25 YEARS

FINANSLEASING

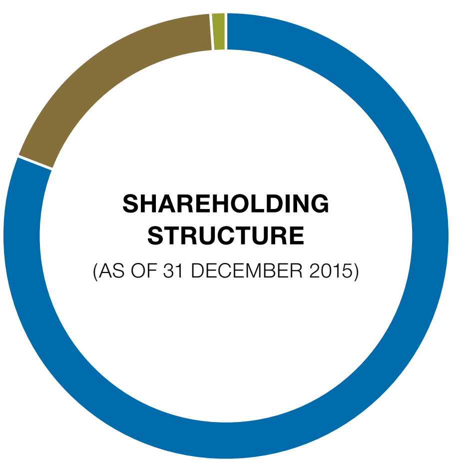
ANNUAL REPORT 2015

CONTENTS

“A COMPANY THAT SETS ITSELF APART WITH ITS EXPERIENCE AND SERVICE QUALITY.”

CORPORATE PROFILE

- 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 Finans Deniz Leasing.
- In 2006, Finansbank sold its 46% stake in the Company to NBG and Finans Leasing became a member of the NBG Group.
- As of 21 December 2015, National Bank of Greece SA (NBG) signed a share sale agreement for the sale of its 99.81% shares in Finansbank to the Qatar National Bank (QNB) for EUR 2,750 million.
- On 8 February 2016, the shares held by NBG corresponding to 29.87% of Finans Leasing's paid-in capital were purchased by Finansbank.
- 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 (AFI).
- 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 31 December 2015 Finans Leasing;
  - had total assets of TRY 2,216 million.
  - commanded a 5% market share in the Turkish leasing market.



Finansbank A.Ş.	**80.92%**
Finansinvest	**17.99%**
Traded on the BIST and Others	**1.09%**

MILESTONES OF FINANS LEASING

1990

Finans Leasing was established, as the 5th leasing company in Turkey.

1992

Ankara Branch (1st) was opened.

1993

Finans Leasing went through an IPO, where 20% of its shares were offered to public.

1996

İzmir Branch was opened.

1998

Four new branches were opened in Adana, Bursa, İstanbul free trade zone and Gaziantep.

2001

SME focused strategy was adopted.

2002

Finans Leasing merged with Finans Deniz Leasing.

2003

Customer Credit Scoring Systems was applied for the first time.

2005

Antalya, İkitelli and DES branches were opened.

Internal Audit Department was set up.

Finans Leasing was rated by Moody's Rating.

> Finans Leasing was one of the very first companies to be established in the sector. Since its inception, the Company has earned a well-deserved reputation for strength and stability.

2006

İzmit Branch was opened.

Finansbank merged with NBG.

2007

A new leasing software application was launched.

2008

Risk Follow-up Department was set up.

2009

Asset Management Department was established.

Moody's credit rating system was implemented.

2010

Risk Management Unit was set up.

2013

Internal control function was implemented.

2014

Diyarbakır, Kayseri and Gebze branches were opened.

2015

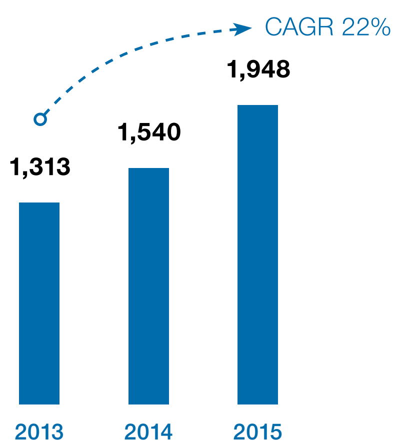
Finans Leasing is rated by Fitch Ratings. F/C & L/C rating is positive watch. BBB(-), stable.

FINANCIAL HIGHLIGHTS

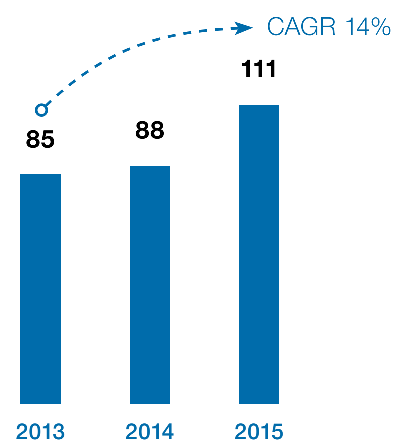
BALANCE SHEET (TRY THOUSAND)	2013	2014	2015
Leasing receivables, net	1,312,767	1,540,007	1,947,904
Total assets	1,678,764	1,769,392	2,216,340
Funds borrowed	1,077,290	1,047,547	1,353,994
Debt securities issued	-	77,880	168,978
Shareholders' equity	515,236	561,489	614,683

