Provision for lawsuits	1.221	1.221
Provision for general administrative expenses	351	252
	4.081	**3.922**

Movements in provisions for the years ended 31 March 2014 and 31 December 2013 are as follows:

31 March 2014	**General provision for financial lease receivables**	**Provision for lawsuits**	**Provision for general administrative expenses**
At the beginning of the period	2.449	1.221	252
Additions	60	-	351
Cancellations	-	-	(252)
At the end of the period	**2.509**	**1.221**	**351**

31 March 2013	**General provision for financial lease receivables**	**Provision for lawsuits**	**Provision for general administrative expenses**
At the beginning of the period	1.902	923	205
Additions	27	662	111
Cancellations	-	(39)	(205)
At the end of the period	**1.929**	**1.546**	**111**

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

22. EMPLOYEE BENEFITS

As at 31 March 2014 and 31 December 2013, reserve for employee benefits are as follows:

	31 March 2014	31 December 2013
Reserve for employee severance indemnity	1.938	1.759
Unused vacation provision	858	655
Employee bonus accrual	434	1.580
	3.230	**3.994**

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.

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:

	31 March 2014	31 December 2013
Discount rate	3,29%	3,29%
Inflation	6,5%	6,5%
Probability of retirement	100%	100%

For the periods ended 31 March 2014 and 31 March 2013, movements in reserve for employee severance indemnity are as follows:

	31 March 2014	31 March 2013
Balance at the beginning of the period	1.759	2.001
Cost of services	179	151
Amounts paid	-	(136)
Cancellations	-	(74)
Balance at the end of the period	**1.938**	**1.942**

The movement of the provision for unused vacation for the years ended 31 March 2014 and 31 March 2013 are as follows:

	31 March 2014	31 March 2013
Balance at the beginning of the period	477	477
Provision set during the period	381	63
Balance at the end of the period	**858**	**54**

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

22. EMPLOYEE BENEFITS (Continued)

The movement of the provision for employee bonus accrual for the years ended 31 March 2014 and 31 March 2013 are as follows:

	31 March 2014	31 March 2013
Balance at the beginning of the period	750	750
Provision set during the period	434	205
Reversals	-	-
Payment made during the period	(750)	(460)
Balance at the end of the period	**434**	**495**

23. CURRENT PERIOD TAX PAYABLE

As at 31 March 2014 and 31 December 2013, details of corporate tax provision and prepaid taxes are as follows:

	31 March 2014	31 December 2013
Current period corporate tax provision (Note:37)	763	3.835
Corporation taxes paid in advance during the year	-	(2.525)
Corporate tax provision (net)	**763**	**1.310**

For the period ended 31 March 2014 and 31 March 2013, movements of corporate tax provision are as follows:

	31 March 2014	31 March 2013
Corporate tax provision at the beginning of the period	1.211	1.211
Total income tax expense (Note:37)	763	856
Corporation taxes paid during the year	(1.211)	(1.211)
Corporate tax provision (net)	**763**	**856**

24. NON-CONTROLLING INTERESTS

The Company owns 78,23% of İş Faktoring. As at 31 March 2014, the non-controlling interests amounting to TRY 14.144 (31 December 2013: TRY 15.109) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TRY 850 (31 December 2013: TRY 2.600) have been calculated on the net profit of the subsidiary.

The movements of non-controlling interests for the years ended 31 March 2014 and 31 December 2013 are as follows:

	31 March 2014	31 December 2013
Balance at the beginning of the period	15.109	13.004
Fair value changes of marketable securities	(115)	(495)
Profit for the period	(850)	2.600
Balance at the end of the period	**14.144**	**15.109**

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

25. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 31 March 2014 nominal capital of the Company is TRY 424.365. The share capital company consist of 42.436.500.000 shares Kurus 1 price.

As at 31 March 2014 and 31 December 2013, shareholders and their ownership percentages are as follows:

Shareholders	(%)	31 March 2014	(%)	31 December 2013
Türkiye Sınai Kalkınma Bankası A.Ş.	28,56	121.199	28,56	121.199
Türkiye İş Bankası A.Ş.	27,79	117.948	27,79	117.948
Camiş Yatırım Holding A.Ş.	0,83	3.537	0,83	3.537
Türkiye Şişe ve Cam Fab. A.Ş.	0,08	324	0,08	324
Nemtaş Nemrut Liman İşletmeleri A.Ş.	0,07	282	0,07	282
Publicly traded	42,67	181.075	42,67	181.075
TOTAL	**100,00**	**424.365**	**100,00**	**424.365**

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;

Shareholders	31 March 2014	31 December 2013
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	**600.000.000**	**600.000.000**

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

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

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

CAPITAL RESERVES

As at 31 March 2014 and 31 December 2013, details of capital reserves are as follows:

	31 March 2014	31 December 2013
Bonus shares obtained from associates, subsidiaries and jointly controlled entities	1.938	1.938
Total	**1.938**	**1.938**

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.

