FINANSLEASING

Annual Report 2014

Contents

DYNAMIC

EXPERIENCED

RELIABLE

EFFECTIVE BUSINESS MODEL

Corporate Profile

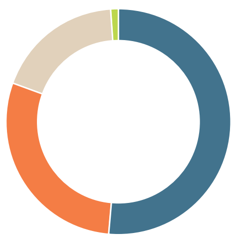
A company that sets itself apart with its experience and service quality

- Finans Leasing was established in 1990 as the 5th leasing company in Turkey.
- In 1993, 20% of Finans Leasing's shares were offered to the public through an IPO.
- In 2002, the Company merged with Deniz Leasing.
- In 2006, Finansbank sold its 46% stake in the company to NBG and Finans Leasing became a member of the NBG Group.
- Finans Leasing commands strong geographical coverage with 13 branches throughout Turkey.
- The Company is a member of the Association of Financial Leasing, Factoring and Financing Companies (FKB)
- Finans Leasing provides flexible options, meeting the expectations of its clients.
- The Company's shares are traded on the Borsa İstanbul (BIST) under the FFKRL ticker.

As of December 31, 2014, Finans Leasing;

- Had total assets of TL 1.769 million.
- Commanded a 6.2% market share in the Turkish leasing market.

Shareholding Structure (as of 31 December 2014)



Finansbank A.Ş.	51.06%
National Bank of Greece S.A.	29.87%
Finansinvest	17.99%
Traded on the BIST and Others	1.08%

Message from the Management

Sinan Şahinbaş
Chairman

A. Murat Alacakaptan
General Manager

A year of high volatility for global markets

Although the US and the UK economies enjoyed a better recovery than expected in 2014, the recession in Euro zone countries persisted throughout 2014. The Rapid growth of China's economy, the world's second largest economy, lost some of its momentum, while Japan did not get the expected results from its Abenomics.

The FED, the USA's Central Bank, has started to gradually apply the monetary tightening program which it had announced earlier, a development which led to a fall in the currencies of other countries against the USD. These devaluations are felt even more in the currencies of developing countries.

In parallel with the continued recovery in the US economy, it was stressed that the FED would raise interest rates in a measured and incremental manner in its transition to a normalization in the monetary policy, raising the prospect of relatively mild volatility in capital flows to developing countries.

Still under the threat of deflation, a bipartite performance of growth was observed in Europe with growth appearing to be slower in the south of the bloc. The European Central Bank announced a Quantitative Easing program at the beginning of 2015, raising hope for the region's economies.

Looking at economic developments in the world, Turkey had two elections in 2014 and the President was elected by popular vote for the first time. There has been an increase in food prices as a result of the drought, in addition to economic conditions, which pushed inflation to above the target in 2014. The decline in oil prices throughout the world caused a narrowing of the current account deficit in Turkey, although the rate of GDP growth declined to 2.9%.

While geopolitical developments such as the tensions between Russia and Ukraine and the conflicts in Syria and the Middle East affected risk perception negatively, the Central Bank of Turkey implemented a policy of high interest rates with the aim of preventing a rapid devaluation in the Turkish Lira, and supported this with a firm monetary and liquidity policy.

Our sector maintains its growth

In parallel with economic developments and volatility in the world, demand for investments could not be met in the leasing sector in Turkey in 2014; however, the leasing sector did achieve a growth rate of more than 9% YoY. The continuity in our sector's growth, despite the shrinkage in the economy and domestic demand and the limited growth in private sector investment in 2014, is a significant achievement and stands as testament to our country's internal dynamics and the strength of its potential.

The Factoring and Financing Company Law, which paved the way for increased product diversity, and the VAT and Corporation Tax exceptions implemented for sale and lease back products set the stage for a period of growth in the financial leasing sector, which had reached a trading volume of USD 7.6 billion in 2014. Demand for sale and lease back has greatly increased and the real estate sector has captured a significant 28% share in trading volume.

As the leasing transactions volume/private sector fixed investments ratio increased from 5.68% to 6.15% despite the decline in domestic demand and private investment expenditures in 2014, the penetration ratio (excluding construction) was maintained at last year's level of 6.84%.

Setting ourselves apart with our performance in 2014

As one of the first companies founded in leasing sector, Finans Leasing has played an active role in the financing of investments since 1990. One of the leading companies of the sector, our company has adopted the principle of following a customer-oriented strategy and developing products unique to the sectors and companies of our customers. As one of the first leasing companies to have opened branches in Anatolia, therefore enabling it to assess the needs of SMEs onsite, Finans Leasing currently has an extensive service network with its 13 branches in total, one of them being in a Atatürk Free Zone.

In the competitive conditions of 2014, our Company set out its determination to pursue growth through the strategies established towards achieving sustainable growth without compromising its active quality and profitability, and its sales volume reached USD 471 million with an increase of 31.5% YoY, increasing our market share by 20% to 6.2%and number of contract increased by 14%.

The difference that sets Finans Leasing apart from other leasing companies in the sector and carries it to the top is the fact that its Net Interest Margin Ratio, at 5.3%, was significantly higher than the sector average of 3.8% in 2014.

In line with its strategy, Finans Leasing continued to focus on SMEs and commercial customers in 2014 and increased its number of active customers by 18% YoY. Our processes in the construction, textile and manufacturing sectors gained importance in 2014. Our company realized growth in sale and lease back processes in parallel with the sector, and the share of real estate in our portfolio reached 15%.

Finans Leasing stands out with its powerful equity structure and funding sources. Collaboration with international banks and financial institutions played a major role in our Company's success in 2014 and different types of funding products were utilized for our Company. Finans Leasing was granted authorization for a second bond issuance of TL 500 million in 2014, and successfully completed the issuance at the beginning of 2015 within the scope of this permit.

Our principled work model is the foundation of our development.

Finans Leasing supports SMEs - a powerful driving force of the sector - and commercial customers of differing scales in their investments through its corporate competencies and a team of human resources specialized in leasing. It also works to increase the penetration of leasing in the financing of the private sector's investments and their contribution to economic development.

Our work model is based on the principle of service that places the customer at the heart of our activities, where efficient collaboration and completely meeting the customer demands with the correct solutions is the key to customer loyalty and trust. With each passing year, the number of our customers who actualize their investments with our company grows, along with their volume of business.

The Fed's decision to increase interest rates and developments in Europe will be watched closely in 2015, while Turkey faces another important election. In a year in which we expect domestic demand and investment level to be stronger, Finans Leasing aims to include new financing resources that will support energy efficiency/renewable energy in its portfolio during 2015, while reinforcing its steps to provide long term financing to small and medium scaled companies.

We will continue to work unwaveringly to uphold our promise to customers with our principled work model in 2015, which we see as a bright new era for leasing. We would like to thank to our team, our partners and our customers, with whom we have achieved so much together, for their support and trust.

Sinan Şahinbaş	A. Murat Alacakaptan
Chairman	General Manager

Board of Directors and Management

Board of Directors

SİNAN ŞAHİNBAŞ
Chairman

FİLİZ SONAT
Member

OSMAN NECDET TÜRKAY
Member

ADNAN MENDERES YAYLA
Vice Chairman

A. MURAT ALACAKAPTAN
Member and
General Manager

TURHAN CEMAL BERİKER
Member

METİN KARABİBER
Member

Management

A. Murat Alacakaptan
General Manager and Member of the Board of Directors
Born in 1963, Mr. Alacakaptan holds a BA degree in Business Administration Department of the Istanbul University. Mr. Alacakaptan began his career as an Independent Auditor and worked at Peat Marwick, Touche-Ross and Coopers & Lybrand. He served as a Finance Manager in Aktif Finans Factoring between 1990-1994. Following his position in Finans Leasing as an Assistant General Manager between 1994-1998, he joined Finans Deniz Leasing as an Assistant General Manager and was promoted as General Manager and Board Member in 1999. In July 2001, Mr. Alacakaptan re-joined Finans Leasing as General Manager and Board Member. He held the Board Member positions between December 2007 - March 2011 at Fider (Turkish Leasing Association) and between June 2009 - November 2010 at Finans Factoring.

Semra Karsu
Assistant General Manager, CFO
Born in 1967, Mrs. Karsu graduated from Notre Dame de Sion High School and holds a BA in Business Administration and MBA from Istanbul University. Mrs. Karsu started her business career in 1990 in Garanti Leasing and joined Finans Leasing in 1996 as Manager responsible for Budget, Financial Control and Accounting. In 1999, she became Financial Control and Operation Group Manager and in 2002, she was appointed as Assistant General Manager responsible for Operations, Financial Control, Accounting, Finance, Credit Follow-up and Legal Departments. She held Audit Committee member position in Fider between 2011-2013.

Fatih Kızıltan

Assistant General Manager

Born in 1957, Mr. Kızıltan holds a BA in Business Administration from Marmara University. Following his position in Yapı Kredi Bank as Credit Risk Control Specialist, he joined Finans Leasing in 1990 as Credit Manager. He became Group Manager in Credit Department in 2000 and in March 2008 he was promoted as the Assistant General Manager responsible from the Credit Department.

Ateş Yenen

Assistant General Manager

Born in 1969, Mr. Yenen graduated from TED Ankara College and holds a BA degree in Economics from Hacettepe University. Mr. Yenen started his career in 1992 in İktisat Bank. In year 2000 he joined to Finansbank group as "Ankara Corporate Branch Manager" and in 2008 appointed to Finansbank Head Office Corporate - Large Commercial Banking Department as "Senior Vice President". Finally in 2012 Mr. Yenen became Assistant General Manager at Finans Leasing responsible for Marketing and Sales Department.

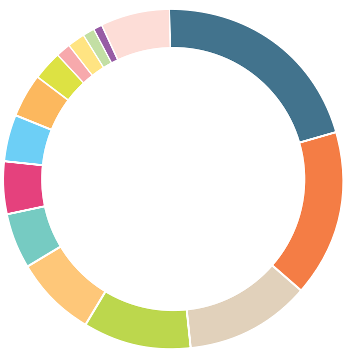
The Leasing Sector in 2014

Despite an inactive investment environment in 2014, the leasing sector utilized the potential of the new legislation to achieve a major breakthrough, maintaining its growth momentum with 9.3% growth in leasing transaction volume. Sale and leaseback continues to be the dominant asset group in this volume.

A total of 20,302 contracts were signed in 2014 and the total business volume reached USD 7.6 billion.

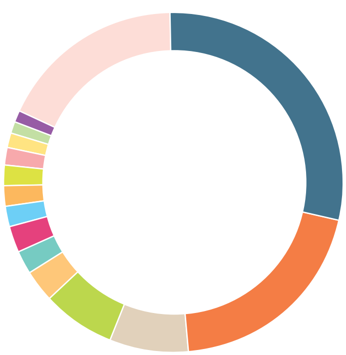
In the sector, total assets ended the year at TL 32.5 billion, increasing by 16% YoY, with paid-in capital of TL 3.2 billion (an increase of 23%) and equity of TL 6 billion (an increase of 13%).

Breakdown of Leasing Industry Transactions (as of 31 December 2014) (%)



Building and Construction	20.6
Manufacturing	16.0
Services	11.8
Textile	10.4
Metal	7.8
Mining and Quarrying	5.2
Transportation, Storage and Communication	5.0
Health & Social Activities	4.4
Food	4.2
Agriculture, Hunting and Forestry	2.7
Printing	1.6
Chemical	1.5
Wood and Wood Product	1.2
Banking & Financial Institutions	0.9
Other	6.7

Breakdown of Assets (as of 31 December 2014) (%)



Real Estate	29.0
Heavy Equipment and Construction Machinery	20.1
Metal Processing Machine	7.4
Textile Machines	7.0
Health Industry and Aesthetic Instruments	3.0
Ships and Other Sea-Going Vessels	2.3
Air Transport Conveyance	2.3
Road Vehicles	2.1
Agricultural and Livestock Farming Machines	1.9
Information Technologies and Office Systems	1.8
Plastic Processing Machines	1.7
Printing and Paper Processing Machines	1.4
Electronic and Optical Devices	1.3
Tourism Equipment	1.1
Railroad Transport Vehicles	0.0
Other Machines and Equipment	17.5

New legal measures introduced following the initiatives taken in recent years widened the variety of products and supported the sector's development. On the other hand, in 2014 with abolishment of the requirement that leasing contracts should be signed in a notary, the opportunities to benefit from leasing for micro-entrepreneurs expanded. Micro-entrepreneurs, which have tended to shy away from leasing due to the additional costs despite the VAT advantage, are expected to contribute extensively to the number of contracts and to spreading of risk.

The sector presents massive development potential. The sector's growth trend is expected to continue in parallel with economic stability and growth dynamics. The volume of transactions is expected to grow by around 13% in 2015 to reach USD 8.6 billion and penetration rate will be expected increasing by around 10% in 2015 to reach 7.5%.