INCOME STATEMENT (TRY THOUSAND)	2013	2014	2015
Net interest income	85,117	88,264	111,051
Income before provisions and tax	73,751	70,947	87,648
Income before tax	55,655	57,780	67,362
Net income for the year	41,867	46,396	53,212

LEASING RECEIVABLES, NET
(TRY MILLION)



NET INTEREST INCOME
(TRY MILLION)



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 DISCIPLINED GROWTH** • Sustainable and profitable balance sheet growth • Improved asset quality • Portfolio diversification	**A FOCUS ON CORPORATE GOVERNANCE** • Commitment to corporate governance, ethical conduct and core values
A FOCUS ON HUMAN RESOURCES • Continuous development of HR competencies	**A FOCUS ON RISK MANAGEMENT AND CONTROL** • Risk measurement at international standards • Proactive risk control systems	**GROUP SYNERGY** • A multi-layered and efficiency oriented group synergy

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

MESSAGE FROM THE MANAGEMENT

Sinan Şahinbaş
Chairman

A. Murat Alacakaptan
General Manager

A SUBDUED PERFORMANCE FROM THE GLOBAL ECONOMY IN 2015

The year 2015 was another year where the global economy failed to reach the desired levels of growth. Developing countries, struggling with structural problems, suffered from weak growth during the year.

The USA was led the growth among developed economies, the Eurozone economy also posted a recovery, albeit a slow one.

Pressure from the Fed's impending interest rate hike continued to have a profound effect on developing countries, especially those dependent on external financing. Although the Fed did indeed hike rates in December, the probability that it would pursue a series of further rate receded as the US economy showed signs of weakness in the 4th quarter of 2015. As a result, the risk of sudden capital outflow from developing countries was alleviated.

The recovery in the European economy was limited, despite the important steps taken in 2015. The European economy could not overcome deflationary pressure. The quantitative easing program launched by the European Central Bank (ECB) in 2015, and which at the end of 2015 was extended to continue until 2017, formed the basis of growth expectations.

Low growth rates in China as the world's second largest economy seeks a new economic balance continued to have a negative impact on global growth. Prices of oil and raw materials continued to slump in line with faltering demand for commodities gradually caused trouble for commodity exporters, but benefited the current accounts of energy importing developing countries.

“

As one of the leading companies in the sector, its strategy has always been to implement a customer-oriented approach and offer tailor-made models designed especially to suit customer needs.

”

TURKEY STICKS TO ITS GROWTH COURSE.

The Turkish economy posted 4% growth in 2015 despite the stagnation and financial volatility in its close trading partners, especially the EU and the political uncertainties due to the two general elections held during the year and increased geopolitical tensions. The fact that growth was mostly backed by domestic demand, and the decrease in exports, indicates the importance of a transition to growth model driven by production and the implementation of structural reforms.

The CBT maintained its tight monetary policy in 2015, and supported this policy with macro prudential measures and adjustments in foreign currency liquidity. The CBT continued to simultaneously apply a wide interest rate corridor and active liquidity policy. The CBT cut interest rates limitedly in January and February 2015 before keeping interest rates on hold for the rest of the year. Inflation remained above target and continued to be an element of risk that needs to be addressed.

The current account deficit narrowed in 2015 with the impact of low growth rates and the decrease in imports that resulted from a fall in the value of the Lira and the slump in oil prices. On the other hand, the crisis with Russia that broke out in the last quarter of the year has precipitated a fall in exports and tourism income, raising some unease. Moreover, the trend of private sector’s debt in foreign currency emerges as an element that could limit the improvement in the current account deficit.

OUR SECTOR CONTRACTED IN 2015.

Investor expectations were negatively affected by the economic and political developments in the world and in Turkey. Stagnation in the market and deferred investment decisions precipitated a 17% contraction in the leasing sector.

Total leasing transaction volumes stood at USD 6,365 million in 2015. The real estate segment had the highest share in transaction volume with a 28% share, followed by construction machinery (21%).

MESSAGE FROM THE MANAGEMENT

WE REPRESENT 25-YEAR EXPERIENCE IN FINANCIAL LEASING.

Finans Leasing was one of the very first companies to be established in the sector. Since its establishment in 1990, Finans Leasing has been playing an active role in financing investments. As one of the leading companies in the sector, its strategy has always been to implement a customer-oriented approach and offer tailor-made models designed especially to suit customer needs. Our Company proudly celebrated its 25th year in 2015.

Finans Leasing ensures its customers' trust and loyalty is sustainable with its business partner and advisor approach. The Company decisively maintains to support for SMEs, which represent the turning wheels of the Turkish economy.

As one of the leasing companies to start branching out in Anatolia, Finans Leasing analyses the needs of SMEs on site. The Company has a widespread service network with its 13 branches, one of which is located in the Istanbul Free Trade Zone.