26. PROFIT RESERVES

As at 31 March 2014 and 31 December 2013, details of profit reserves are as follows:

	31 March 2014	31 December 2013
Legal reserves	24.202	21.291
Extraordinary reserves (*)	118.588	78.280
TOTAL	**142.790**	**99.571**

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 44.230 classified in extraordinary reserves which will not be distributed as at 31 March 2014(31 December 2013: TRY 51.251).

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

27. PRIOR YEARS' PROFIT/LOSS

The Group has TRY 146 previous year profit as at 31 March 2014 (31 December 2013: 18.776).

28. COMMITMENTS AND CONTINGENCIES

As at 31 March 2014, TRY 4.199 of letters of guarantee are given to customs, authorities and banks (31 December 2013: TRY 3.823).

As at 31 March 2014, the total risk of litigations filed and currently pending against the Group amounting to approximately TRY 10.294 (31 December 2013: TRY 8.595). The Group has provided a provision amounting to TRY 1.221 for litigations (31 December 2013: TRY 1.221) in the accompanying consolidated financial statements (Note 21). The Group management does not anticipate any further provision for the remaining litigations.

As at 31 March 2014, the Group has letter of credit commitments of USD 1.798.108, Euro 22.459.048 and CHF 2.300.000 .(31 December 2013: USD 4.920.958, Euro 23.414.568).

As at 31 March 2014, the Group has lease commitments of USD 16.037.942, Euro 53.673.554, TRY 30.556.841 (31 December 2013: USD 15.737.602, Euro 65.958.986, TRY 26.386).

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 31 March 2014 details of derivatives are as follows:

	31 March 2014	
	Amount as Original Currency	TRY
Currency Swap Purchases:		
TRY	935.672.846	935.673
Euro	-	-
		935.673
Currency Swap Sales:		
USD	177.929.682	389.630
Euro	183.759.339	522.601
		942.232

	31 March 2014	
	Amount as Original Currency	TRY
Forward Purchase Transactions:		
TRY	8.229.927	8.230
		8.230
Forward Sales Transactions:		
Euro	2.579.106	7.756
		7.756

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

28. COMMITMENTS AND CONTINGENCIES (Continued)

As at 31 December 2013 details of derivatives are as follows:

	31 December 2013	
	Amount as Original Currency	TRY
Currency Swap Purchases:		
TRY	-	843.920
		843.920
Currency Swap Sales:		
USD	157.182.425	335.474
Euro	189.759.339	557.229
		892.703

	31 December 2013	
	Amount as Original Currency	TRY
Forward Purchase Transactions:		
TRY	-	8.230
		8.230
Forward Sales Transactions:		
Euro	2.579.106	7.574
		7.574

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

The Group has TRY 86.699 of unrealized loss and TRY 11.868 of unrealized profit in relation to the fair value changes of swap transactions designated at through profit or loss at 31 March 2014 (Note 4) (31 December 2013: TRY 122.695 loss).

As at 31 March 2014, analysis of derivatives according to their maturities is as follows:

	Short Term	**Long Term**	**Total**
Currency Swap Purchases	203.783	731.890	935.673
Currency Swap Sales	226.952	715.280	942.232
Forward Purchase Transactions	-	8.230	8.230
Forward Sales Transactions	-	7.756	7.756

As at 31 December 2013, analysis of derivatives according to their maturities is as follows:

	Short Term	**Long Term**	**Total**
Currency Swap Purchases	388.254	455.666	843.920
Currency Swap Sales	438.843	453.860	892.703
Forward Purchase Transactions	-	8.230	8.230
Forward Sales Transactions	-	7.574	7.574

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

29. 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

31 March 2014	**Leasing**	**Factoring**	**Consolidation Adjustments**	**Consolidated**
Total assets	2.633.012	834.003	(35.382)	3.431.632
Total liabilities	2.054.474	768.966	-	2.823.440
Net profit	24.434	(3.906)	850	21.378