Penetration Rates (%)	2012	2013	2014
Leasing Transaction Volume (Excluding Buildings)/Private Sector Fixed Investments (Excluding Buildings)	5.89	6.84	6.84
Leasing Transaction Volume/Private Sector Fixed Investments	4.14	5.68	6.15
Leasing Transaction Volume/GDP	0.68	0.89	0.97
Private Sector Machinery Investments/GDP	10.56	10.50	10.08

Finans Leasing's Strategy

Key competitive advantages of Finans Leasing

- A customer-oriented approach
- An advanced technological infrastructure
- Competent delivery channel strategy
- Strong brand and reputation in the leasing industry
- Sound capitalization and strong funding base
- A leading position, constantly building on its market shares in its business line
- A young, dynamic and highly-experienced team

Finans Leasing's strategy

To achieve long-term, sustainable growth and a strong market share in the leasing industry by continuously creating value for all of its stakeholders.

The foundations of Finans Leasing's strategy

Customer focus

- Product and service quality and innovation
- Competency, experience and skill

A focus on human resources

- Continuous development of HR competencies

A focus on disciplined growth

- Sustainable and profitable balance sheet growth
- Improved asset quality
- Portfolio diversification

A focus on risk management and control

- Risk measurement at international standards
- Proactive risk control systems

A focus on corporate governance

- Commitment to corporate governance, ethical conduct and core values

Group synergy

- A multi-layered and efficiency oriented group synergy

Operations in 2014

Striving to meet the increased needs of SMEs .
Finans Leasing continued to strengthen its portfolio by providing high quality services to SMEs and commercial establishments operating in different sectors in 2014. It also increased its market share and the volume of its transactions.

Finans Leasing successfully increased its volume of transactions at a high rate of 31.5% in 2014, while boosting its market share by more than 1 percentage point to 6.2% as a result of the USD 471 million worth of transactions.

The company's total number of contracts increased by 14% to reach 2,011 in 2014. Even though the average volume of the contracts remains below the sector average, being USD 234,291. Finans Leasing increased its level of customer penetration and works to a low level of risk concentration.

The finance options offered by the new law have considerably increased the level of activity for the sector as well as for Finans Leasing. In particular, the sale and lease back instrument, which enables investors to create a fund over existing properties and finance their new investments with that fund, boosted the volume of transactions. It gained the highest share within property leasing credits with a 15% share.

The company opened three new branches in Kayseri, Diyarbakır and Gebze in 2014 based on the principle of further widening its service offerings and opening new branches, and expanded its access to customers with a service network of 13 branches. The fact that Finans Leasing remains the sole leasing company to hold a branch license in the Istanbul Atatürk free zone is a reflection of its service effectiveness.

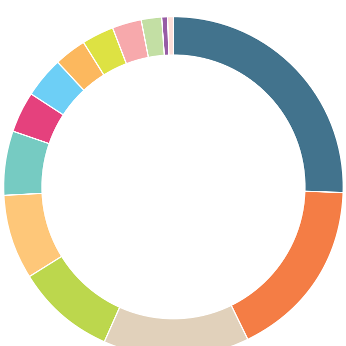
A customer portfolio shaped based on spreading the risk to the bottom
The company continues to support the growth and development of SMEs, which are seen as driving force of the economy. The company's customer base is comprised of a high number of micro, SMEs and other commercial entities.

Finans Leasing preserves its quality and healthy portfolio of companies who can sustain growth cycle and possess debt payment capacity and credibility. The customer portfolio shows Finans Leasing's asset quality and demonstrates that its growth is based on strong foundations, strengthening its competitive power.

Finans Leasing works with risk measurement models based on up-to-date international methodologies and also demonstrates its competency at managing risk. The weight of the largest 10, 20, and 30 customers within the portfolio has been preserved over the years.

	2012	2013	2014	2013-2014 (%)
Business Volume (USD million)	318.8	358.2	471.2	31.5
Number of New Contracts	1,613	1,764	2,011	14.0
Market Share	5.95%	5,12%	6,17%	20.4

Breakdown of Net Lease Receivables (%)



Building and Construction	25.7
Textile	17.5
Metal	14.0
Health & Social Activities	9.5
Printing	8.1
Chemical	5.9
Mining and Quarrying	4.1
Services	3.9
Manufacturing	3.1
Transportation, Storage and Comm.	2.9
Agriculture, Hunting and Forestry	2.8
Food	2.0
Financial Institutions	0.2
Other	0.3

Finans Leasing and Finans Bank: the positive effects of strong synergy

Finans Leasing achieves high customer penetration through its extensive branch network operating as a prevailing service provider throughout the country. It provides an effective service platform with its rapid and solution focused business model supported by its management competencies and strong infrastructure.

The synergy brought about by the productive cooperation with Finans Bank, which involves technological infrastructure and a network of 658 branches, is one of the factors that expand Finans Leasing's business and its service competencies. The customers of Finans Bank form Finans Leasing's natural customer base and 47% of the sales in 2014 were realized through the bank. Along with its marketing-sales competency, the fact that 53% of Finans Leasing's transactions were realized through the company's own potential is one of the indicators demonstrating the company's market prestige and area of influence.

We monitor sustainability criteria in financing

The concept of sustainability started to be accepted as one of the important criteria to distinguish between projects to be credited by financing institutions.

Finans Leasing's credit policies monitor evaluation criteria based on social benefit and environmental contribution. They aim to prioritize the allocation of funds that it obtains from banks and international institutions to investments in the fields of renewable energy, energy productivity, the environment, education and health. The company aims to increase the share of such transactions within the portfolio.

Strength based on our competent human resources.

Finans Leasing cares about careers of personnel who are specialized in their fields, who have adopted a customer focused service philosophy and the company's corporate and ethical values, and who add value to the company, the customers and the sector.

Finans Leasing supports career planning and personal development activities with regular trainings with the intention of strengthening its competent personnel.

The well-established upper management and its team of dynamic and qualified professionals are the most important building blocks of Finans Leasing's corporate development and successful performance.

By 31 December, 2014, 55% of Finans Leasing's team of 117 staff are women. The company has a loyal personnel profile with a low rate of staff turnover. Having loyal human resources is an important factor in terms of Finans Leasing's stable development and for it to have a deeply rooted corporate tradition.

Risk Breakdown	2012	2013	2014
Top-10 customers in the portfolio			
Exposure (TL million)	84.7	112.1	146.7
Share in total (%)	8	9	9
Top-20 customers in the portfolio			
Exposure (TL million)	142.4	186.8	237.7
Share in total (%)	14	14	15
Top-50 customers in the portfolio			
Exposure (TL million)	255.5	331.2	405.9
Share in total (%)	25	25	26

Geographical Breakdown (%)	2012	2013	2014
İstanbul	35	32	32
Aegean and Mediterranean (excl. Çukurova)	16	19	18
Eastern and Southeastern Anatolia	15	15	17
Marmara (excluding İstanbul)	12	13	13
Central Anatolia and Black Sea	15	14	13
Çukurova	7	7	7

In 2015...

Finans Leasing will maintain its balanced and productive portfolio. As it pursues its strategies, it will also continue to expand over a wide base and throughout Anatolia as a leasing company which is on the side of SMEs as well as corporate and commercial companies in 2015.

Factors such as the corporate tax and VAT exemption during sale lease-back transactions of properties and for properties owned by "organized industrial zones" to be given a permit for sale lease-back transactions will continue to be reflected to the volume of transactions. Sale lease-back transactions will command an important share in the company's transaction volumes in 2015.

The share of transactions within the manufacturing sector covered by the 1% VAT rate will continue to grow in 2015. The company will also continue to capture market share from the construction, health and textile sectors. In 2015 Finans Leasing will support energy effiency and renewable energy projects, particularly wind and solar energy investments.

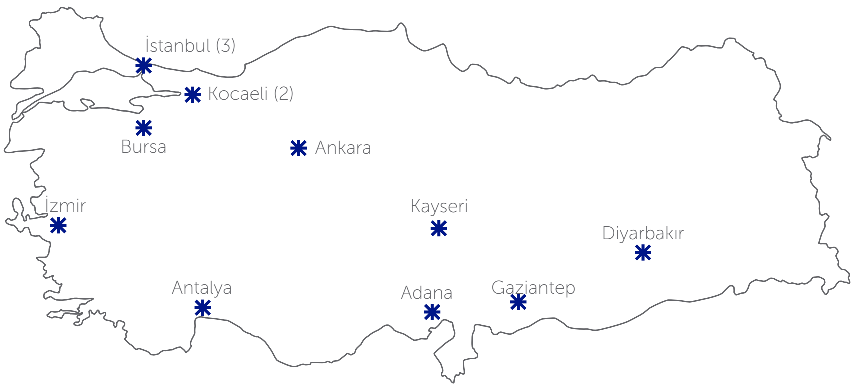
Finans Leasing aims to enhance the cooperation with vendors through campaigns and taking part in exhibitions during 2015. The volume of transactions for which Finans bank provides resources will also continue to grow.

Credit ratings

Credit Opinion by Fitch Ratings: (as of 26 March 2015)
Long-term foreign and local currency IDRs:
BBB-; Stable Outlook
Short-term foreign and local currency IDRs: F3
Support Rating: 2
National Rating: AA+(tur); Stable Outlook

Credit Opinion by Moody's Investors Service:
(as of 18 December 2014)
Outlook: Stable
Issuer Rating: Ba3

Service Network



✱ Operative branches

Finans Leasing owns a strong geographical coverage that allows it to reach many SMEs particularly in Anatolia.

Parent Companies

Finansbank

Finansbank is one of the leading banks in Turkey owned by National Bank of Greece (NBG).

The subsidiaries of Finansbank are Finans Leasing, Finansinvest, Finans Portfolio Management, IBTech, Cigna Finans, and Finans Factoring.

Finansbank's net operating profit was TL 877 million in 2014. As of 31 December 2014, Finansbank had TL 75,206 million in total assets, TL 50,344 billion in total loans and TL 40,652 billion in customer deposits. Total equities reached TL 8,574 billion.

Finansbank continues to render innovative banking services to its customers, with 658 branches and over 12,000 employees as of 2014 year-end.

NBG Group

National Bank was established in 1841 and became the first bank in the modern Greek state, with a decisive contribution to the financial life during these 170 years of history. Nowadays, National Bank leads one of the largest and strongest financial groups in Greece, with a strong presence in Southeast Europe and Eastern Mediterranean.

National Bank offers a broad range of financial products and services that meet the ever changing needs of businesses and individuals.

It would be fair to describe it as the Bank of the Greek family, since it controls the ¼ of retail banking and has 24% market share in deposits. The share of deposits reflects the confidence of the savings customers, which are its driving force.

With 528 branches and 1,414 ATMs, it has an extensive service network covering the entire geographical area of Greece, while at the same time it is developing alternative distribution channels for its products, such as the Mobile and Internet Banking services. Today, the network of the Bank abroad includes 1,218 units, while the Group employs 34,129 employees, serving a market of 125 million residents (data as of 31.12.2014).

Corporate Governance Principles Compliance Report

1. Statement of Compliance with Corporate Governance Principles

The Company deems it extremely useful to implement Corporate Governance Principles with respect to the improvement of national and international capital markets, as well as to the Company's best interests. The Company drew up the Statement of Compliance with Corporate Governance Principles within the frame of Corporate Governance Principles published by the Capital Markets Board (CMB).

The Company aims to achieve maximum compliance with the said principles and spends its best efforts to this end:

Work is in progress to bring the Company into compliance with principles that are of exceptional nature and that are not being implemented by the Company as yet. Detailed information about the activities currently in progress and the corporate governance principles with which compliance have been achieved are presented below under the separate headings of "Shareholders", "Public disclosure and transparency", "Stakeholders", and "Board of Directors".

Below are the steps taken between 2012-2014 to achieve compliance with the Communiqué on Corporate Governance.

- Independent Board members were elected and the structure of the Board of Directors was updated.
- Members of the Corporate Governance Committee and the Audit Committee were elected from among independent and non-executive members in accordance with the Communiqué.
- Necessary procedures were fulfilled for the members of the Corporate Governance Committee to fulfill the functions of the Early Detection of Risk Committee and the Nomination Committee.
- The Compensation Policy was devised and publicly disclosed on the company website.
- The Disclosure Policy and Dividend Policy were posted on the company website.
- The articles of incorporation were revised in keeping with the compulsory principles.
- The content of the company website was updated in line with the Communiqué.

It has been decided by the Board of Directors decision no. 962 dated 15 April 2013 to organize the Early Detection of Risk Committee as an individual committee pursuant to Article 6 of the Communiqué Serial: IV No. 63 amending the Communiqué Serial: IV No. 56 on the Determination and Implementation of Corporate Governance Principles, which went into force upon its publication in the Official Gazette issue 28567 dated 22 February 2013.

The Communiqué on Dividends numbered II-19.1 went into force on 01 February 2014, which was intended to achieve alignment with the arrangements set out in the Capital Market Law no. 6362 (the Law) that was enacted upon its publication in the Official Gazette issue 28513 dated 30 December 2012. In order to secure compliance with the said Communiqué, our Company's "Dividend Policy" was updated and approved at the General Assembly Meeting held on 31 March 2014. Furthermore, to achieve compliance with the Communiqué on Material Events Disclosure numbered II-15.1 published in the Official Gazette dated 23 January 2014 under the Law, the "Disclosure Policy" was also updated and posted on the corporate website.

The Investor Relations Unit structure was updated in accordance with the Communiqué no. II-17.1 on Corporate Governance that was revised on 03 January 2014.

SECTION I: SHAREHOLDERS

2. Investor Relations Unit

An Investor Relations Division has been set up under the Corporate Governance Committee, in order to facilitate exercising of shareholding rights and to provide communication between the Board of Directors and the shareholders.