Finans Leasing expanded its leasing receivables by 26% to TRY 1,947 billion in 2015 from TRY 1,540 billion at the end of 2014.

Finans Leasing's transaction volume stood at USD 320.6 million in 2015, and the Company commands a 5% market share.

Finans Leasing continued to focus on SME and commercial customer segments. Most of the Company's transactions were in the construction, textile and manufacturing sectors. In line with the sector practice, Finans Leasing carried our sale and lease back transactions.

WE IMPROVED OUR COMPETENCY TO REACH NEW SOURCES OF FUNDING.

Finans Leasing stands out with its strong shareholder equity structure and the diversity of non-group sources of funding.

Activities with non-group domestic /international banks and financial institutions came to the forefront in 2015. Within this framework, in order to utilize in long term financing of renewable energy and energy efficiency projects, Finans Leasing signed following loan agreements: An agreement with International Finance Corporation (IFC) amounting to USD 60 million in 2015 and an agreement with Green For Growth Fund, Southeast Europe S.A., SICAV-SIF (GGF) amounting to EUR 15 million in September 2015.

Meanwhile, to meet the long term financing needs of small and medium sized enterprises, Finans Leasing signed a EUR 15 million loan agreement with The European Fund for Southeast Europe S.A., SICAV-SIF (EFSE) and a USD 25 million agreement with the International Bank for Reconstruction and Development (IBRD) through an intermediary of Ziraat Bank.

With its strong financial structure, Finans Leasing carried borrowed about USD 370 million from domestic and international banks or financial institutions in 2015.

Finans Leasing conducted TRY 360.3 million of bond and bill issuances between January 2014 and January 2016.

Finans Leasing aims to borrow from various domestic and international banks and financial institutions by expanding its correspondent network in 2016.

CHANGES IN OUR SHAREHOLDER STRUCTURE

As of 21 December 2015, the National Bank of Greece SA (NBG) signed a share sale agreement for the sale of its 99.81% shares in Finansbank to the Qatar National Bank (QNB) for EUR 2,750 million.

On 8 February 2016, the shares held by NBG corresponding to 29.87% of our Company's paid-in capital were purchased by Finansbank.

QNB Group operates under the partnership of the Qatar Investment Authority (50%) and private sector (50%). With its assets amounting to USD 148 billion as of the end of 2015, QNB Group constitutes 45% of the banking system's assets. QNB Group stands out as the leading bank of the MENA Region.

WE MOVED TO OUR NEW BUILDING.

As a fitting tribute to our 25th year, we moved our head office to the Kristal Kule, which is owned by Finansbank. Our state-of-the-art new office instills motivation and excitement in our team.

CONTINUING TO GROW...

The financial leasing sector, which finances large enterprises as well as small and medium sized enterprises still offers important growth potential. The sector's performance is closely related to economic stability and growth.

We believe our country will maintain its development trend with its growth dynamics in 2016; that real sector investment demand will continue to increase through the transition to a growth model driven by production; and that the pace of growth in the financial leasing sector will increase.

With its broad experience, competitive competencies and strong market stance, Finans Leasing is focused on moving its position forward as one of the leading and essential participants of its sector. Going forward, we will continue to grow with companies in the SME and commercial segments which constitute the majority of our portfolio.

We again trust that Finans Leasing will continue to create value for its shareholders, stakeholders and the Turkish economy in the coming years. We would like to thank to our customers for their trust, to our shareholders for their support and to our employees for their successful activities.

Sinan Şahinbaş
Chairman

A. Murat Alacakaptan
General Manager

BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

Sinan Şahinbaş
Chairman

Adnan Menderes Yayla
Vice Chairman

Filiz Sonat
Member

A. Murat Alacakaptan
General Manager and Member of the Board of Directors

Metin Karabiber
Member

Turhan Cemal Beriker
Independent Member

Osman Necdet Türkay
Independent Member

MANAGEMENT

From left to right: M. Fatih Kızıltan, Ateş Yenen, A. Murat Alacakaptan, Semra Karsu

A. Murat Alacakaptan

General Manager and Member of the Board of Directors

Born in 1963, he holds a BA degree in Business Administration Department of the Istanbul University. He 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, he rejoined Finans Leasing as General Manager and Board Member. He served as a Member of the Board of Directors at Finans Leasing, Russia between January 2006 - April 2007. He held the Board Member positions between December 2007 - March 2011 at FİDER (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 Monitoring and Legal Departments. She held Audit Committee member position in FİDER between 2011-2013.

M. Fatih Kızıltan

Assistant General Manager

Born in 1957, he 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 2000 he joined the Finansbank Group as Ankara Corporate Branch Manager and in 2008 he was 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.