31 December 2013	**Leasing**	**Factoring**	**Consolidation Adjustments**	**Consolidated**
Total assets	2.556.348	971.615	(35.382)	3.492.581
Total liabilities	1.986.790	902.153	-	2.888.943
Net profit	49.020	11.945	(21.376)	39.589

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

29. SEGMENT REPORTING (Continued)

31 March 2014	**Leasing**	**Factoring**	**Consolidation Adjustments**	**Total**
Operating Income	39.628	22.124	-	61.752
Financial Expenses (-)	(31.913)	(14.552)	-	(46.465)
Gross Profit / Loss	7.715	7.572	-	15.287
Operating Expense (-)	(5.950)	(3.193)	-	(9.143)
Gross Operating Profit/Loss	1.765	4.379	-	6.144
Other Operating Income	75.329	3.379	-	78.708
Provision for Losses on Non-Performing Receivables (-)	(3.222)	(10.672)	-	(13.895)
Other operating Expenses (-)	(41.189)	(2)	-	(41.191)
Net Operating Profit / Loss	32.683	(2.916)	-	29.767
Profit or Loss from Continuing Operations	32.683	(2.916)	-	29.767
Provision for Taxes from Continuing Operations (±)	(8.249)	(990)	-	(9.239)
Net Profit or Loss from Continuing Operations	24.434	(3.906)	-	20.528
Non-controlling Interests	-	-	850	850
Net Profit or Loss for the Period	24.434	(3.906)	850	21.378
Fixed Asset Additions	373	139	-	512
Depreciation and Amortisation	(179)	(60)	-	(239)

31 March 2013	**Leasing**	**Factoring**	**Consolidation Adjustments**	**Total**
Operating Income	27.830	14.145	-	41.975
Financial Expenses (-)	(15.387)	(8.164)	-	(23.551)
Gross Profit / Loss	12.443	5.981	-	18.424
Operating Expense (-)	(4.659)	(1.833)	-	(6.492)
Gross Operating Profit/Loss	7.784	4.148	-	11.932
Other Operating Income	13.156	811	-	13.967
Provision for Losses on Non-Performing Receivables (-)	(1.285)	(316)	-	(1.601)
Other operating Expenses (-)	(5.824)	-	-	(5.824)
Net Operating Profit / Loss	13.831	4.643	-	18.474
Profit or Loss from Continuing Operations	13.831	4.643	-	18.474
Provision for Taxes from Continuing Operations (±)	(2.639)	(968)	-	(3.607)
Net Profit or Loss from Continuing Operations	11.192	3.675		14.867
Non-controlling Interests	-	-	(800)	(800)
Net Profit or Loss for the Period	11.192	3.675	(800)	14.067
Fixed Asset Additions	602	55	-	657
Depreciation and Amortisation	(125)	(45)	-	(170)

30. EVENTS AFTER REPORTING PERIOD

None.

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

31. OPERATING INCOME

For the periods ended 31 March 2014 and 31 December 2013, details of operating income are as follows:

	31 March 2014	31 December 2013
Finance lease interest income	39.628	27.830
Factoring income	22.124	14.145
	61.752	**41.975**

32. OPERATING EXPENSES

For the periods ended 31 March 2014 and 31 March 2013, operating expenses are as follows:

	31 March 2014	31 March 2013
Personnel expenses	(4.773)	(3.888)
Office rent expenses	(820)	(570)
Consultancy expenses	(399)	(207)
Board of Directors attendance fee	(327)	(264)
Information technology expenses	(405)	(233)
Travel and car expenses	(229)	(207)
Office contribution expenses	(191)	(224)
Depreciation and amortisation expense	(239)	(170)
Provision for employee severance indemnity	(179)	(151)
Litigation expenses	(238)	(36)
Capital increase expense	(36)	(78)
Advertising expense	(50)	(40)
Other general administrative expenses	(1.257)	(424)
	(9.143)	**6.492**

33. OTHER OPERATING INCOME

For the periods ended 31 March 2014 and 31 March 2013, details of other operating income are as follows:

	31 March 2014	31 March 2013
Foreign exchange gains, net	22.453	2.281
Income from derivative financial transactions	49.083	5.309
Interest income	1.602	4.405
Dividend income	1.328	121
Commission income	696	426
Collections from non-performing receivables	2.644	289
Others	902	1.136
	78.708	**13.967**

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

34. FINANCE EXPENSES

For the periods ended 31 March 2014 and 31 March 2013, details of financial expenses are as follows:

	31 March 2014	31 March 2013
Interest expense on funds borrowed	(39.931)	(20.357)
Interest expense on debt securities issued	(5.402)	(2.583)
Fees and commissions expense	(1.132)	(611)
	(46.465)	**(23.551)**

35. PROVISION FOR NON-PERFORMING RECEIVABLES

For the periods ended 31 March 2014 and 31 March 2013, details of provision for non-performing receivables are as follows:

	31 March 2014	31 March 2013
Specific provision expenses	(13.835)	(1.574)
General provision expenses (*)	(60)	(27)
	(13.895)	**(1.601)**

(*) 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.