In essence, the Investor Relations Division works to;

a) ensure maintenance of the records about shareholders in a healthy, secure and up-to-date manner,
b) respond to the shareholders' written information requests about the Company, apart from those that are not publicly disclosed, are of a confidential and/or trade secret nature,
c) ensure that the general assembly meetings are convened in accordance with the applicable legislation, the articles of incorporation and other internal regulations,
d) prepare the documents the shareholders could make use of in the general assembly meeting,
e) ensure that the results of the voting are recorded and the reports thereon are sent to the shareholders,
f) observe and comply with all considerations related to public disclosure, including the legislation and the Company's disclosure policy.

Contact information for the individuals assigned to these units for the period between 1 January-31 December 2014 are given below:

Name	Tel	E-mail
Belgin Şen	0212 349 11 30	belgin.nakipler@finansleasing.com.tr
Sunay Cambaz	0212 349 11 80	sunay.cambaz@finansleasing.com.tr
Selim Murat	0212 349 13 30	selim.murat@finansleasing.com.tr

The individuals whose contact information is provided above have responded to the queries received from the investors during the reporting period.

3. Shareholders' Exercise of Their Right to Obtain Information

It is certain that shareholders and stakeholders need to have regular access to reliable information about the Company's management and its financial and legal standing. In line with the principle of public disclosure and transparency, all information except for trade secrets is to be revealed to the public impartially. Such disclosure is made by means of audited annual and interim financial statements and footnotes and by means of public announcements. This information is also posted on the Company's corporate website.

There had been no requests from shareholders during the reporting period for the appointment of a special auditor. Based on the concern that the appointment of a special auditor might lead to problems in practice with respect to maintaining the confidentiality of trade secrets or undisclosed information, it is intended to consider in the future to provide for demanding the appointment of a special auditor as an individual right in our Company's articles of incorporation depending on the developments.

Corporate Governance Principles Compliance Report

4. Information about General Assembly Meetings

The Ordinary General Assembly held on 31 March 2014:

FİNANS FİNANSAL KİRALAMA A.Ş. Ordinary General Assembly Meeting for 2013 was held on 31 March 2014 at 15:00 hours at the address Nisbetiye Cad. Akmerkez B Kulesi Kat: 3 Etiler, Beşiktaş, İstanbul under the supervision of the Ministry Representative Güner Onur, who was appointed by the T.R. İstanbul Governor's Office Provincial Directorate of Trade letter dated 28 March 2014, no. 8433.

In accordance with the provisions of the law and the articles of incorporation, invitation for the meeting that incorporated the agenda was published in the Turkish Trade Registry Gazette issue 8523 dated 07 March 2014 and Hürses newspaper issue 12809 dated 06 March 2014; posted on the company website at www.finansleasing.com.tr; announced on the Public Disclosure Platform and on the Electronic General Meeting System of the Central Registry Agency on 04 March 2014; it was also announced to shareholders who were on record in the book of shares by registered mail, by way of notifying the meeting date and agenda within legally due time.

Having established by examining the List of Attendants that out of 11,500,000,000 shares corresponding to the Company's total capital of TL 115,000,000.00, 11,374,613,624 shares corresponding to TL 113,746,136.24 in capital was represented by proxy at the meeting, and the minimum quorum as stipulated by the law and the articles of incorporation was secured; the meeting was opened, simultaneously in the physical and electronic environments, by Adnan Menderes Yayla, Deputy Chairman of the Board and proceeded with the discussion of agenda items.

5. Voting Rights and Minority Rights

Our Company's articles of incorporation contain no provisions pertaining to privileged voting rights. Minority shares are not represented in the Company's management and the cumulative voting method is not employed. Companies with which there is a cross-shareholding relationship cast votes at the General Assembly.

6. Entitlement to Dividends

Our Company's profit distribution principles are determined in view of the relevant provisions of the articles of incorporation, Turkish Commercial Code (TCC), Capital Market Law and other applicable legislation. Profit distribution is approved and decided by the General Assembly of Shareholders based on the proposal of the Board of Directors.

The Company's financial results for the related year, current economic conditions, etc. have an effect on the determination of the dividend policy. In the event it is decided to distribute dividends, the rate of distribution is determined by the General Assembly of Shareholders in a manner that will not contradict with the provisions of applicable legislation and the Company's articles of incorporation. Dividends are distributed in cash and/or in the form of dematerialized shares.

The dividend policy may be altered based on a Board of Directors decision, on condition that the ground for such alteration is specified, and the revised policy is publicly disclosed in accordance with the Board of Directors guidelines regarding disclosure of material events.

No shares are privileged in terms of getting share from the profit.

Cash dividend payout is carried out until no later than the end of the third month following the date of the General Assembly Meeting in which profit distribution decision is passed. Dividend distribution in the form of bonus dematerialized shares, on the other hand, is carried out following the receipt of the permissions stipulated by the legislation.

Our Company does not pay advances on dividends, nor is there a provision governing the same in the Company's articles of incorporation.

The Communiqué on Dividends numbered II-19.1 went into force on 01 February 2014, which was prepared for achieving alignment with the arrangements set out in the Capital Market Law no. 6362 (the Law) that was enacted upon its publication in the Official Gazette issue 28513 dated 30 December 2012. In order to secure compliance with the said Communiqué, our Company's "Dividend Policy" was updated and approved at the General Assembly Meeting held on 31 March 2014. The said policy is also publicly disclosed on the Company website and in the annual reports. No dividends were distributed in 2013. The profit for the period was transferred to Extraordinary Reserves which takes place under the shareholders' equity item.

7. Transfer of Shares

The Company's articles of incorporation contain no provisions restricting the transfer of shares.

SECTION II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

The Company's disclosure policy is intended to make sure that the necessary information other than trade secrets are disclosed to shareholders, investors, employees, customers, creditors and other related parties on a timely manner and on the principles of completeness, accuracy, and intelligibility, and that they are conveniently accessible at low cost and equally available to all. The disclosure policy is posted on the corporate website.

Under the Disclosure Policy devised by Finans Finansal Kiralama A.Ş., information is made available to the public via the Public Disclosure Platform (in Turkish: KAP) in accordance with the CMB Communiqué No: II-15.1 on Material Events. The Company's independently audited financial statements are publicly disclosed at quarterly intervals.

Names and positions of the individuals in charge of executing the Disclosure Policy are given below:

Name	Position	E-mail
Belgin Şen	Financial Control Manager	belgin.nakipler@finansleasing.com.tr
Sunay Cambaz	Accounting Manager	sunay.cambaz@finansleasing.com.tr
Selim Murat	Internal Audit Manager	selim.murat@finansleasing.com.tr

9. Company Internet Site and its Content

The Company website is at the address www.finansleasing.com.tr, and is also available in English. The corporate website is actively used for information provision and public disclosure purposes. The website contains the information and data as stipulated by the Corporate Governance Principles.

In addition, a section entitled "Information Society Services Finans Finansal Kiralama A.Ş." was created under the section "Investor Relations" on our corporate website pursuant to Article 1524 of the Turkish Commercial Code and to the Regulation on Websites to be Opened by Capital Companies. The section dedicated to information society services on the website is accessible by everyone.

10. Annual Report

All of the information listed in the Corporate Governance Principles is covered in the annual reports.

Corporate Governance Principles Compliance Report

SECTION III: STAKEHOLDERS

11. Informing Stakeholders

A "stakeholder" is any private individual, corporate entity, or interest group that may be involved in the Company's achieving its goals or have interest in its activities. Stakeholders include shareholders, employees, creditors, customers, suppliers, various non-governmental organizations, the government, and even potential investors.

Our Company conducts its activities honestly, trustworthily, and transparently within the framework of its public disclosure principles in order to keep its stakeholders aware of the same. The Company's independently audited financial statements are publicly disclosed quarterly. Similarly, important developments concerning the Company's activities are publicly announced by means of material event disclosure forms in line with the Company's public disclosure principles. In addition, in-house meetings are conducted to ensure that the Company's employees are kept informed about developments that take place and may be of concern to them.

A "Reporting Sheet" application was created on the www.finansleasing.com.tr website for conveyance of the Company's illegitimate or unethical transactions by stakeholders to the Audit Committee and the Internal Audit Manager.

12. Stakeholder Participation in Management

While no model providing for stakeholder participation in management has yet been developed, employees are involved in the Company management through meetings and by using their powers and responsibilities in line with their job descriptions. Detailed studies are carried out on matters related to promotions and performance measurement to ensure that employees receive equal treatment and that promotions take place in line with performance. Employees are given training opportunities to enhance their knowledge, skills, and experience. Explanatory information concerning the Company is also provided to interested parties upon demand.

13. Human Resources Policy

Based on the awareness that the human resource represents the key element for the optimum execution of the Company's activities and for its development, the basic principles of our Company's human resources policy are spelled out as follows:

- Employing personnel with high personal and professional qualifications.
- Enhancing work productivity by providing a modern and healthy work environment.
- Fostering a participatory approach to management within the Company.
- Ensuring that employees receive the necessary training they need to develop their professional knowledge and that they are inculcated in the Company's corporate culture.
- Providing performance-based career planning.

Relations with employees are handled by the Human Resources Assistant Manager and the Assistant General Manager to whom he reports. During the reporting period, no complaints were received from the employees concerning discrimination. Job descriptions have been put into writing for all Company employees and performance criteria are determined on the basis of positions and titles and shared with the employees.

14. Code of Ethics and Social Responsibility

No lawsuits were lodged against our Company during the reporting period on account of any harm caused to the environment. Utmost care is paid to ensure that the projects financed are in compliance with the legislation governing the environment and public health.

Finans Leasing expects its employees to abide by the Company's fundamental principles and code of ethics specified hereinbelow. The code of ethics is publicly disclosed on the corporate website, as well as in the periodic annual reports.

PART IV - BOARD OF DIRECTORS

15. Structure and Formation of the Board of Directors

Members of the Board of Directors were elected by the General Assembly resolution dated 29 March 2014, and the Board of Directors was structured as follows on the same date. Term of office for members was set as two years.

Board of Directors:

Sinan Şahinbaş	Chairman of the Board - Executive
Adnan Menderes Yayla	Vice Chairman of the Board - Non-executive
A. Murat Alacakaptan	Board Member & General Manager - Executive
Filiz Sonat	Board Member -Executive
Metin Karabiber	Board Member - Non-executive (*)
Turhan Cemal Beriker	Independent Board Member - Non-executive
Osman Necdet Türkay	Independent Board Member - Non-executive

Résumés of the Board members are presented in the annual report.

As at 31 December 2014, there were four non-executive members on the Board of Directors, two of whom are independent members satisfying the provisions of the CMB Communiqué on Corporate Governance No: II-17.1. The positions of the Chairman of the Board and General Manager are held by different individuals.

The Corporate Governance Committee, which has assumed the duties and responsibilities of the Nomination Committee, submitted the report dated 04 May 2012 regarding whether the two candidates for independent Board membership satisfy the independence criteria to the Board of Directors. Furthermore, declarations that independence criteria are fulfilled have been received from candidates for independent Board member position.

From amongst Board members, Sinan Şahinbaş, Adnan Menderes Yayla, Filiz Sonat, Metin Karabiber and independent members Turhan Cemal Beriker and Osman Necdet Türkay also hold positions outside the company, which are detailed below.

In the General Assembly Meeting held on 31 March 2014, it was decided to authorize the members of the Board of Directors to carry out the transactions specified in Articles 395 and 396 of the Turkish Commercial Code.

Members of the Board of Directors:

Sinan Şahinbaş	In-Group - Finansbank A.Ş. - Vice Chairman of the Board
Adnan Menderes Yayla	In-Group - Finansbank A.Ş. - Executive Vice President, Member of Executive Board
Filiz Sonat	In-Group - Finansbank A.Ş. - Executive Vice President
Metin Karabiber	In-Group - Finansbank A.Ş. - Executive Vice President
Turhan Cemal Beriker	Out-Group - Kiltoprak NV Amsterdam, Founding Partner, Consultant to Palmali Holding Board of Directors
Osman Necdet Türkay	Out-Group - Strateji Menkul Değerler A.Ş. Chairman of the Board

Corporate Governance Principles Compliance Report

16. Operating Principles of the Board of Directors

The Chairman of the Board of Directors sets the agenda for Board meetings after discussions with other Board members and with the General Manager (Chief Executive Officer). 36 Board meetings were held during 2014. While no secretariat has been set up to inform board members and manage communication among them, maximum care is given to ensuring that all information and documents pertaining to matters on meeting agendas are made equally available to all Board members in a timely manner. When differences of opinion are expressed at meetings, reasoned and detailed justifications for dissenting votes are included in the memoranda of resolutions that are passed. Actual attendance is provided at Board meetings on the issues stipulated in the CMB's Corporate Governance Principles. No Board members have preferential voting rights or the right to veto Board decisions.

Related party transactions laid down for the approval of the Board and transactions of material nature are covered in quarterly financial statements and the notes thereto, and thus submitted to the CMB. The Company's quarterly financial statements and the notes thereto are approved by all Board members, including independent members. There are no transactions, which have not been approved by independent members and laid down for the approval of the General Assembly.