DEVELOPMENTS IN THE SECTOR IN 2015

> Total leasing transaction volume stood at USD 6.4 billion in 2015, marking a 17% decline from the USD 7.6 billion in 2014. When transaction volume is considered in TRY terms, a 1% rate of growth was recorded.

Global and domestic economic and political factors had a negative impact on all sectors in 2015. Domestic consumption driven growth and a decrease in investments caused a reduction in leasing sector volume.

Total leasing transaction volume stood at USD 6.4 billion in 2015, marking a 17% decline from the USD 7.6 billion in 2014. When transaction volume is considered in TRY terms, a 1% rate of growth was recorded; the 18% difference stems from the depreciation of the TRY against the USD.

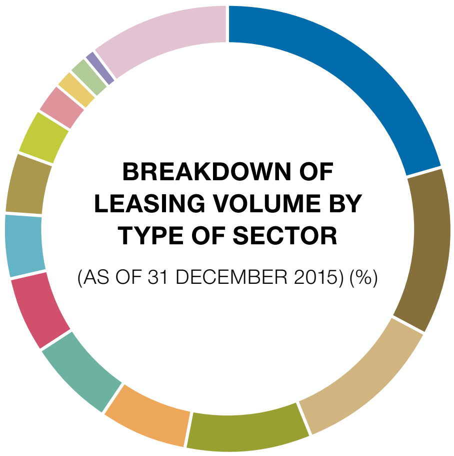
A total of 23,125 contracts were signed in 2015 indicating 13.9% growth compared to 2014.

The facts that tax advantages were reinstated for certain equipment types and that “sale and leaseback” applications were activated to increase product diversity had a positive effect on the sector’s growth. Moreover, tax advantages were brought to sale and leaseback transactions.

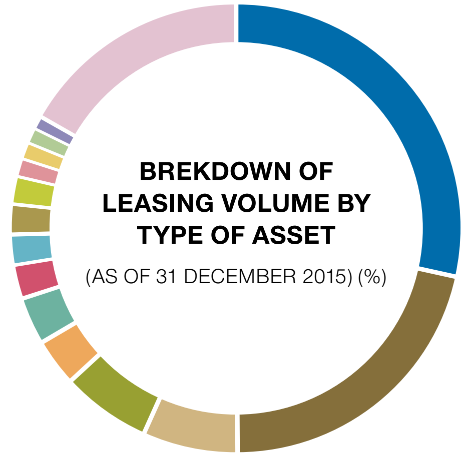
Interest in construction equipment in leasing improved as the rate of VAT for such items was decreased. The tax discount represents an important incentive especially for subcontractors. Advantage of leasing leads even a company that has cash to make its investment through leasing.

Reflections of acceleration stemming from above mentioned applications on leasing volume distribution per asset types have been observed. In distribution according to asset types in 2015, real estate and construction machinery realized almost half of leasing activities in Turkey with 28% and 21% shares, respectively. These two groups were followed by other machinery and equipment with 17% share.

The share of manufacturing industry decreased by 5 percentage points to 43% while the service sector’s sector increased by 3 percentage points to 51%. The agriculture sector maintained its share at 3%.

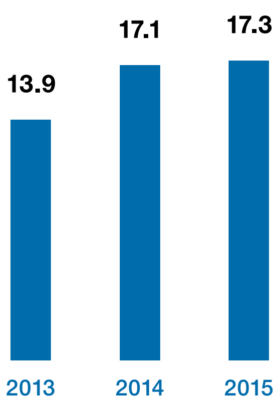


Building and Construction	**20.80%**
Manufacturing	**12.20%**
Services	**11.00%**
Textile	**9.20%**
Metal	**6.60%**
Mining and Quarrying	**6.20%**
Health & Social Activities	**5.80%**
Transportation, Storage and Comm.	**4.70%**
Food	**4.30%**
Agriculture, Hunting and Forestry	**3.40%**
Printing	**2.20%**
Banking & Financial Institutions	**1.40%**
Wood and Wood Product	**1.30%**
Chemical	**0.90%**
Other	**10.10%**

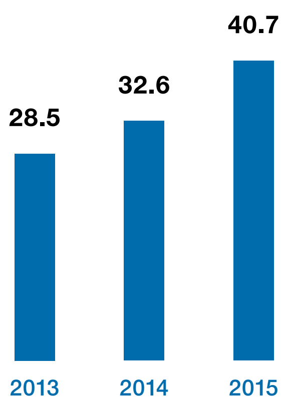


Real Estate	**28.40%**
Heavy Equipment and Construction Machinery	**21.40%**
Metal Processing Machine	**6.80%**
Textile Machines	**6.40%**
Ships and Other Sea-Going Vessels	**3.40%**
Health Industry and Aesthetic Instruments	**3.40%**
Road Vehicles	**2.40%**
Information Technologies and Office Systems	**2.20%**
Agricultural and Livestock Farming Machines	**2.20%**
Plastic Processing Machines	**2.00%**
Tourism Equipment	**1.30%**
Printing and Paper Processing Machines	**1.20%**
Electronic and Optical Devices	**1.10%**
Air Transport Conveyance	**0.90%**
Other Machines and Equipment	**16.70%**