36. OTHER OPERATING EXPENSES

For the periods ended 31 March 2014 and 31 March 2013, details of other operating expenses are as follows:

	31 March 2014	31 March 2013
Losses from derivative financial transactions	(40.664)	(4.659)
Foreign exchange losses	-	-
Impairment losses on assets held for sale	-	-
Other	(526)	(1.165)
	(41.190)	**(5.824)**

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

36. OTHER OPERATING EXPENSES (Continued)

(**) Derivative financial instruments with a view to direct 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 TRY 7.350 from measurement difference of such transactions in the Group's financial statements as at 31 March 2014.(31 December 2013: TRY 22.466) The difference is expected to be substantially, expired at the maturity of transactions.

37. TAXATION

For the periods ended 31 March 2013 and 31 March 2013, details of income tax expense are as follows:

Provision for taxes	31 March 2014	31 March 2013
Current tax charge (Note:20)	(763)	(856)
Deferred tax benefit	(8.476)	(2.751)
	(9.239)	**(3.607)**

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:

	%	1 January-31 March 2014	%	1 January-31 March 2013
Net profit for the period		20.528		14.867
Total tax income		9.239		3.607
Profit before tax		29.767		18.474
Income tax using the Company's tax rate	20,00	5.953	20,00	3.695
Non deductible expenses	5,59	1.664	5,67	1.048
Tax exempt income	(0,89)	(266)	(0,13)	(24)
Investment incentives	8,95	2.663	(1,10)	(203)
Other	(2,60)	(775)	(4,92)	(909)
Total income tax expense / (income)		**9.239**	**19,52**	**3.607**

37. 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 31 March 2014, corporate income tax rate is 20% (31 December 2013: 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20% (31 December 2013: 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.

37. 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.

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

38. 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 31 March 2014 and 31 December 2013 are as follows:

	1 January- 31 March 2014	**1 January- 31 December 2013**
Weighted average number of outstanding shares (*)	42.436.500.000	38.900.000.000
Net profit for the period (TRY)	21.378	14.067
Basic earnings per share (full Kurus) (**)	0,05	0,04

(*) As at 31 March 2014, the share capital of the Company consists of 42.436.500.000 shares having Kurus 1 nominal price.

	31 March 2014	**31 December 2013**
Number of shares at beginning of the period	42.436.500.000	38.900.000.000
Capital increase (**)	-	3.536.500.000
Number of shares at end of the period	**42.436.500.000**	**42.436.500.000**

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

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

None.

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

40. 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 23% (31 December 2013: 24). As at 31 March 2014 and 31 December 2013, the leverage ratios are as follows:

	31 March 2014	31 December 2013
Funds borrowed	2.446.680	2.465.890
Debt securities issued	202.746	202.405
Miscellaneous payables	48.346	66.648
Other liabilities	25.297	20.891
Total liabilities	2.723.069	2.755.835
Banks (-)	(294.128)	(232.793)
Net liabilities	2.428.941	2.523.042
Total shareholders' equity	608.192	603.638
Shareholders' equity / liabilities	%25	%24

According to the credit rating reports of Fitch issued at 31 October 2013, 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".

40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

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

(c) Categories of financial instruments

	31 March 2014	**31 December 2013**
Financial Assets:		
Banks	294.128	232.793
Financial assets at fair value through profit or loss:		
-Financial assets held for trading	-	-
-Derivative financial assets held for trading	11.868	-
Finance lease receivables and non-performing receivables, net	2.274.866	2.232.011
Factoring receivables and non-performing factoring receivables, net	777.187	946.110
Insurance receivables (*)	4.500	3.241
Other receivables (*)	752	695
Financial assets available for sale	22.242	23.213
Financial Liabilities:		
Derivative financial liabilities held for trading	(86.699)	(122.695)
Miscellaneous payables and other liabilities	(73.643)	(87.539)
Funds borrowed	(2.446.680)	(2.465.890)
Debt securities issued	(202.746)	(202.405)

(*) Included in other receivables.