17. Numbers, Structures, and Independence of Committees within the Board of Directors

Based on the Board of Directors resolution dated 15 March 2005 and numbered 442, a Corporate Governance Committee was set up to oversee the Company's compliance with Corporate Governance Principles, to improve and to submit proposals thereon to the Board of Directors. Pursuant to Article 4.5.1 of the CMB Communiqué Serial: IV, No: 56, it has been decided by the Board of Directors decision 915 dated 04 June 2012 that the Corporate Governance Committee will be formed of two members. Independent Board member Turhan Cemal Beriker has been appointed as the head of the Committee and non-executive member Adnan Menderes Yayla as member of the Committee.

Corporate Governance Committee fulfills the duties and responsibilities of the Nomination Committee and Compensation Committee, as well. Moreover, the Committee also performed the functions, and satisfied the responsibilities, of the Early Detection of Risk Committee until 15 April 2013. It has been decided by the Board of Directors decision no. 962 dated 15 April 2013 to organize the Early Detection of Risk Committee as an individual committee pursuant to Article 6 of the Communiqué Serial: IV No. 63 amending the Communiqué Serial: IV No. 56 on the Determination and Implementation of Corporate Governance Principles, which went into force upon its publication in the Official Gazette issue 28567 dated 22 February 2013. Osman Necdet Türkay and Filiz Sonat have been appointed as the head and member of the Committee, respectively.

Pursuant to Article 4.5.1 of the CMB Communiqué Serial: IV No: 56, it has been decided by the Board of Directors decision 915 dated 4 June 2012 that the committee will be made up of two members. Independent Board members Turhan Cemal Beriker and Osman Necdet Türkay have been appointed as the head and member of the Committee, respectively.

Since there are two independent members on the Board of Directors, one Board member serves on more than one committee due to the obligation that all of the members of the Audit Committee and the head of the Corporate Governance Committee must be independent members.

A Risk Committee was set up on 28 June 2010 to monitor, assess and manage the Company's credit portfolio, to decide on lending practices, and to develop strategies. The members of this Committee, who were elected based on the Board of Directors decision of 05 October 2012, are Filiz Sonat, Murat Alacakaptan, Semra Karsu, Fatih Kızıltan and Ateş Yenen.

18. Risk Management and Internal Control Mechanisms

Our Company is exposed to credit risk, interest rate risk, exchange rate risk, liquidity risk, market risk, and operational risks due to its transactions. Assessments of these risks and necessary actions in order to manage them are included in annual budget studies as well as in monthly performance reports. These are presented to the Board of Directors for review. At meetings of the assets-liabilities, credit monitoring, marketing, operations, and legal affairs committees, the risks that the Company is exposed to are assessed. At the monthly performance meetings of the Board of Directors, the Company's risk management activities are reviewed and assessed, and risk factors are revised as and when deemed necessary.

An internal control system has been set up to make sure that the Company's activities and operations are carried out in accordance with the Law no. 6361 on Financial Leasing, Factoring and Financing Companies and other applicable legislation, internal policies, guidelines and customs, and to ensure timely availability of information. The Company's Internal Audit and Internal Control employees offer the assurance and consultancy services in relation to adequate operation of the internal control system. Both control functions are performed by the Audit Committee reporting to the Board of Directors. Process audits and quarterly internal control activities are carried out according to the risk-based annual plan, and information on the results of the activities is provided in semi-annual Audit Committee meetings.

Furthermore, a Risk Committee was set up to monitor, assess and manage the Company's credit portfolio, to decide on lending practices, and to develop strategies.

19. The Company's Strategic Goals

Our Company's mission is to be the sector's leader in terms of productivity and profitability. The strategic goals identified to realize this mission are; being customer-focused, working with qualified personnel, responding quickly to customer demands, increasing transaction speed by means of advanced technological infrastructure, focusing on the investment needs of small to medium-sized enterprises, and structuring regional, sectoral, and client-based credit risk concentrations optimally. In addition to engaging in marketing and information activities to encourage ever greater use of leasing as an investment financing tool, the Company's strategic goals also include recruiting and training the personnel that will enable the Company to achieve its aims.

The Board of Directors examines and approves the strategic goals identified by the management and the degree to which those objectives are being met at monthly performance meetings at which the Company's activities are reviewed and discussed. At these meetings, the Company's performance is measured and targets are revised when necessary in the light of changing market conditions.

20. Financial Rights

All rights, benefits, and fees etc. provided to the members of the Board of Directors are subject to the authorization and oversight of the general assembly. With the exception of the salary and bonus paid to the managing director in his post as general manager, members of the Board of Directors do not receive any rights, benefits, or fees from the Company. Effective 1 April 2014, each independent Board member is paid a net monthly salary of TL 5,000.

As at 31 December 2014, salaries and benefits paid to senior executives amounted to TL 2,620 (TL 2,722 on 31 December 2013). Members of the Board of Directors are not paid any sums under the name remuneration or attendance fee for their duties.

All rights, benefits, and salaries, as well as the criteria applied in the determination thereof and remuneration principles are publicly disclosed within the "Compensation Policy", which is posted on the company website.

The Company has not lent any money, extended any credit, or provided any guarantees such as surety etc. to any member of the Board of Directors or to any executive.

Independent Auditor's Report

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

We have audited the accompanying financial statements of Finans Finansal Kiralama A.Ş. ("the Company") which comprise the statement of financial position as at December 31, 2014 and the related statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Finans Finansal Kiralama A.Ş. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The financial statements as of December 31, 2013 were audited by another auditor who expressed an unqualified opinion in its audit report dated March 19, 2014.

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

Seda Hacıoğlu, SMMM
Partner

February 16, 2015
Istanbul, Turkey

Finans Finansal Kiralama Anonim Şirketi

TABLE OF CONTENTS

Finans Finansal Kiralama Anonim Şirketi

Statement of Financial Position as at December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	December 31, 2014	December 31, 2013
Assets			
Cash and cash equivalents	7	194,726	338,098
Finance lease receivables	8	1,540,007	1,312,767
Available for sale financial assets	9	140	140
Derivative financial instruments	17	2,727	-
Property, plant and equipment	10	2,252	251
Intangible assets	11	602	557
Assets held for sale	13	-	1,634
Other assets	12	17,190	14,033
Deferred tax assets	20	11,748	11,284
Total assets		1,769,392	1,678,764
Liabilities and equity			
Funds borrowed	14	1,047,547	1,077,290
Debt securities issued	15	77,880	-
Trade payables	16	49,976	51,735
Advances from customers	16	18,667	12,200
Current income tax	20	2,684	5,897
Derivative financial instruments	17	2,580	8,338
Other liabilities and provisions	18	6,958	6,737
Reserve for employee termination benefits	19	1,611	1,331
Total liabilities		1,207,903	1,163,528
Equity			
Share capital	21	159,353	159,353
Share premium		1,211	1,211
Reserves	22	26,295	24,361
Retained earnings	22	374,630	330,311
Total equity		561,489	515,236
Total liabilities and equity		1,769,392	1,678,764

The accompanying policies and explanatory notes on pages 26 through 62 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	January 1 - December 31, 2014	January 1 - December 31, 2013
Interest income from finance leases		133,115	103,090
Interest income on placements and transactions with banks		13,631	16,233
Total interest income		146,746	119,323
Interest expense on borrowings		(50,704)	(34,206)
Interest expense on debt securities issued		(7,778)	-
Net interest income		88,264	85,117
Foreign exchange gains, including net gains or losses from dealing in foreign currency	25	(2,767)	8,801
Net interest income after foreign exchange gains or losses		85,497	93,918
Net trading, hedging and fair value income/(loss)		11,775	1,550
Fee and commission income/(expenses), net		3,560	2,675
(Provision)/recovery for possible lease receivables losses and other receivables	8	(13,167)	(18,096)
Other income/(expenses), net	26	3,266	4,191
Operating expenses	27	(33,151)	(28,583)
Operating profit		57,780	55,655
Income before tax			
Taxation on income	20	(11,384)	(13,788)
Net income for the year		46,396	41,867
Other comprehensive income		(143)	(407)
Total comprehensive income for the year		46,253	41,460
Weighted average number of shares (TRY 0,01 par value)		11,500,000,000	11,500,000,000
Earnings per TRY 1 (for full TRY)	23	0.403	0.364

The accompanying policies and explanatory notes on pages 26 through 62 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Statement of Changes in Equity for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	Share capital	Inflation adjustment to share capital	Share premium	Actuarial gains/ (losses)	Legal Reserves	Retained earnings	Total
At December 31, 2012	115,000	44,353	1,211	-	22,419	290,793	473,776
Transfer to legal reserves	-	-	-	-	2,349	(2,349)	-
Net income for the year	-	-	-	-	-	41,867	41,867
Other comprehensive income	-	-	-	(407)	-	-	(407)
At December 31, 2013	115,000	44,353	1,211	(407)	24,768	330,311	515,236
Transfer to legal reserves	-	-	-	-	2,077	(2,077)	-
Net income for the year	-	-	-	-	-	46,396	46,396
Other comprehensive income	-	-	-	(143)	-	-	(143)
At December 31, 2014	115,000	44,353	1,211	(550)	26,845	374,630	561,489

The accompanying policies and explanatory notes on pages 26 through 62 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Statement of Cash Flows for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	January 1, December 31, 2014	January 1, December 31, 2013
Cash flows from operating activities			
Net profit for the year		46,396	41,867
Adjustments for			
Depreciation and amortization	10, 11	347	254
Provision for employment termination benefits	19	296	247
Provision for unused vacation pay accrual	18	353	350
Provision and reversal of bonus accruals	18	1,496	1,849
Fair value (gains)/losses on derivative transactions		(8,485)	7,995
Reserve for impairment of finance lease receivables	8	13,167	18,096
Foreign exchange gains		(819)	(23,176)
Income on disposal of furniture and equipment	10	-	3
Interest income recognized in profit and loss	25	(13,631)	(16,233)
Interest expense recognized in profit and loss	25	58,482	34,206
Income tax provision	20	11,812	19,173
Deferred tax charge	20	(428)	(5,385)
Operating profit before changes in net operating assets and liabilities		108,986	79,246
Purchases of assets to be leased		(862,226)	(640,900)
Principal payments received under leases		618,917	508,014
Net decrease/(increase) in receivables from lease payments outstanding and other receivables		4,496	(26,385)
Net increase in other assets		(3,157)	(4,637)
Net (decrease)/increase in trade payables		(1,759)	23,522
Net increase in advances from customers		6,467	4,702
Net decrease in other liabilities and provisions		(4)	(1,387)
Income taxes paid		(15,025)	(24,034)
Bonuses paid	18	(1,496)	(1,599)
Unused vacation paid	18	(128)	(202)
Retirement benefits paid	19	(195)	(65)
Net cash generated from operating activities		(145,124)	(83,725)
Cash flows from investing activities			
Purchases of furniture and equipment	10	(298)	(26)
Purchases of intangible assets	11	(241)	(415)
Interest received from investing activities		13,777	16,972
Net cash generated from investing activities		13,238	16,531
Cash flows from financing activities			
Proceeds from funds borrowed		274,712	401,960
Proceeds from debt securities issued		75,000	-
Repayments of funds borrowed		(305,435)	(334,765)
Interest paid		(45,592)	(22,742)
Net cash used in financing activities		(1,315)	44,453
Effect of exchange rate changes on the balance of cash held in foreign currencies		(10,025)	70,938
Net increase/(decrease) in cash and cash equivalents		(143,226)	48,197
Cash and cash equivalents at the beginning of year	7	337,656	289,459
Cash and cash equivalents at the end of year	7	194,430	337,656

The accompanying policies and explanatory notes on pages 26 through 62 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

1. Corporate information

General

Finans Finansal Kiralama Anonim Şirketi (a Turkish Joint Stock Company - "the Company") was established in İstanbul in March 1990, pursuant to the license obtained from the Undersecretariat of the Treasury and Foreign Trade for the purpose of financial leasing as permitted by the law number 3226.

42.16% (2013 - 42.13%) of the shares of the Company are listed on Borsa Istanbul A.Ş. The address of the registered office of the Company is Nispetiye Caddesi, Akmerkez B Kulesi, Kat: 10, 34620 Etiler, İstanbul - Turkey.

The Company has 13 branches.

The parent of the Company is Finansbank A.Ş. ("Finansbank"), and ultimate parent of the Company is National Bank of Greece S.A ("NBG").

The Company's financial statements for the year ended December 31, 2014 have been approved by the Company's Management on February 16, 2015.

2. Basis of preparation

2.1 Statement of compliance

These financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS"), including the International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company maintains its books of account and prepares its statutory financial statements in thousands of Turkish Lira ("TRY") which is the Company's functional and presentation currency, in accordance with communiqué "Uniform Chart of Accounts, Disclosures and Form and Nature of Financial Statements to be Issued By Leasing, Factoring and Consumer Finance Companies"("Financial Statement's Communiqué") issued by the Banking Regulation and Supervision Agency ("BRSA"), Turkish Commercial Code, Leasing Law and tax legislation. Turkish tax legislation required all leased assets be capitalized on the balance sheet of the lessor whether the lease is operating or finance lease until July 1, 2003. In accordance with amendments in Turkish tax law dated April 24, 2003, the lessors started to apply rules similar to IAS 17: "Leases" for the leasing transactions they entered after July 1, 2003 in their statutory financial statements.