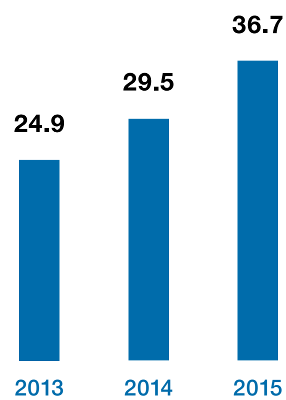
TRANSACTION TURNOVER
(TRY BILLION)



TOTAL ASSETS
(TRY BILLION)



RECEIVABLES
(TRY BILLION)



a new head office at our 25th anniversary: **Kristal Kule**

As a fitting tribute to its 25th year, Finans Leasing moved its head office to the Kristal Kule, which is owned by Finansbank.

ACTIVITIES IN 2015

> Finans Leasing continued to finance projects carried out in various sectors throughout the year. The Company signed 1,992 contracts in 2015 and reached a transaction volume of USD 320.6 million.

WE PERFORMED IN PARALLEL WITH THE SECTOR.

Despite the negative impacts of the challenging economic conditions on the leasing sector in 2015, Finans Leasing continued to serve its customers in all sectors thanks to its sound financial structure and effective risk management.

The Company pursued a target of deepening its relations with current customers in 2015. It also maintained activities intensely and effective to acquire new customers.

Finans Leasing undertook leasing activities needed by its customers, accurately and completely, by offering a range of alternative solutions which are tailored to meet customers' specific financial structures, cash flows and profitability targets both in the short and long terms.

Finans Leasing continued to finance projects carried out in various sectors throughout the year. The Company signed 1,992 contracts in 2015 and reached a transaction volume of USD 320.6 million.

In a breakdown of the Company's net leasing receivables, the top 3 sectors were construction (22%), textile (17%) and manufacturing industry (17%).

	2013	2014	2015
Business volume (USD million)	358.18	471.16	320.60
Number of new contracts	1,764	2,011	1,992
Market share	5.12%	6.17%	5.04%
Average contract size	203,048	234,291	160,944

ACTIVITIES IN 2015

WE HAVE A BALANCED AND HEALTHY PORTFOLIO STRUCTURE.

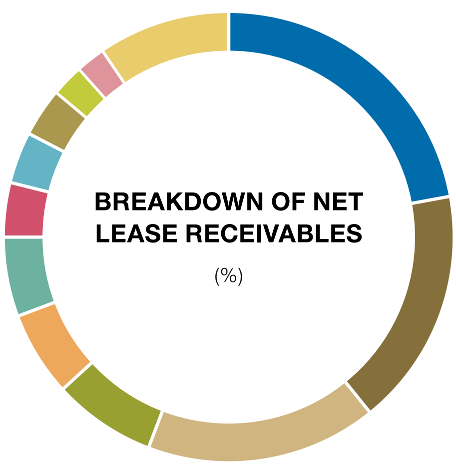
Finans Leasing maintains its support to companies in the SME and commercial segment that play an important role in the growth and development of the Turkish economy.

Finans Leasing commits to provide an excellent customer experience with its one-to-one solutions developed through a reliable business partner approach which meets the expectations and needs of SMEs and commercial enterprises with the Company's technological infrastructure, pace and effectiveness in processes.

One of the important factors supporting Finans Leasing's strong financial structure is the focused management of its non-performing loans in the portfolio as a concrete result of effective risk and collection management.

Advanced technology and well defined business processes and effective risk management enables the Company to continuously follow the risks that it is exposed to.

While Finans Leasing sustains its asset quality, it also attaches importance to the geographical and customer based distribution of the risk. When the Company's risk is analyzed by year, it is observed that the distribution is consistent both geographically and by the top 10, 20 and 30 customer bases.



Building and Construction	**22.10%**
Textile	**17.10%**
Manufacturing	**16.60%**
Health & Social Activities	**7.40%**
Chemical	**6.10%**
Wood and Wood Products	**5.70%**
Mining and Quarrying	**3.90%**
Automotive	**3.70%**
Transportation and Storage	**3.50%**
Food	**2.30%**
Printing	**2.10%**
Other	**9.50%**

RISK BREAKDOWN	2013	2014	2015
Top-10 customers in the portfolio			
Exposure (TRY million)	112.1	146.7	205.9
Share in total	9%	9%	11%
Top-20 customers in the portfolio			
Exposure (TRY million)	186.8	237.7	320.4
Share in total	14%	15%	16%
Top-50 customers in the portfolio			
Exposure (TRY million)	331.2	405.9	549.2
Share in total	25%	26%	28%