(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.

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

40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(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.

(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 31 March 2014 and 31 December 2013, details of foreign currency denominated assets and liabilities are as follows:

31 March 2014 (*)	USD 000	Euro 000	CHF 000	GBP 000	JPY 000	TRY Equivalent
Banks	67.654	47.951	-	-	26	292.154
Finance lease receivables	389.923	257.404	-	-	-	1.627.918
Factoring receivables	36.016	40.168	-	129	-	200.129
Advances given for lease transactions	6.594	5.455	206	-	-	31.351
Leasing contracts in progress	5.114	37.745	-	-	-	124.704
Other assets	459	566	-	-	-	2.707
Other receivables	26	3	-	3	-	77
Total assets (**)	505.695	389.292	206	132	26	2.279.040
Funds borrowed	(318.687)	(188.540)	-	(99)	-	(1.265.197)
Miscellaneous payables and other liabilities	(6.494)	(11.959)	(8)	(8)	(887)	(50.254)
Other provisions	(1.115)	-	-	-	-	(2.443)
Total liabilities (**)	(326.297)	(200.499)	(8)	(107)	(887)	(1.317.894)
Balance sheet position	179.399	188.793	198	25	(861)	961.146
Off balance sheet position	(177.930)	(186.338)	-	-	-	(949.987)
Net foreign currency position	1.469	2.455	198	25	(861)	11.159

(*) As at 31 March 2014 , foreign currency indexed borrowings amounting to USD 29.574.668 and Euro 23.329.827 (Total: TRY 134.920) and foreign currency indexed factoring receivables amounting to USD 14.721.833 and Euro 14.369.120 (Total: TRY 75.449) are presented in TRY column in the accompanying consolidated statement of financial position.
(**) As at 31 December 2013, accruals of derivative liabilities amounting to TRY 74.831 are not included.

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

40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

31 December 2013 (*)	USD 000	Euro 000	CHF 000	GBP 000	JPY 000	TRY Equivalent
Banks	27.585	55.380	-	14	26	221.548
Finance lease receivables	395.136	243.747	-	-	-	1.559.101
Factoring receivables	55.306	61.571	-	87	-	299.179
Advances given for lease transactions	9.216	8.309	-	-	-	44.069
Leasing contracts in progress	5.575	46.556	-	-	-	148.609
Other assets	276	530	-	-	-	2.144
Other receivables	20	2	-	-	-	49
Total assets (**)	493.114	416.095	-	101	26	2.274.700
Funds borrowed	(328.485)	(202.626)	-	(73)	-	(1.296.353)
Miscellaneous payables and other liabilities	(4.303)	(21.134)	(9)	(8)	(887)	(71.341)
Other provisions	(1.148)	-	-	-	-	(2.449)
Total liabilities (**)	(333.936)	(223.760)	(9)	(81)	(887)	(1.370.143)
Balance sheet position	159.178	192.335	(9)	20	(861)	904.557
Off balance sheet position	(157.182)	(192.338)	-	-	-	(900.276)
Net foreign currency position	**1.996**	**(3)**	**(9)**	**20**	**(861)**	**4.281**

(*) As at 31 December 2013 , foreign currency indexed borrowings amounting to USD 32.701.595 and Euro 34.231.437 (Total: TRY 170.316) and foreign currency indexed factoring receivables amounting to USD 34.924.776 and Euro 24.717.020 (Total: TRY 147.121) are presented in TRY column in the accompanying consolidated statement of financial position.

(**) As at 31 December 2013, accruals of derivative assets and liabilities amounting to TRY 122.695 , 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.

(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(*)**	
31 March 2014	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
15% change of the USD against TRY				
1- Net USD asset/liability	58.927	(58.927)	58.927	(58.927)
2- Hedged portion of TRY against USD risk (-)	(58.445)	58.445	(58.445)	58.445
3- Net effect of USD (1+ 2)	482	(482)	482	(482)
15% change of the Euro against TRY				
4- Net Euro asset/liability	85.161	(85.161)	85.161	(85.161)
5- Hedged portion of TRY against Euro risk (-)	(84.054)	84.054	(84.054)	84.054
6- Net effect of Euro (4+5)	1.107	(1.107)	1.107	(1.107)
15% change of other foreign currencies against TRY				
7- Net other foreign currencies asset/liability	114	(114)	114	(114)
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	114	(114)	114	(114)
TOTAL (3+6+9)	**1.703**	**(1.703)**	**1.703**	**(1.703)**

(*) Includes profit/loss effect.