The financial statements are based on the historical cost convention, except for the derivative instruments which are stated at their fair values.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

2.2 Basis of measurement

The financial statements have been prepared on an historical cost convention, except for those assets and liabilities measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.3 Functional and presentation currency

The accompanying financial statements are presented in thousands of Turkish Lira ("TRY"), which is the Company's functional and presentation currency. All financial information presented in TRY is rounded to the nearest digit.

Inflation accounting

Until December 31, 2005, the date at which the Company considers that the qualitative and quantitative characteristics necessitating restatement pursuant to IAS 29 ("Financial Reporting in Hyperinflationary Economies") were no longer applicable, the financial statements of these companies were restated for the changes in the general purchasing power of TRY based on IAS 29, which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

2.4 Going concern

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

2.5 Adoption of new and revised standards

The accounting policies adopted in preparation of the financial statements as at December 31, 2014 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2014. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

IFRS 9 Financial Instruments - Final standard (2014)

In July 2014 the IASB published the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. However, the Standard is available for early application. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27)

In August 2014, IASB issued an amendment to IAS 27 to restore the option to use the equity method to account for investments in subsidiaries and associates in an entity's separate financial statements. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39),

Or

- Using the equity method

The entity must apply the same accounting for each category of investments. The amendment is effective for annual periods beginning on or after January 1, 2016. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Annual Improvements to IFRSs - 2012-2014 Cycle

In September 2014, IASB issued their annual cycle of improvements to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle. The document sets out five amendments to four standards, excluding those standards that are consequentially amended, and the related Basis for Conclusions. The standards affected and the subjects of the amendments are:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - changes in methods of disposal
- IFRS 7 Financial Instruments: Disclosures - servicing contracts; applicability of the amendments to IFRS 7 to condensed interim financial statements
- IAS 19 Employee Benefits - regional market issue regarding discount rate
- IAS 34 Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In September 2014, IASB issued amendments to IFRS 10 and IAS 28, to address the acknowledged inconsistency between the requirements in IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture, to clarify that an investor recognises a full gain or loss on the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture. The gain or loss resulting from the re-measurement at fair value of an investment retained in a former subsidiary should be recognised only to the extent of unrelated investors' interests in that former subsidiary. An entity shall apply those amendments prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendment is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

IAS 1: Disclosure Initiative (Amendments to IAS 1)

In December 2014, IASB issued amendments to IAS 1. Those amendments include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, Presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted. These amendments are not expected to have significant impact on the notes to the consolidated financial statements of the Company.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the accompanying financial statements.

3.1 Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into TRY at the exchange rates ruling at balance sheet date with the resulting exchange differences recognized in the income statement as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in the income statement as realized during the course of the period.

Foreign currency translation rates used by the Company as of respective year-ends are as follows:

Dates	EUR/TRY (Full TRY)	USD/TRY (Full TRY)
December 31, 2013	2.9365	2.1343
December 31, 2014	2.8207	2.3189

3.2 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Useful lives
Furniture and equipment	5
Motor vehicles	5
Leasehold improvements	5
Building	50

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets of cash generating units are written down to their recoverable amount. The recoverable amount is defined as the amount that is the higher of the asset's fair value less costs to sell and value in use. Impairment losses are recognized in the income statement.

An item of tangible is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

3.3 Intangible assets

Intangible assets represent computer software licenses and rights. Intangible assets are carried at cost, less accumulated amortisation, and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Amortization is calculated on a straight-line basis over the estimated useful life of the intangible assets, which is 5 years.

3.4 Financial instruments

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Cash and cash equivalents comprise cash balances, demand and time deposits with an original maturity of three months or less.

Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of 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', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

Financial assets at fair value through profit or loss:

Financial assets are classified as financial assets at fair value through profit or loss where the Company acquires the financial asset principally for the purpose of selling in the near term, the financial asset is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short term profit taking as well as derivatives that are not designated as effective hedging instruments. A gain or loss from valuation of a financial asset classified as at fair value through profit or loss shall be recognized in profit or loss. Net gain/loss recognized in profit or loss includes interest and dividend income earned on the financial asset.

Effective interest rate method:

The effective interest rate 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 appropriates a shorter period.

Held to maturity and available for sale debt instruments and profit from financial assets classified as loans and receivables are recognized in income by using the effective interest rate method.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

Held-to-maturity investments:

Policies and bonds with fixed or determinable payments and fixed maturity where the Company both has the intention of and the ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are recognized at amortized cost using the effective interest method, less any impairment in value.

As at balance sheet date, the Company has no held-to-maturity investments.

Available for sale financial assets:

The Company has investments in unquoted equity investments that are not traded in an active market but are 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 accumulated in the investments 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 investments revaluation reserve is reclassified to profit or loss.

Dividends on available for sale equity instruments are recognized in profit and loss when the Company has the right to receive any payment.

The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the prevailing exchange rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

Finance lease receivables and other receivables

Finance lease 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.

When the Company 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 Company also ceases its income accrual calculation starting from the annulment date.

Bank borrowings

Bank borrowings are recognized initially at cost. Subsequent to initial recognition, bank borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings.

Other

Other financial instruments including time deposits are measured at amortized cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Company holds derivative financial instruments to economically hedge its foreign currency risk exposure.

Derivatives are recognized initially at fair value; attributable transaction costs are recognised in income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value.

Hedge accounting

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in income statement as part of finance (expense)/income.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

3.5 Offsetting

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

3.6 Borrowing costs

If an asset needs to be classified as construction-in-progress for a significant time, in order to be available for sale or available to use, borrowing costs related to the purchase and additional construction expenses are capitalized within the cost of asset. If there is an investment income related to the unconsumed part of the loans, it will be deducted from the capitalized interest expense.

All other finance expenses will be expensed during the period incurred.

3.7 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

The Company assesses individually whether objective evidence of impairment exists for loans that are considered individually significant and collectively for loans that are not considered individually significant.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the loans' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the loan's original effective interest rate.

The calculation of the present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for pools of loans by being indicative of the debtors' ability to pay all amounts due and together with historical loss experience for loans with credit risk characteristics similar to those in the pool form the foundation of the loan loss allowance computation. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions.

All impairment losses are recognised in income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets, the reversal is recognised in the income statement.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Employee benefits

Defined benefit plans

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

In accordance with the existing social legislation in Turkey, the Company 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 calculated on the basis of an agreed formula, are subject to certain upper limits and are recognized in the accompanying financial statements as accrued. The reserve has been calculated by estimating the present value of the future obligation of the Company that may arise from the retirement of the employees.

Defined contribution plans

The Company pays contributions to Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Short Term Plans

The Company also provides for short term employee benefit, such as vacation rights and bonuses.

3.9 Leases

Finance leases

(a) The Company as lessor

The Company classifies leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the finance lease receivables and reduce the amount of income recognized over the lease term.

(b) The Company as lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of branch premises, which are cancelable subject to a period of notice. Related payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

3.10 Allowance for impairment of lease receivables

A credit risk provision for impairment of the investment in finance leases and accounts receivables is established if there is objective evidence that the Company will not be able to collect all amounts due as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the receivables. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception.

The provision also covers losses where there is objective evidence that probable losses are present in components of the portfolio at the balance sheet date. These have been estimated based upon historical loss experience which is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. The provision made during the year is charged against the income for the year.

Investment in finance leases and accounts receivables that cannot be recovered are written off and charged against the allowance for impairment of lease and accounts receivables. Recoveries of amounts previously provided for are treated as a reduction from provision for impairment of lease and accounts receivables for the year.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

3.12 Related parties

For the purpose of this report, the shareholders and the ultimate shareholders of the Company, Finansbank and NBG Group of companies, members of the key management personnel of the Company or its parent and the companies controlled by/associated with all of the above are referred to as related parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

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

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

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

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

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

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

3.13 Revenue recognition

Financing leases consist of full-payout leases for various types of equipment. The excess of aggregate contract lease rentals, plus the nominal residual value, over the original cost of the related equipment represents the total revenue to be recognized over the term of the lease. The revenue is recognized in order to provide a constant periodic rate of return on the net investment remaining in each lease.

3.14 Income and expense recognition

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

3.15 Asset held for sale

The assets sustaining the criteria of being classified under assets held for sale are measured with the lower of their book values or fair value less costs to be incurred for sale. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold at once in the circumstances of usual conditions and should have a high possibility to be sold. Besides, the asset (or the asset group to be disposed) shall be traded actively with a price in concordance with its "fair market value". As of December 31, 2013 assets held for sale are stated at their book values. Assets are not depreciated or amortized once classified as held for sale.

3.16 Income tax

Taxes on income comprise current tax and the change in the deferred taxes. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the balance sheet liability method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefits resulting from the reversal of taxable temporary differences will flow to or from the Company. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Currently enacted tax rates are used to determine deferred taxes on income.

3.17 Earnings per share

Earnings per share presented in the accompanying income statement are determined by dividing net income by the weighted average number of shares in existence during the year concerned.

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

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

3.18 Statement of cash flows

The Company prepares its cash flows to inform financial statement users about the changes in Company's net assets, financial situation and the ability to manage the amount and timing of cash flows in accordance with changes in circumstances.

3.19 Subsequent events

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

3.20 Reclassifications to the prior year financial statements

The classifications made in the statement of profit or loss and other comprehensive income of the Company as of December 31, 2013 are as follows:

The Company previously presented interest income on placements and transactions with banks amounting to TRY 16,233 under finance income. This amount is presented as a separate line in the statement of profit or loss and other comprehensive income.

The Company previously presented interest expense on borrowings amounting to TRY 34,206 under finance expenses. This amount is presented as a separate line in the statement of profit or loss and other comprehensive income.

The Company previously presented foreign exchange gains amounting to TRY 292,756 under finance income and foreign exchange losses amounting to TRY 283,955 under finance expenses. The relevant amounts are reclassified under foreign exchange gains, including net gains or losses from dealing in foreign currency line in the statement of profit or loss and other comprehensive income.

The Company previously presented income on derivative transactions amounting to TRY 1,637 under finance income and expenses on derivative transactions amounting to TRY 87 under finance expenses. The relevant amounts are reclassified under net trading, hedging and fair value income/(loss) line in the statement of profit or loss and other comprehensive income.

The Company previously presented insurance commission income amounting to TRY 2,675 under other operating income/(expenses). This amount is reclassified under fee and commission income/(expenses), net line in the statement of profit or loss and other comprehensive income.

The Company previously presented marketing, general and administrative expenses amounting to TRY 13,953; salaries and employee benefits amounting to TRY 14,527 and depreciation and amortization amounting to TRY 254 as separate lines in the statement of profit or loss and other comprehensive income. These lines are reclassified under operating expenses in the statement of profit or loss and other comprehensive income.

The Company previously presented provision reversal amounting to TRY 151 under other income/expense, net line in the statement of profit or loss and other comprehensive income. This amount is reclassified under operating expenses in the statement of profit or loss and other comprehensive income.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

The estimated fair values of financial instruments have been determined using available market information by the Company, and where it exists, appropriate valuation methodologies. However, judgment is necessary to interpret market data to determine the estimated fair value. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances. Fair value has been determined by discounting the relevant cash flows using current interest rates for bank borrowings and finance lease receivables. The carrying amounts of the cash at banks-time, and trade payables approximate their fair values due to their short-term maturities.

The Company utilizes currency forward and cross currency swap derivative instruments. "Currency forwards" represent commitments to purchase or to sell foreign and domestic currency, including undelivered spot transactions. "Cross currency swaps" represents an agreement between two parties to exchange principals and interest on loans denominated in two different currencies. The Company conducts these transactions in order to hedge foreign currency position and manage the fixed or floating assets and liabilities on the balance sheet. The fair values of derivative instruments held at December 31, 2014 and 2013, are disclosed in note 17.

Set out below is a comparison by category of carrying amounts and fair values of the Company's finance lease receivables and funds borrowed that are carried in the financial statements at other than fair values.

	Carrying amount		Fair value	
	2014	2013	2014	2013
Financial assets				
Finance lease receivables	1,540,007	1,312,767	1,593,953	1,340,186
Financial liabilities				
Funds borrowed	1,047,547	1,077,290	1,042,052	1,063,783
Debt securities issued	77,880	-	78,018	-

The fair values of other financial assets and liabilities approximate their carrying values.

The interest used to determine the fair values of lease contracts receivables, applied on the balance sheet date to reflect active market price quotations are as follows:

	Interest Rates Applied (%)	
	2014	2013
Turkish Lira	12.06	11.89
USD	4.89	6.30
EURO	4.89	6.40

Current interest rates are used for each borrowing individually to determine fair values of funds borrowed.

5. Segment information

Since the Company operates only in leasing activities and in a single geographical area, segment information is not provided.

6. Critical accounting estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Allowance for impairment of finance lease receivables
- Deferred tax asset
- Impairment on available for sale securities
- Expense Accruals

7. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	2014	2013
Cash on hand	4	10
Cash at banks	194,722	338,088
Cash and cash equivalents	194,726	338,098

As of December 31, 2014 and 2013, the average maturity of the time deposits is less than 3 months.