GEOGRAPHICAL BREAKDOWN	2013	2014	2015
İstanbul	32%	32%	36%
Aegean and Mediterranean	19%	18%	18%
Eastern and Southeastern Anatolia	15%	17%	16%
Marmara (excluding İstanbul)	13%	13%	12%
Central Anatolia and Black Sea	14%	13%	11%
Çukurova	7%	7%	7%

INVESTING IN THE FUTURE WITH ENERGY EFFICIENCY AND CLEAN ENERGY PROJECTS

The IFC, a member of the World Bank Group, provided USD 60 million of funding in 2015 to be utilized in energy efficiency investments. This funding aims to support environmentally friendly energy efficiency and sustainable energy projects by decreasing the costs of SMEs. A USD 40 million portion of the financing was obtained from the IFC while USD 20 million was obtained from the co-investor program (MCPP) which is under the management of the IFC.

Another resource obtained in 2015 for energy investments was the Green for Growth Fund's (GGF's) EUR 15 million loan, to help Turkish SMEs switch to equipment that brings higher energy savings. With these fundings, Finans Leasing aims to spread its leasing activities in renewable energy investments to the solar-energy photovoltaic sector, the textiles sector, manufacturing, construction, healthcare and the printing sector, which generally works with high-tech equipment.

ACTIVITIES IN 2015

Such agreements provide an advantage to Finans Leasing in energy efficiency and renewable energy investments, which could have important potential. The Company gained the opportunity to offer relevant products to SMEs that are seeking to increase their competitive power with energy efficiency.

FINANS LEASING AND FINANSBANK: THE POSITIVE EFFECTS OF SYNERGY

Finans Leasing provides its customers with access to its extensive branch network, but thanks to its synergic cooperation with Finansbank, the Company also offers its products and services through Finansbank's 642 branches distributed throughout the country. The Company creates an effective service platform with its strong infrastructure.

Finansbank's customer base constitutes the important element of Finans Leasing's natural customer mass. Approximately 25% of transactions are performed through Finansbank, 67% through Finans Leasing's own potential and marketing channels and 8% with vendors.

Using common technological infrastructure, common marketing and product submission contributes significantly to the growth in Finans Leasing's active customer base and transaction volume. These also play an important role in the expansion of Finans Leasing's customer base.

REFLECTING A DEEPLY ROOTED CORPORATE CULTURE

Finans Leasing has adopted a corporate culture that is shaped on the basis of its deeply rooted corporate values and ethical principles. Its professional team stands out with its expertise, foresight and ability to manage risk. This professional team is the lies at the heart of the Company's strong position.

Finans Leasing develops its HR policies with the aim of being first choice of professionals in the sector with the Company's participatory management approach, performance evaluation system and career planning. Finans Leasing's human resources policy and applications have been shaped in light of the experience and professionalism required by leasing.

As of 31 December 2015, Finans Leasing had 125 employees, of which 44% were women. The rate of employee turnover at Finans Leasing is low, given the high employee loyalty in the Company.

CREDIT RATINGS

Credit Opinion by Fitch Ratings Investors Service: (as of 26 March 2015)

Finans Finansal Kiralama A.Ş.
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

Our ratings have been placed on Rating Watch Positive (RWP) by Fitch Rating (as of 15 January 2016).

ABOUT THE FUTURE...

In 2016, Finans Leasing as one of the most experienced companies in the sector will continue to support companies in corporate, commercial and SME segment with its branch and region network extended to Anatolia. The Company increasingly maintained its current synergy with its main shareholder, namely Finansbank. Finans Leasing is differentiated with its effective use of channels and service quality.

Finans Leasing builds its long term business relations with customers on the basis of value creation. This will continue to be an unchangeable principle for Finans Leasing.

Following topics are on Finans Leasing's focus: To increase customer penetration in line with targeted growth in business volume, to extend average maturity of leasing agreements, and to ensure sustainability of profitability.

Leasing activities in the sector will continue to grow in 2016 in line with the increase in investments in the country. While vendor transactions have an important role in growth target, increase in financing renewable energy investments for meeting Turkey's energy need through leasing is expected with machinery and real estate "Sale and Lease Back" transactions whose share has been increasing rapidly.