	Profit / (Loss)		**Equity(*)**	
31 December 2013	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
15% change of the USD against TRY				
1- Net USD asset/liability	50.960	(50.960)	50.960	(50.960)
2- Hedged portion of TRY against USD risk (-)	(50.321)	50.321	(50.321)	50.321
3- Net effect of USD (1+ 2)	639	(639)	639	(639)
15% change of the Euro against TRY				
4- Net Euro asset/liability	84.719	(84.719)	84.719	(84.719)
5- Hedged portion of TRY against Euro risk (-)	(84.720)	84.720	(84.720)	84.720
6- Net effect of Euro (4+5)	(1)	1	(1)	1
15% change of other foreign currencies against TRY				
7- Net other foreign currencies asset/liability	1	(1)	1	(1)
8- Hedged portion of TRY against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	1	(1)	1	(1)
TOTAL (3+6+9)	**639**	**(639)**	**639**	**(639)**

(*) Includes profit/loss effect.

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

40. 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 31 March 2014 and 31 December 2013, the interest rate profile of the Group's interest-bearing financial instruments is as follows:

	31 March 2014	**31 December 2013**
Fixed rate instruments		
Financial assets:		
Banks	287.528	219.054
Finance lease receivables (*)	1.919.667	1.833.282
Factoring receivables	678.319	817.008
Financial liabilities:		
Funds borrowed	1.890.189	1.958.691
Debt securities issued	-	-
Variable rate instruments		
Financial assets:		
Finance lease receivables (*)	184.572	195.564
Factoring receivables	98.868	129.102
Financial liabilities:		
Borrowings	556.492	507.199
Debt securities issued	202.746	202.405

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

40. 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 TRY 455 (31 March 2013: TRY 404)

- Interest income from factoring transactions variable interest rates would be higher at an amount of TRY 244 (31 March 2013: TRY 506)

- Interest expense on funds borrowed with variable interest rates would be higher at an amount of TRY 3.172 (31 March 2013: TRY 3.445)

(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 Borsa İstanbul (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 2.985 (31 March 2013: TRY 911).

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

40. 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:

	31 March 2014 (%)	31 December 2013 (%)
Construction	17,42	20,75
Transportation	16,43	16,17
Metal industry	15,21	14,17
Tourism	7,13	6,96
Textile	6,65	5,82
Healthcare	5,13	3,81
Forestry products and paper	5,12	5,75
Food and beverage	4,04	3,30
Finance	2,98	3,21
Mining	2,92	4,44
Agriculture and forestry	2,61	2,05
Chemical and plastic	2,36	3,03
Retail and wholesale	2,23	2,67
Machinery and equipment	1,54	1,70
Other	8,23	6,17
	100	**100,00**

Leased asset allocation of finance lease receivables is as follows:

	31 March 2014 (%)	31 December 2013 (%)
Real estate	30,95	28,98
Machinery and equipment	23,01	22,03
Building and construction machinery	16,31	17,91
Air transportation equipments	5,99	6,28
Sea transport vessels	4,58	4,50
Textile machinery	4,36	4,39
Medical equipment	3,30	3,47
Electronic and optical equipment	3,14	3,57
Tourism equipment	2,09	2,08
Printing machinery	1,91	2,08
Road transportation equipments	1,38	1,52
Office equipments	1,00	1,18
Other	1,98	2,01
	100	**100,00**

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

40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 March 2014, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables								
	Finance Lease Receivables		Factoring Receivables						
31 March 2014	Related party	Third party	Related party	Third party	Deposits	Fair value through profit/loss financial assets	Financial Assets Available For Sale	Insurance receivables	Other Receivables
Exposure to maximum credit risk as at reporting date (*)	35.572	2.239.294	23.671	753.516	294.128	11.868	22.242	4.500	752
- The portion of maximum risk covered by guarantee	-	124.740	-	2.396	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	35.572	1.991.030	23.671	753.357	294.128	11.868	22.242	4.500	752
- The portion covered by guarantee	-	68.946	-	2.396	-	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	159	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	195.874	-	-	-	-	-	-	-
- The portion covered by guarantee	-	46.399	-	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	52.390	-	-	-	-	-	-	-
- Overdue (gross book value)	-	101.650	-	22.233	-	-	-	-	-
- Impairment (-)	-	(56.539)	-	(22.233)	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	9.395	-	-	-	-	-	-	-
- Not past due (gross book value)	-	6.319	-	-	-	-	-	-	-
- Impairment (-)	-	960	-	-	-	-	-	-	-
- 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.