The composition of bank deposit is as follows:

	2014			
	Amount		Effective interest rate	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign Currency
Time deposit	51,719	142,585	7.65- 11.05	0.08 - 2.50
Demand deposit	178	240	-	-
Total	51,897	142,825		

	2013			
	Amount		Effective interest rate	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign Currency
Time deposit	41,083	296,498	5.53 - 9.75	0.08 - 3.40
Demand deposit	189	318	-	-
Total	41,272	296,816		

Cash and cash equivalents as stated in the cash flow statement are as follows:

	2014	2013
Cash on hand	4	10
Cash at banks	194,722	338,088
Interest accrual on time deposits	(296)	(442)
Cash and cash equivalents as stated in the cash flow statement	194,430	337,656

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

8. Finance lease receivables

As of December 31, 2014 and 2013 details of gross investments in finance lease receivables, is as follows:

	2014	2013
Gross finance lease receivables	1,644,869	1,353,127
Finance lease receivables outstanding	20,924	30,620
Others (*)	5,509	5,531
Less: Unearned interest income	(230,354)	(175,998)
	1,440,948	1,213,280
Equipments to be leased (**)	45,289	43,116
Advances given related with finance leases	17,196	17,096
	1,503,433	1,273,492
Impaired finance lease receivables	126,079	115,613
Reserve for impairment	(89,505)	(76,338)
Reserve for individual impairment	(84,301)	(71,531)
Reserve for collective impairment	(5,204)	(4,807)
Net finance lease receivables	1,540,007	1,312,767

(*) Others consist of insurance receivables from lessees and expenses charged to lessees related to finance lease contracts.

(**) The Company purchases machinery and equipment from foreign and domestic vendors in relation to the finance lease agreements signed in the current year, which will be completed in the subsequent year. As of December 31, 2014 and 2013, the equipment to be leased balance includes cost of the equipment to be leased as described above together with related expenses.

The maturity profile of long-term net finance lease receivables is as follows;

	2014	2013
2015	-	353,032
2016	409,230	216,820
2017	256,063	100,067
2018	126,335	30,888
2019	52,402	9,195
2020	12,869	2,898
2021	7,710	-
2022	5,604	-
Total	870,213	712,900

As of December 31, 2014 effective interest rates for USD, Euro and TRY lease receivables are 6.34%, 6.47% and 14.61%; respectively (2013 - 6.76% for USD, 6.72% for Euro and 13.86% for TRY).

The guarantees received for finance lease and aging of receivables are provided in note 28, Financial Risk Management, Credit Risk.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

Movements in the reserve for individual impairment, for the year ending December 31, 2014 and 2013 are as follows:

	2014	2013
Reserve at the beginning of the year	71,531	53,877
Provision	16,700	20,665
Recoveries	(3,930)	(3,011)
Reserve at the end of year	84,301	71,531

At January 22, 2013 the Company disposed non performing finance lease receivables amounting to TRY 538 according to share of proceeds method, this amount was previously written off.

Movements in the reserve for collective impairment for the year ending December 31, 2014 and 2013 are as follows:

	2014	2013
Reserve for collective impairment at the beginning of the year	4,807	4,365
Provision/(recovery) for collective impairment	397	442
Reserve for collective impairment at the end of year	5,204	4,807
Provision/(recovery) of the reserve for individual impairment	12,770	17,654
Provision/(recovery) of the reserve for collective impairment	397	442
Provision for the year	13,167	18,096

9. Available-for-sale financial assets

	2014	2013
Equity instruments - unlisted	140	140
	140	140

Available-for-sale investments at cost represent the Company's equity holdings in the companies, shares which are not publicly traded. The list of equity instruments are as follows:

	2014		2013	
	Amount	Participation-%	Amount	Participation-%
Equity instruments - unlisted				
Finans Yatırım Menkul Değerler A.Ş.	136	Less than 1	136	Less than 1
Ibtech Uluslararası Bil. Ve İlet. Tekn. Araşt. Gel. Dan.Des.San.ve Tic. A.Ş.	4	Less than 1	4	Less than 1
Finans Portföy Yönetimi A.Ş.	<1	Less than 1	<1	Less than 1
	140		140	

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

10. Property, plant and equipment

	Furniture and equipment	Motor vehicles	Leasehold improvements	Land	Buildings	Total
January 1, 2014, net of accumulated depreciation	212	-	39	-	-	251
Additions	219	-	79	947	-	1,245
Transfers (*)	-	-	-	678	987	1,665
Disposals	-	(41)	-	(168)	(590)	(799)
Depreciation charge for the year	(110)	-	(22)	-	(19)	(151)
Accumulated depreciation for disposals	-	41	-	-	-	41
At December 31, 2014, net of accumulated depreciation	321	-	96	1,457	378	2,252
At December 31, 2013						
Cost	6,473	41	375	-	-	6,889
Accumulated depreciation	(6,261)	(41)	(336)	-	-	(6,638)
Net carrying amount, at December 31, 2013	212	-	39	-	-	251
At December 31, 2014						
Cost	6,692	-	454	1,457	397	9,000
Accumulated depreciation	(6,371)	-	(358)	-	(19)	(6,748)
Net carrying amount, at December 31, 2014	321	-	96	1,457	378	2,252

(*) During the year 2014, movements in assets held for sale account is examined and sale of assets included is unlikely to be realized in the short-term. Therefore, land and buildings included in this item are classified under property, plant and equipment.

11. Intangible assets

	Software	Total
At January 1, 2014, net of accumulated amortization	557	557
Additions	241	241
Amortization charge for the year	(196)	(196)
At December 31, 2014, net of accumulated amortization	602	602
At December 31, 2013		
Cost	1,881	1, 881
Accumulated amortization	(1,324)	(1,324)
Net carrying amount, at December 31, 2013	557	557
At December 31, 2014		
Cost	2,122	2,122
Accumulated amortization	(1,520)	(1,520)
Net carrying amount, at December 31, 2014	602	602

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

12. Other assets

	2014	2013
Prepaid insurance expenses of finance lease contracts	16,576	13,082
Prepaid commission expenses for funds borrowed	176	519
Other miscellaneous receivables	191	191
Advances and deposits given	62	52
Personnel advances given	23	38
Others	162	151
	17,190	14,033

13. Assets held for sale

Assets held for sale are those with highly saleable condition requiring a plan by the management regarding the sale of the asset to be disposed, together with an active program for determination of buyers as well as for the completion of the plan. Also, the asset shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be accounted as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

The Company classifies its assets, obtained in exchange for receivables as assets held for sale within the scope of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Company measures its asset held for sale at the lower of carrying amount and fair value less cost to sell.

Movements in the assets held for sale for the year ending December 31, 2014 and 2013 are as follows:

	January 1, 2014	Additions	Disposals	Impairment reversal	Transfers (*)	December 31, 2014
Land	672	-	-	6	(678)	-
Buildings	962	-	-	25	(987)	-
Net	1.634	-	-	31	(1,665)	-

	January 1, 2013	Additions	Disposals	Impairment reversal	Transfers	December 31, 2013
Land	233	711	(332)	60	-	672
Buildings	432	811	(281)	-	-	962
Net	665	1.522	(613)	60	-	1.634

(*) During the year 2014, movements in assets held for sale account is examined and sale of assets included is unlikely to be realized in the short-term. Therefore, land and buildings included in this item are classified under property, plant and equipment.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

14. Funds borrowed

		2014		
		Original amount ('000)	TRY equivalent	Interest rate (%)
Short term			224	
Fixed interest				
	TRY	224	224	-
Long term			1,047,323	
Fixed interest				
	EUR	87,716	247,421	2.71 - 4.63
	USD	93,973	217,915	1.25 - 4.65
	TRY	168,507	168,507	10,10 - 11,25
Floating interest				
	EUR	111,107	313,399	2.68 - 4.66
	USD	43,159	100,081	3.93 - 4.65
Total			1,047,547	

		2013		
		Original amount ('000)	TRY equivalent	Interest rate (%)
Short term			187	
Fixed interest				
	TRY	187	187	-
Long term			1,077,103	
Fixed interest				
	EUR	104,631	307,251	3.75 - 4.63
	USD	55,874	119,254	1.25 - 4.65
	TRY	73,317	73,317	10.10
Floating interest				
	EUR	148,274	442,783 (*)	1.45 - 4.77
	USD	63,017	134,498	3.93 - 4.69
Total			1,077,290	

(*) As of December 31, 2013, foreign currency indexed borrowings amounting to Euro 2,500,000 (total 7,375 TRY) has been included.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

Repayments of long term funds borrowed are as follows:

	2014		2013	
	Fixed rate	Floating rate	Fixed rate	Floating rate
2014	-	-	101,702	215,082
2015	423,577	203,964	364,085	202,830
2016	195,994	172,719	20,903	149,757
2017	3,568	12,821	3,283	2,403
2018	3,568	7,180	3,283	2,403
2019	3,568	7,180	3,283	2,403
2020	3,568	7,180	3,283	2,403
2021	-	2,436	-	-
Total	633,843	413,480	499,822	577,281

The Company has obtained letters of guarantee amounting to TRY 1,502 and USD 14 Thousand (2013 - TRY 937 and USD 14 Thousand) and submitted to various legal authorities.

Additionally, the shareholder bank has given letters of guarantee amounting to TRY 676 (2013 - TRY 25) to customs authorities and courts.

15. Debt securities issued

The breakdown of debt securities in issue as of December 31, 2014 is as follows (December 31, 2013 - none):

	2014
Bonds issued	75,000
Interest accrual	2,880
Total	77,880

Bond issued by the Company, having nominal value of TRY 75,000 was registered in accordance with the decision of the Capital Market Board of Turkey (numbered 15/490, dated April 30, 2013). Issuance of bond was held on February 25, 2014. The floating rate, semi-annually coupon bond, have a maturity of February 25, 2015, and the second coupon annual compound interest rate is 5.58% (1st coupon interest rate is 6.53%).

Coupon payment dates are as follows:

Date of first coupon payment (*)	August 26, 2014
Date of second coupon payment	February 25, 2015

(*) The first coupon payment of the bond was made on August 26, 2014.

16. Trade payables and advances from customers

Trade payables comprise of amounts due to suppliers for assets purchased which are subject to finance lease agreements. As of December 31, 2014 trade payables amount to TRY 49,976 (2013 - TRY 51,735).

Advances from customers comprise of the amounts received from the lessee's. As of December 31, 2014, advances from customers amount to TRY 18,667 (2013 - TRY 12,200).

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

17. Derivative financial instruments

The breakdown of derivative financial instruments as of December 31, 2014 and 2013 is as follows:

2014	Fair value assets	Fair value liabilities	Notional amount in TRY equivalent
Derivatives held for trading			
Currency swap purchase contracts	101	(2,580)	252,543
Forward purchase contracts	2,626	-	187,376
Total	2,727	(2,580)	439,919

2013	Fair value assets	Fair value liabilities	Notional amount in TRY equivalent
Derivatives held for trading			
Currency swap purchase contracts	-	(8,338)	160,692
Total	-	(8,338)	160,692

Derivative financial instruments are further analysed as a part of the balance sheet in the notes: Commitments and contingent liabilities (Note - 29) and Financial risk management (Note - 28)

18. Other liabilities and provisions

	2014	2013
Taxes and social security premiums payable	2,279	2,412
Bonus accrual	2,000	2,000
Unused vacation	1,450	1,225
Deferred income on commissions	320	474
Advances received related to leasing transactions	344	112
Others	565	514
Total	6,958	6,737

Movement for bonus accrual	2014	2013
Balance at the beginning of the year	2,000	1,750
Paid during the year	(1,496)	(1,599)
Charge for the year	2,000	2,000
Provision reversal related to previous year	(504)	(151)
Balance at the end of the year	2,000	2,000

Movement for unused vacation pay accrual	2014	2013
Balance at the beginning of the year	1,225	1,077
Paid during the year	(128)	(202)
Charge for the year	353	350
Balance at the end of the year	1,450	1.225

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

19. Reserve for employee termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TRY 3,541.37 in full currency at January 1, 2015 (January 1, 2014 - TRY 3,438.22 in full currency) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

The liability is not funded, as there is no funding requirement.

As of December 31, 2014 and 2013 retirement pay liability of the Company is accounted based on the actuarial calculations performed by an independent actuary. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. All the actuarial gains and losses are accounted at other comprehensive income. Based on the change to IAS 19 as of December, 31 2014, TRY 688 of actuarial change of retirement pay and its deferred tax amounted to TRY 138 has been booked under equity as "Unclassified Profit or Loss of Accumulated Other Comprehensive Income" account. (December 31, 2013 - TRY 509 increase in retirement pay and TRY 102 deferred tax effect)

Accordingly, the following actuarial assumptions were used in the calculation of the following liability by the independent actuary:

	2014	2013
Inflation rate	6.00%	6.50%
Discount rate	8.30%	9.90%
Average future working life	11.70	10.71
Rate of compensation increase	7.00%	7.50%

Movements in the reserve for employee termination payments are as follows:

	2014	2013
Balance at the beginning of the year	1,331	654
Service cost	157	149
Interest cost	127	91
Payments during the year	(195)	(65)
Settlement/Curtailment/Termination loss/(gain)	12	7
Actuarial (gain)/loss	179	495
Balance at the end of the year	1,611	1,331

20. Income taxes

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective rate of tax in 2014 is 20% (2013 - 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2014 is 20% (2013 - 20%).