SALES & MARKETING BRANCH NETWORK

İstanbul
- İstanbul Atatürk Airport Free Zone
- İstanbul 1 (Avrupa - İkitelli, Tekirdağ, Kırklareli, Edirne)
- İstanbul 2 (Anadolu - İMES)

İzmit
- İzmit, Adapazarı, Zonguldak, Düzce, Bolu, Karabük, Bartın
- Gebze

Ankara
Ankara, Çorum, Kırıkkale, Çankırı, Samsun, Ordu, Rize, Amasya,Tokat, Sinop, Karabük, Kastamonu, Giresun, Trabzon, Gümüşhane, Konya, Kırşehir, Artvin

Bursa
Bursa, Yalova, Çanakkale, Eskişehir, Bilecik, Kütahya, Afyon, Balıkesir

İzmir
İzmir, Aydın, Muğla, Manisa, Uşak

Antalya
Antalya, Burdur, Isparta, Alanya, Denizli

Adana
Adana, Mersin, Hatay, Tarsus, İskenderun, Osmaniye

Kayseri
Kayseri, Niğde, Aksaray, Karaman, Yozgat, Nevşehir, Sivas

Gaziantep
Gaziantep, Şanlıurfa, Adıyaman, Kilis, Maraş, Malatya, Erzurum, Erzincan

Diyarbakır
Diyarbakır, Batman, Siirt, Van, Bingöl, Mardin, Hakkari, Muş, Bitlis, Kars, Iğdır, Elazığ, Tunceli

ABOUT QATAR NATIONAL BANK (QNB GROUP)

> QNB Group has steadily grown to be the biggest bank in Qatar and leading financial institution in the Middle East and North Africa Region with a market share around 45% of banking sector assets.

Qatar National Bank (QNB Group) was established in 1964 as the country's first Qatari-owned commercial bank, has an ownership structure split between the Qatar Investment Authority (50%) and the private sector (50%).

QNB Group has steadily grown to be the biggest bank in Qatar and leading financial institution in the Middle East and North Africa Region with a market share around 45% of banking sector assets.

For the year ended 31 December 2015, the Group recorded a net profit of QAR 11.3 billion (USD 3.1 billion), up by 8% compared to last year. Total assets increased by 11% from December 2014 to reach QAR 539 billion (USD 147.9 billion), the highest ever achieved by the Group. This was the result of a strong growth rate of 15% in loans and advances to reach QAR 388 billion (USD 106.7 billion).

QNB Group is among the highest rated regional banks from leading credit rating agencies including Standard & Poor's (A+), Moody's (Aa3), Fitch (AA-), and Capital Intelligence (AA-). The Bank has also been the recipient of many awards from leading international specialized financial publications.

QNB Group has an active community support program and sponsors various social, educational and sporting events.

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 1 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 3 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;

- ensure maintenance of the records about shareholders in a healthy, secure and up-to-date manner,
- 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,
- ensure that the general assembly meetings are convened in accordance with the applicable legislation, the articles of incorporation and other internal regulations,
- prepare the documents the shareholders could make use of in the general assembly meeting,
- ensure that the results of the voting are recorded and the reports thereon are sent to the shareholders,
- 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 2015 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.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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.

4. Information about General Assembly Meetings

The Ordinary General Assembly held on 30 March 2014:

FİNANS FİNANSAL KİRALAMA A.Ş. Ordinary General Assembly Meeting for 2014 was held on 30 March 2015 at 15:00 hours at the address Nispetiye Cad. Akmerkez B Kulesi Kat: 10 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 26 March 2015, no. 90726394/431.03.

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 8774 dated 9 March 2015 and Hürses newspaper issue 13174 dated 6 March 2015; 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 5 March 2015; 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 TRY 115,000,000.00, 11,374,613,578 shares corresponding to TRY 113,746,135.784 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.

7. Transfer of Shares

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

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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 and IT Group Manager	belgin.nakipler@finansleasing.com.tr
Sunay Cambaz	Accounting Group 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.

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.

SECTION 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 30 March 2015, 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 2015, 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 4 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 30 March 2015, 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

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). 38 Board meetings were held during 2015. 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.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

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 4 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 5 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 2015, each independent Board member is paid a net monthly salary of TRY 5,500.

As at 31 December 2015, salaries and benefits paid to senior executives amounted to TRY 2,825 thousand (31 December 2014: TRY 2,620 thousand). 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.

Finans Finansal Kiralama Anonim Şirketi
Financial Statements as of December 31, 2015 together with Independent Auditors' Report

Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mahallesi Eski Büyükdere
Caddesi No: 27 Daire: 54-57-59
Kat: 2-3-4 Sarıyer/İstanbul - Turkey

Tel: +90 212 315 3000
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ey.com
Ticaret Sicil No: 479920
Mersis No: 0-4350-3032-6000017

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, 2015 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Damla Harman, SMMM
Partner

February 29, 2016
Istanbul, Turkey

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Finans Finansal Kiralama Anonim Şirketi