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

40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2013, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables								
	Finance Lease Receivables		Factoring Receivables						
31 December 2013	Related party	Third party	Related party	Third party	Deposits	Fair value through profit/loss financial assets	Financial Assets Available For Sale	Insurance receivables	Other Receivables
Exposure to maximum credit risk as at reporting date (*)	38.112	2.193.899	18.559	927.551	232.793	-	23.213	3.241	214
- The portion of maximum risk covered by guarantee	-	121.851	-	8.632	-	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	38.112	1.944.302	18.559	926.559	232.793	-	23.213	-	214
- The portion covered by guarantee	-	84.655	-	8.632	-	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	992	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	192.665	-	-	-	-	-	-	-
- The portion covered by guarantee	-	27.094	-	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	56.932	-	-	-	-	-	-	-
- Overdue (gross book value)	-	103.241	-	13.969	-	-	-	-	-
- Impairment (-)	-	(50.000)	-	(13.969)	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) (**)	-	10.102	-	-	-	-	-	-	-
- Not past due (gross book value)	-	6.344	-	-	-	-	-	-	-
- Impairment (-)	-	(2.653)	-	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) (**)	-	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	23.213	-	-

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

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

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

40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 March 2014 and 31 December 2013, details of finance lease receivables rating in terms of internal rating information:

		31 March 2014 (%)	31 December 2013 (%)
Internal rating results:			
A+	(Perfect)	0,11	0,10
A	(Very good)	4,40	4,80
A-	(Good)	9,15	9,10
B+	(Satisfactory)	23,49	19,40
B	(Close Monitoring)	24,72	29,90
B-	(Insufficient)	17.09	14,20
C+	(Doubtful)	16,47	16,80
C	(Loss)	3,94	3,10
Not rated		0,63	2,60
Total		100,00	100,00

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 13,77% as at 31 March 2014 (31 December 2013: 13,74%).

As at 31 March 2014 and 31 December 2013, details of finance lease receivables ratings in terms of SME-Micro scoring information:

	31 March 2014 (%)	31 December 2013 (%)
High	36,8	33,99
Medium	54,7	56,61
Low	8,5	9,40
Total	100,00	100,00

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:

	31 March 2014		31 December 2013	
	Nominal Value	Fair Value (*)	Nominal Value	Fair Value (*)
Other mortgages	583.988	107.665	583.577	104.220
Letters of guarantee	29.590	5.937	31.984	12.577
Upper right mortgages	10.000	1.643	10.000	1.926
Cash blockages	13.514	8.989	14.038	9.283
Ship mortgage	5.475	-	5.336	-
Equities	2.450	2.450	2.450	2.450
Guarantors	1.537	452	1.275	27
	646.554	127.136	648.660	130.483

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

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

40. 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.

31 March 2014

Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Assets:						
Banks	294.128	294.237	294.237	-	-	-
Financial Assets Held For Trading	-	-	-	-	-	-
Finance Lease Receivables (*)	2.104.238	2.405.054	272.232	588.554	1.430.633	113.635
Factoring Receivables	777.187	789.339	611.835	177.241	262	-
Insurance Receivables	4.493	4.493	4.493	-	-	-
Other Receivables	753	753	753	-	-	-
Total Assets	3.180.799	3.493.876	1.183.550	765.795	1.430.895	113.635
Non-derivative Financial Liabilities:						
Funds Borrowed	2.446.680	2.621.333	850.872	456.735	1.302.821	10.905
Debt Securities Issued	202.746	233.190	56.010	13.590	163.590	-
Miscellaneous Payables and Other Liabilities	73.643	73.643	70.239	-	3.404	-
Total Liabilities	2.723.069	2.928.166	977.121	470.325	1.469.815	10.905

(*) 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 been scheduled yet.