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. 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 Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 - 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

The application of investment incentives is revoked commencing from 1 January 2006. However, companies were allowed to offset their carried forward outstanding allowances as of 31 December 2005 against the 2006, 2007 and 2008's taxable income in cases where they have sufficient taxable profits. After offsetting from the 2008's taxable income, unused investment incentives cannot be carried forward to following years.

The effective tax rate of the Company as of December 31, 2014 is 20% (2013 - 20%).

	2014	2013
Tax Provision		
Current corporate tax provision	(11,812)	(18,562)
Withholding tax on investment incentive	-	(611)
Less: advance taxes and surcharges	9,128	13,276
	(2,684)	(5,897)
Tax income comprises:		
Current tax charge	(11,812)	(18,562)
Withholding tax on investment incentive	-	(611)
Deferred tax charge	428	5,385
	(11,384)	(13,788)

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

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

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	2014	2013
Deferred tax asset		
Reserve for possible lease receivable losses	54,153	43,940
Expense accruals on derivative transactions	2,580	8,338
Bonus accrual	2,000	2,000
Employee termination benefit	1,611	1,331
Unused vacation pay liability	1,450	1,225
Withholding tax accrual	728	350
	62,522	57,184
Deferred tax liabilities		
Income accruals on derivative transactions	(2,727)	-
Expense accruals on funds borrowed	(765)	(517)
Restatement effect on property, plant and equipment and intangible assets	(292)	(248)
	(3,784)	(765)
Net deferred tax assets	58,738	56,419

The breakdown of deductible and taxable temporary differences as of December 31, 2014 and 2013 is as follows:

	2014	2013
Deferred tax asset		
Reserve for possible lease receivable losses	10,830	8,788
Expense accruals on derivative transactions	516	1,668
Bonus accrual	400	400
Employee termination benefit	322	266
Unused vacation pay liability	290	245
Withholding tax accrual	146	70
	12,504	11,437
Deferred tax liabilities		
Income accruals on derivative transactions	(545)	-
Expense accruals on funds borrowed	(153)	(103)
Restatement effect on property, plant and equipment and intangible assets	(58)	(50)
	(756)	(153)
Net deferred tax assets	11,748	11,284

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

Movement of deferred tax asset is presented as follows:

	2014	2013
Deferred tax asset at January 1	11,284	5,797
Deferred tax recognized in the income statement	428	5,385
Deferred tax recognized in the equity	36	102
Deferred tax asset at December 31	11,748	11,284

A reconciliation of income tax applicable to profit from operating activities before income tax at the statutory income tax rate to income tax at the Company's effective income tax rate for the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
Profit from operations before tax	57,780	55,655
Tax at the income tax rate of 20%	(11,556)	(11,131)
Tax effects of:		
- Revenue that is exempt from taxation	5,572	2,144
- Expenses that are not deductible in determining taxable profit	(5,434)	(10,264)
- Investment incentives used	-	617
- Withholding tax on investment incentive	-	(611)
- Deferred tax on unused investment incentive	-	(6)
- Other	34	5,463
Income tax	(11,384)	(13,788)

21. Share capital

	2014	2013
Number of common shares (authorized, issued and outstanding) TRY 0.01 par value	11,500,000,000	11,500,000,000

The movement of the share capital (in numbers and in historical TRY) of the Company during 2014 and 2013 is as follows:

	2014		2013	
	Number	TRY	Number	TRY
At January 1	11,500,000,000	115,000	11,500,000,000	115,000
At December 31	11,500,000,000	115,000	11,500,000,000	115,000

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

As of December 31, 2014 and 2013, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	2014		2013	
	Amount	%	Amount	%
Finansbank A.Ş.	58,715	51.06	58,715	51.06
National Bank of Greece S.A.	34,346	29.87	34,346	29.87
Finans Yatırım Menkul Değerler A.Ş.	20,685	17.99	20,685	17.99
Other	1,254	1.08	1,254	1.08
Total in historical TRY	115,000	100.00	115,000	100.00
Inflation adjustment to share capital	44,353		44,353	
Total	159,353		159,353	

22. Legal reserves and retained earnings

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

The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above and the Capital Markets Board ("CMB") regulations regarding profit distribution.

According to the General Assembly held on March 31, 2014, the Company has resolved to retain the profit of 2013 as retained earnings after appropriating legal reserve.

Dividends

Public companies pay dividends according to the "Dividend Distribution Communiqué" issued by CMB dated January 21, 2014 and "Principals of Dividend Distribution" issued by CMB dated January 27, 2014. The Board of Directors has not made any decisions regarding profit distribution for the year 2014.

23. Earnings per share

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation, such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly, the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through December 31, 2014.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

The following reflects the income and share data used in the basic earnings per share computations:

	2014	2013
Net profit attributable to ordinary equity holders of the parent for basic earnings per share	46,396	41,867
Weighted average number of ordinary shares for basic earnings per share (TRY 0,01 par value)	11,500,000,000	11,500,000,000
Basic earnings per TRY 1 share	0.403	0.364

24. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the operating decisions. The Company is controlled by Finansbank A.Ş., which owns 51.06% (2013 - 51.06%) of ordinary shares. The ultimate owner of the Company is NBG, which also owns 29.87% (2013 - 29.87%) of ordinary shares.

(a) Balances outstanding and other transactions with the shareholder bank:

	2014	2013
Balances outstanding		
Cash and cash equivalents	139,030	171,038
Finance lease receivables	2,881	3,368
Gain on derivative transactions	2,626	-
Loss on derivative transactions	976	-
Other liabilities	231	231
Other assets	52	41
Transactions		
Interest income on bank deposits	9,464	12,884
Gain on derivative transactions	1,469	-
Income from finance leases	316	316
Other administrative expenses	136	119
Rent expense	121	62
Interest expense	26	26
Other operating income	-	5

Additionally, the shareholder bank has given letters of guarantee amounting to TRY 676 (2013 - TRY 25) to customs authorities and courts. Also, the sum of nominal values of derivative transactions made with shareholder bank is TRY 279,734. (31 December 2013 - None)

(b) Balances outstanding and other transactions with NBG:

	2014	2013
Balances outstanding		
Funds borrowed	254,327	437,137
Prepaid commission expenses	-	206

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	2014	2013
Transactions		
Interest expense	16,513	15,378

(c) Balances outstanding and other transactions with other related parties:

	2014	2013
Balances Outstanding		
Other liabilities	4	-
Transactions		
Rent expense	(955)	(688)
Interest expenses	(39)	-
Other operating expenses	(34)	(31)
Staff costs	(3)	4
Loss on derivative transactions	-	(87)

(d) In 2014, compensation of the top management personnel of the Company amounted to TRY 2,620 (2013 - TRY 2,722).

25. Foreign exchange gains, including net gains or losses from dealing in foreign currency

The breakdown of foreign exchange gains, including net gains or losses from dealing in foreign currency is as follows:

	2014	2013
Foreign exchange gains	389,015	292,756
Foreign exchange losses	(391,782)	(283,955)
	(2,767)	8,801

26. Other income/(expenses), net

The breakdown of other operating income and other operating expense is as follows:

	2014	2013
Other income from financial lease transactions	1,973	2,368
Income from sale of tangible assets and assets acquired through foreclosure proceedings	1,410	1,586
Gain on sale of disposal of assets	5	205
Other income	63	106
Total other operating income	3,451	4,265
Miscellaneous expenses	(185)	(74)
Total other operating expenses	(185)	(74)
Total other operating income (net)	3,266	4,191

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

27. Operating expenses

The breakdown of operating expenses is as follows:

	2014	2013
Marketing, general and administrative expenses		
Expenses originating from leasing transactions	9,769	7,806
Rent expenses	2,346	1,979
Consultancy, audit and legal fees	1,096	1,201
Travel and transportation expenses	575	563
Taxes and duties other than on income	512	600
Communication expenses	260	237
Other administrative expenses	1,875	1,567
Total marketing, general and administrative expenses	16,433	13,953
Staff costs		
Wages and salaries	11,357	9,588
Provision for bonuses	1,496	1,849
Provision for unused vacation pay liability	353	350
Provision for employee termination benefits	296	247
Other fringe benefits	1,441	1,213
	14,943	13,247
Defined contribution share		
Social security premiums - employer share	1,428	1,129
	1,428	1,129
Total salaries and employee benefits	16,371	14,376
Depreciation and amortization	347	254
Total operating expenses	33,151	28,583

28. Financial risk management

Capital risk management

The Company manages its capital by achieving the continuity of its operations while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

As of December 31, 2014 and 2013, the leverage ratios are as follows:

	2014	2013
Total borrowings	1,175,403	1,129,025
Less: Cash and cash equivalents	(194,726)	(338,098)
Net liabilities	980,677	790,927
Total shareholders' equity	561,488	515,236
Shareholders' equity/liabilities	57.26%	65.14%

According to the credit rating of the Company announced by Moody's Investors Service, as of December 18, 2014, the foreign currency issuer rating of the Company is Ba3 and the outlook is stable.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

Financial instruments:

	2014	2013
Financial assets		
- Banks	194,722	338,088
- Finance lease receivables	1,540,007	1,312,767
- Available for sale investments	140	140
- Derivative financial instruments	2,727	-
Financial liabilities		
- Funds borrowed	1,047,547	1,077,290
- Debt securities in issue	77,880	-
- Trade payables	49,976	51,735
- Derivatives	2,580	8,338

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location.

The Company seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Company also obtains guarantees when appropriate.

The concentration of the Company's net finance lease receivables to industry groups is as follows:

	2014	2013
Building and Construction	25.7%	27.9%
Textile	17.5%	16.5%
Metal	14.0%	13.1%
Health and Social Activities	9.5%	8.8%
Printing	8.1%	8.8%
Chemical	5.9%	4.9%
Mining and Quarrying	4.1%	4.1%
Services	3.9%	3.8%
Manufacturing	3.1%	2.2%
Transportation, Storage and Comm.	2.9%	3.4%
Agriculture, Hunting and Forestry	2.8%	3.7%
Food	2.0%	2.4%
Financial Institutions	0.2%	0.3%
Other	0.3%	0.1%
Total	100.0%	100.0%

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

The breakdown of finance lease receivables is as follows:

	2014	2013
Neither past due nor impaired	1,364,422	1,149,376
Past due but not impaired	139,011	124,116
Individually impaired	126,079	115,613
Reserve for impairment	(89,505)	(76,338)
Total	1,540,007	1,312,767

As of December 31, 2014 and 2013 internal rating results for the neither past due nor impaired finance lease receivables are as follows:

	2014	2013
Debtor has a strong financial structure	2.1%	3.1%
Debtor has a good financial structure	30.9%	31.3%
Debtor has a medium financial structure	56.1%	55.7%
Debtor has a financial structure which needs attention in medium term	10.9%	9.9%
Total	100.0%	100.0%

As of December 31, 2014 and 2013 aging of past due but not impaired finance lease receivables is as follows:

2014	Invoiced and Accrued Amounts	Outstanding Principal
Between 1-30 days	5,430	79,149
Between 1-3 months	5,610	27,589
Between 3-12 months	4,704	7,633
Between 1-5 years	8,305	591
Total	24,049	114,962

2013	Invoiced and Accrued Amounts	Outstanding Principal
Between 1-30 days	6,696	58,163
Between 1-3 months	4,732	21,428
Between 3-12 months	10,540	9,545
Between 1-5 years	11,765	1,247
Total	33,733	90,383

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

As of December 31, 2014 and 2013 the guarantees received for the finance lease receivables are as follows:

	2014		2013	
	Nominal Value (*)	Fair Value (*)	Nominal Value (*)	Fair Value (*)
Mortgages	609,938	186,177	684,457	230,061
Assignment of receivables	58,737	58,737	40,002	40,002
Pledges	40,478	34,221	36,221	29,928
Letters of guarantee	3,940	3,940	3,758	3,758
Cash blockages	1,476	1,476	2,639	2,639
Transferal of cheques received	-	-	80	80
	714,569	284,551	767,157	306,468

(*) Leased assets are not included in the collateral amounts stated above.

Market risk

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

Liquidity risk

Liquidity risk is defined as the risk that the Company will be unable to meet its cash requirements as a result of a change in cash flows. The Company monitors its cash flows on a daily basis. The Company manages this risk by diversifying its funding resources and by conducting its assets in liquidity priority. The table below analyses assets and liabilities of the Company into relevant maturity groupings based on the remaining period at balance sheet date to discounted contractual maturity date.

	2014							
LIABILITIES	Carrying Amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated	Total
Funds borrowed	1,047,547	66,359	92,488	220,001	274,371	445,460	-	1,098,679
Debt securities issued	77,880	-	79,185	-	-	-	-	79,185
Trade payables (*)	49,976	11,916	-	-	-	-	38,060	49,976
Total liabilities	1,175,403	78,275	171,673	220,001	274,371	445,460	38,060	1,227,840

	2013							
LIABILITIES	Carrying Amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated	Total
Funds borrowed	1,077,290	1,256	17,513	19,618	309,090	799,777	-	1,147,254
Trade payables (*)	51,735	16,429	705	749	-	-	33,852	51,735
Total liabilities	1,129,025	17,685	18,218	20,367	309,090	799,777	33,852	1,198,989

(*) The unallocated portion of trade payables consists of letters of credit accruals whose payment terms are not finalized yet.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	2014							
DERIVATIVES	Carrying Amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated	Total
Cash inflows	222,044	-	140,998	-	81,046	-	-	222,044
Cash outflows	217,875	-	138,736	-	79,139	-	-	217,875

	2013							
DERIVATIVES	Carrying Amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated	Total
Cash inflows	81,046	-	-	-	-	81,046	-	81,046
Cash outflows	79,646	-	-	-	-	79,646	-	79,646

Currency risk

Foreign currency denominated assets and liabilities together with purchase and sale commitments give risk to foreign exchange exposure. The Company's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency.

The concentrations of assets, liabilities and off balance sheet items:

	2014			
ASSETS	USD	EUR	Others	Total
Cash and cash equivalents	62,716	80,113	-	142,829
Finance lease receivables	336,955	574,052	7,167	918,174
Derivative financial instruments	2,626	101	-	2,727
Other assets	3	-	-	3
Total assets	402,300	654,266	7,167	1,063,733
LIABILITIES				
Funds borrowed	317,996	560,820	-	878,816
Trade payables	9,880	28,592	6,513	44,985
Advances from customers	3,631	6,348	1	9,980
Derivative financial instruments	2,580	-	-	2,580
Other liabilities and provisions	-	282	-	282
Total liabilities	334,087	596,042	6,514	936,643
Net balance sheet position	68,213	58,224	653	127,090
Net off balance sheet position	(69,103)	(56,414)	-	(125,517)
Net position	(890)	1,810	653	1,573

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	2013			
ASSETS	USD	EUR	Others	Total
Cash and cash equivalents	34,900	261,916	10	296,826
Finance lease receivables	254,032	587,458	1,072	842,562
Other assets	4	33	-	37
Total assets	288,936	849,407	1,082	1,139,425
LIABILITIES				
Funds borrowed	253,752	750,034	-	1,003,786
Trade payables	9,324	37,783	740	47,847
Advances from customers	4,037	3,575	5	7,617
Derivative financial instruments	1,519	6,819	-	8,338
Total liabilities	268,632	798,211	745	1,067,588
Net balance sheet position	20,304	51,196	337	71,837
Net off balance sheet position	(20,916)	(58,730)	-	(79,646)
Net position	(612)	(7,534)	337	(7,809)

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of monetary assets and liabilities that mature or reprice in a given period. The asset/liability committee manages this risk which occurs from the position of the company and from the volatility of the interest rates. The Company realizes derivative transactions in order to limit the risk. The table below summarizes the Company's exposure to interest rate risk on the basis of the remaining period at the balance sheet date to the re-pricing or contractual dates whichever is earlier.

				2014			
ASSETS	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Non-interest bearing	Total
Cash and cash equivalents	194,308	-	-	-	-	418	194,726
Finance lease receivables	127,492	94,271	138,686	255,233	861,840	62,485	1,540,007
Derivative financial instruments	-	2,626	-	101	-	-	2,727
Total assets	321,800	96,897	138,686	255,334	861,840	62,903	1,737,460
LIABILITIES							
Funds borrowed	202,524	66,259	366,865	201,635	210,264	-	1,047,547
Debt securities in issue	-	77,880	-	-	-	-	77,880
Trade payables	-	-	-	-	-	49,976	49,976
Derivative financial instruments	-	976	-	1,604	-	-	2,580
Total liabilities	202,524	145,115	366,865	203,239	210,264	49,976	1,177,983
Interest sensitivity gap	119,276	(48,218)	(228,179)	52,095	651,576	12,927	559,477
Off balance sheet gap	-	2,262	-	1,907	-	-	4,169
Total interest sensitivity gap	119,276	(45,956)	(228,179)	54,002	651, 576	12,927	563,646

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	2013						
ASSETS	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Non-interest bearing	Total
Cash and cash equivalents	143,205	194,387	-	-	-	506	338,098
Finance lease receivables	138,735	80,524	118,538	215,014	699,744	60,212	1,312,767
Total assets	281,940	274,911	118,538	215,014	699,744	60,718	1,650,865
LIABILITIES							
Funds borrowed	311,900	14,892	268,541	83,834	398,123	-	1,077,290
Trade payables	-	-	-	-	-	51,735	51,735
Derivative financial instruments	-	-	-	-	8,338	-	8,338
Total liabilities	311,900	14,892	268,541	83,834	406,461	51,735	1,137,363
Interest sensitivity gap	(29,960)	260,019	(150,003)	131,180	293,283	8,983	513,502
Off balance sheet gap	-	-	-	-	1,400	-	1,400
Total interest sensitivity gap	(29,960)	260,019	(150,003)	131,180	294,683	8,983	514,902

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

Interest rate sensitivity

Company's interest rate sensitive financial assets and liabilities are as follows:

	2014	2013
Financial instruments with fixed interest rate		
Financial assets		
- Banks (Note 7)	194,722	338,088
- Finance lease receivables (*)	1,469,120	1,231,793
Financial liabilities		
- Funds borrowed	634,067	500,009
Financial instruments with floating interest rate		
Financial assets		
- Finance lease receivables (*)	13,606	20,762
Financial liabilities		
- Funds borrowed	413,480	577,281
- Debt securities in issue	77,880	-

(*) Finance lease receivables, is before reserve for collective impairment and does not include equipment to be leased and advances given related with finance leases.

The interest rate sensitivity analysis is based on interest rate risk as of the balance sheet date and estimated interest rate fluctuations at the beginning of the fiscal year. The Company realized its sensitivity analysis based on 100 base points interest rate fluctuation scenario.

In the case of interest rates being 100 base points higher at balance sheet date and holding all other variables fixed:

- Interest income from floating interest rate finance lease contracts would increase by TRY 135 (2013 - TRY 206).
- Interest expense from floating interest rate borrowings would increase by TRY 4,124 (2013 - TRY 5,766).

Foreign currency sensitivity

The Company is mainly exposed to USD and EURO exchange rate risks. The statement below shows the sensitivity of the Company to USD and EURO when a 10% increase occurs at those currencies' exchange rates. Foreign currency sensitivity analysis for the reporting period of the Company is determined based on the change at the beginning of the fiscal year and fixed during the reporting period. Positive amount refers to increase in net profit.

	USD Effect		EURO Effect	
	2014	2013	2014	2013
Profit/(Loss)	(89)	(61)	181	(753)

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

2014	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments	-	2,727	-	2,727
	-	2,727	-	2,727
Financial liabilities at FVTPL				
Derivative financial instruments	-	2,580	-	2,580
	-	2,580	-	2,580

2013	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments	-	-	-	-
	-	-	-	-
Financial liabilities at FVTPL				
Derivative financial instruments	-	8,338	-	8,338
	-	8,338	-	8,338

There are no transfers between the levels during the year.

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

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2014

(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

29. Commitments and contingent liabilities

In the normal course of activities, the Company undertakes commitments and incurs certain contingent liabilities that are not presented in these financial statements. The following is a summary of significant commitments and contingent liabilities at December, 31 2014 and 2013.

Legal proceedings

The Company has not provided any provision against certain open legal cases as of December 31, 2014 (December 31, 2013: None).

Commitments under derivative instruments

	December 31, 2014		December 31, 2013	
	Nominal Original amount	Nominal TRY	Nominal Original amount	Nominal TRY
Forward and Swap Purchase Transactions				
USD	20,000	46.378	-	-
EURO	-	-	-	-
TRY	175,666	175,666	81,046	81,046
Total Purchase		222,044		81,046
Forward and Swap Sale Transactions				
USD	49,800	115,481	9,800	20,916
EURO	20,000	56,414	20,000	58,730
TRY	45,980	45,980	-	-
Total Sales		217,875		79,646
		439,919		160,692

Guarantees given

The Company has letters of credit in the amount of TRY 1,535 (2013 - TRY 967) and finance lease commitments in the amount of TRY 228,424 for the leased asset imports (2013 - TRY 126,673).

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

30. Capital risk management

In accordance with Article 12 of the "Regulation on Establishment and Operation Principles of Financial leasing, Factoring and Financing Companies" published in the Official Gazette dated December 24, 2013, the Company is required to keep its equity in accordance with the standard set out in the regulation which is, equity to total assets of not less than 3%. The Company complies with this requirement as of December 31, 2014 and 2013.

31. Subsequent events

According to Board of Directors decision dated June 9, 2014; Company decided to issue bond having nominal value up to TRY 500,000; within a period of one year, with a maturity up to 3 years, in local currency and to be sold to qualified investors, without public offering and applied to CMB for the related permissions. Permission has been obtained at July 18, 2014, from CMB. As of January 30, 2015, the Company issued bond amounting to TRY 40,000. The floating rate, quarterly coupon bond, has a maturity of January 27, 2017, and the first coupon annual compound interest rate is 2.14%.

Shareholders' Information

Stock Exchange

Finans Leasing shares are listed on the Borsa Istanbul ("BIST") under the "FFKRL" ticker and in the newspapers as "Finans Finansal K."

Share Prices by Quarter (TRY)

2013	Q1	Q2	Q3	Q4
Highest	6.22	6.36	5.30	6.58
Lowest	4.90	4.80	3.88	4.16

2014	Q1	Q2	Q3	Q4
Highest	5.90	5.69	5.24	4.82
Lowest	4.00	4.65	4.14	4.10

Investor Relations

Our annual report and interim reports are available without charge upon request to our following address:

Finans Leasing

Nispetiye Caddesi Akmerkez B Kulesi Kat: 10
Etiler 34620 İstanbul - Turkey

Annual Meeting

The annual meeting of shareholders of Finans Leasing will be held on 30 March 2015.

Stockbrokers

Finans Yatırım Menkul Değerler A.Ş.

Auditors

Güney Bağimsiz Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Maslak Mah. Eski Büyükdere Cad. No: 27
Sarıyer 34398 İstanbul, Turkey
Tel: +90 (212) 315 30 00
Fax: +90 (212) 230 82 91

Tax Consultants

Yetkin Yeminli Mali Müşavirlik
Kavacık, Rüzgarlı Bahçe Mah. Kavak Sok.
No: 29 Beykoz - İstanbul, Turkey
Tel: +90 0216 681 91 00
Fax: +90 0216 681 91 91

Company Directory

	Phone	Fax
Head Office		
Nispetiye Cad. Akmerkez B Kulesi Kat: 10 Etiler 34620 İstanbul	(90 212) 349 11 11	(90 212) 350 60 00
Branches		
Adana		
Atatürk Cad. Kemal Özülkü İşhanı No: 7 Kat: 15 Seyhan Adana	(90 322) 457 32 54	(90 322) 457 79 58
Ankara		
Atatürk Bulvarı No: 140 Kavaklıdere Ankara	(90 312) 457 11 99	(90 312) 457 12 91
Antalya		
Tarım Mah. Aspendos Bulv. No: 92/1 Ata Plaza K: 2 Muratpaşa Antalya	(90 242) 311 18 41	(90 242) 311 18 40
Bursa		
Doğanbey Mah. Fevzi Çakmak Cad. Göktaş İş Merk. No: 62 Osmangazi Bursa	(90 224) 362 84 70	(90 224) 363 01 23
Diyarbakır		
Peyas Mah. Urfa Bulvarı Rema C Blok No: 124/A Kayapınar Diyarbakır	(90 412) 251 11 90	(90 412) 251 11 97
Dudullu		
Esenkent Mah. DES San. Sit. A Blok No: 2 Dudullu İstanbul	(90 216) 526 14 10	(90 212) 350 60 11
Gaziantep		
3 Nolu Cad. Akınalan İş Merkezi No 36-37 Kat: 3 Şehitkamil Gaziantep	(90 342) 232 11 51	(90 342) 230 46 35
Gebze		
Osman Yılmaz Mah. İstanbul Cad. No: 52/A Gebze Kocaeli	(90 262) 643 38 31	(90 262) 643 38 31
İkitelli		
İmsan Küçük San. Sit. E Blok No: 14 İkitelli İstanbul	(90 212) 471 30 33	(90 212) 350 60 12
İstanbul Atatürk Airport Free Zone		
İstanbul Atatürk Hava Limanı Serbest Bölge 2. Kısım A Blok No: 44/3 Bakırköy İstanbul	(90 212) 349 11 11	(90 212) 350 60 00
İzmir		
Şehit Nevres Bulvarı No: 8/1 Montrö İzmir	(90 232) 488 11 87	(90 232) 488 11 84
İzmit		
Körfez Mah. Ankara Karayolu Cad. No: 121/B İzmit Kocaeli	(90 262) 335 17 80	(90 262) 335 17 89
Kayseri		
Osman Kavuncu Cad. No: 227 Yeni Sanayi Karşısı Melikgazi Kayseri	(90 352) 332 44 18	(90 352) 332 44 18
NBG Group Leasing Companies		
Ethniki Leasing		
Athens-Greece	(30 210) 5158 060	
Interlease		
Sofia-Bulgaria	(359 2) 971 82 82	
NBG Leasing		
Bucharest-Romania	(40 21) 409 10 00	
NBG Leasing		
Belgrade-Serbia	(381 11) 228 80 71	

Photos taken by Neşe Gencel

Produced by Tayburn
Tel: (90 212) 227 04 36
www.tayburnkurumsal.com

www.finansleasing.com.tr