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

40. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Liquidity risk management (Continued)

31 December 2013

Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Assets:						
Banks	232.793	232.847	232.847	-	-	-
Financial Assets Held For Trading	-	-	-	-	-	-
Finance Lease Receivables (*)	2.028.845	2.306.009	261.523	577.350	1.386.379	80.757
Factoring Receivables	946.110	960.230	655.179	304.624	427	
Insurance Receivables	3.241	3.241	3.241	-	-	-
Other Receivables	695	695	695	-	-	-
Total Assets	3.211.684	3.503.022	1.153.485	881.974	1.386.806	80.757
Non-derivative Financial Liabilities:						
Funds Borrowed	2.465.890	2.618.961	901.560	594.386	1.123.015	-
Debt Securities Issued	202.405	213.395	103.750	56.835	52.810	-
Miscellaneous Payables and Other Liabilities	87.539	87.539	83.653	969	2.917	-
Total Liabilities	2.755.835	2.919.896	1.088.964	652.190	1.178.742	-

(*) 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 been scheduled yet.

The following table details the maturities of derivative financial assets and liabilities as at 31 March 2014 and 31 December 2013.

31 March 2014 Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows from derivatives	(6.084)	943.903	103.079	100.704	740.120	-
Cash outflows from derivatives		(949.986)	(121.568)	(105.383)	(723.036)	-

31 December 2013 Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows from derivatives	(48.128)	852.150	56.534	331.719	463.895	-
Cash outflows from derivatives	-	(900.276)	(59.518)	(379.326)	(461.433)	-

(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.

31 March 2014	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	Notes
Financial Assets								
Banks	-	294.128	-	-	-	294.128	294.128	5
Financial assets at fair value through profit or loss				-	-			
- Financial assets held for trading	-	-	-			-	-	4
- Derivative financial assets held for trading	-	-	-	-	-	-	-	4
Finance lease receivables and non-performing lease receivables	-	-	2.274.866	-	-	2.274.866	2.277.062	8
Factoring receivables and non-performing factoring receivables	-	-	777.187	-	-	777.187	777.187	7
Insurance receivables	-	-	4.500	-	-	4.500	4.500	15
Other Receivables	-	-	753	-	-	753	753	15
Available for sale financial assets	-	-	-	22.242	-	22.242	22.242	6
Financial liabilities								
Derivative financial assets held for trading	86.699	-	-	-	-	86.699	86.699	4
Miscellaneous payables and other liabilities	-	-	-	-	73.643	73.643	73.643	17
Funds borrowed	-	-	-	-	2.446.680	2.446.680	2.434.326	16
Debt securities issued	-	-	-	-	202.746	202.746	202.746	19

(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 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	Notes
Financial Assets								
Banks	-	232.793	-	-	-	232.793	232.793	5
Financial assets at fair value through profit or loss				-	-			
- Financial assets held for trading	-	-	-			-	-	4
- Derivative financial assets held for trading	-	-	-	-	-	-	-	4
Finance lease receivables and non-performing lease receivables	-	-	2.232.011	-	-	2.232.011	2.214.885	8
Factoring receivables and non-performing factoring receivables	-	-	946.110	-	-	946.110	946.110	7
Insurance receivables	-	-	3.241	-	-	3.241	3.241	15
Other Receivables	-	-	695	-	-	695	695	15
Available for sale financial assets	-	-	-	23.213	-	23.213	23.213	6
Financial liabilities								
Derivative financial assets held for trading	122.695	-	-	-	-	122.695	122.695	4
Miscellaneous payables and other liabilities	-	-	-	-	87.539	87.539	87.539	17
Funds borrowed	-	-	-	-	2.465.890	2.465.890	2.453.259	16
Debt securities issued	-	-	-	-	202.405	202.405	202.405	19

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

39. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(l) 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).

31 March 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets designated at fair value through profit or loss	-	-	-	-
Derivative financial assets held for trading	-	11.868	-	11.868
Available-for-sale financial assets (*)	19.898	-	302	20.200
Total financial assets carried at fair value	**19.898**	**11.868**	**302**	**32.068**
Derivative financial liabilities held for trading	-	86.699	-	86.699
Total financial liabilities carried at fair value				

(*) As at 31 March 2014, securities that are not publicly traded amounting to TRY 2.042 have been measured at cost.

31 December 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets designated at fair value through profit or loss	-	-	-	-
Derivative financial assets held for trading	-	-	-	-
Available-for-sale financial assets (*)	20.869	-	302	21.171
Total financial assets carried at fair value	**20.869**	**-**	**302**	**21.171**
Derivative financial liabilities held for trading	-	122.695	-	122.695
Total financial liabilities carried at fair value	**-**	**122.695**	**-**	**122.695**

(*) As at 31 December 2013, securities that are not publicly traded amounting to TRY 2.042 have been measured at cost.