Statement of Financial Position as at December 31, 2015

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

	Notes	December 31, 2015	December 31, 2014
Assets			
Cash and cash equivalents	7	230,699	194,726
Finance lease receivables	8	1,947,904	1,540,007
Available for sale financial assets	9	140	140
Derivative financial instruments	17	-	2,727
Property, plant and equipment	10	2,427	2,252
Intangible assets	11	888	602
Other assets	12	26,589	17,190
Deferred tax assets	20	7,693	11,748
Total assets		**2,216,340**	**1,769,392**
Liabilities and equity			
Funds borrowed	14	1,353,994	1,047,547
Debt securities issued	15	168,978	77,880
Trade payables	16	50,659	49,976
Advances from customers	16	20,649	18,667
Current income tax	20	-	2,684
Derivative financial instruments	17	-	2,580
Other liabilities and accruals	18	5,542	6,958
Reserve for employee termination benefits	19	1,835	1,611
Total liabilities		**1,601,657**	**1,207,903**
Equity			
Share capital	21	159,353	159,353
Share premium		1,211	1,211
Reserves	22	27,135	26,295
Retained earnings	22	426,984	374,630
Total equity		**614,683**	**561,489**
Total liabilities and equity		**2,216,340**	**1,769,392**

The accompanying policies and explanatory notes on pages 42 through 82 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, 2015

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

	Notes	January 1 - December 31, 2015	January 1 - December 31, 2014
Interest income from finance leases		168,457	133,115
Interest income on placements and transactions with banks		10,374	13,631
Total interest income		**178,831**	**146,746**
Interest expense on borrowings		(57,174)	(50,704)
Interest expense on debt securities issued		(10,606)	(7,778)
Net interest income		**111,051**	**88,264**
Foreign exchange gains, including net gains or losses from dealing in foreign currency	25	7,486	(2,767)
Net interest income after foreign exchange gains or losses		**118,537**	**85,497**
Net trading, hedging and derivative income/(loss)		(148)	11,775
Fee and commission income/(expenses), net		4,495	3,560
(Provision) / recovery for possible lease receivables losses and other receivables	8	(20,286)	(13,167)
Other income/(expenses), net	26	3,697	3,266
Operating expenses	27	(38,933)	(33,151)
Operating profit		**67,362**	**57,780**
Income before tax			
Taxation on income	20	(14,150)	(11,384)
Net income for the year		**53,212**	**46,396**
Other comprehensive income		(18)	(143)
Total comprehensive income for the year		**53,194**	**46,253**
Weighted average number of shares (0,01 TL par value)		11,500,000,000	11,500,000,000
Earnings per 1 TL (for full TL)	23	0.463	0.403

The accompanying policies and explanatory notes on pages 42 through 82 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Statement of Changes in Equity for the Year Ended December 31, 2015

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

	Share capital	Inflation adjustment to share capital	Share premium	Actuarial gains / (losses)	Legal reserves	Retained earnings	Total
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**
Transfer to legal reserves	-	-	-	-	858	(858)	-
Net income for the year	-	-	-	-	-	53,212	53,212
Other comprehensive income	-	-	-	(18)	-	-	(18)
At December 31, 2015	**115,000**	**44,353**	**1,211**	**(568)**	**27,703**	**426,984**	**614,683**

The accompanying policies and explanatory notes on pages 42 through 82 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Statement of Cash Flows for the Year Ended December 31, 2015

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

	Notes	January 1, December 31, 2015	January 1, December 31, 2014
Cash flows from operating activities			
Net profit for the year		53,212	46,396
Adjustments for			
Depreciation and amortization	10,11	470	347
Provision for employment termination benefits	19	357	296
Provision for unused vacation pay accrual	18	400	353
Provision and reversal of bonus accruals	18	2,440	1,496
Fair value (gains) / losses on derivative transactions		147	(8,485)
Provision for impairment of finance lease receivables	8	20,286	13,167
Foreign exchange gains		(15,073)	(819)
Interest income recognized in profit and loss	25	(10,374)	(13,631)
Interest expense recognized in profit and loss	25	67,780	58,482
Income tax provision	20	10,091	11,812
Deferred tax charge	20	4,059	(428)
Impairment charge on land	10	87	-
Operating profit before changes in net operating assets and liabilities		**133.882**	**108,986**
Purchases of assets to be leased		(973,539)	(862,226)
Principal payments received under leases		739,739	618,917
Net decrease / (increase) in receivables from lease payments outstanding and other receivables		(36,340)	4,496
Net increase in other assets		(4,724)	(3,157)
Net (decrease) / increase in trade payables		683	(1,759)
Net increase in advances from customers		1,982	6,467
Net decrease in other liabilities and provisions		(2,265)	(4)
Income taxes paid		(17,449)	(15,025)
Bonuses paid	18	(1,940)	(1,496)
Unused vacation paid	18	(51)	(128)
Retirement benefits paid	19	(155)	(195)
Net cash generated from operating activities		**(160,177)**	**(145,124)**
Cash flows from investing activities			
Purchases of furniture and equipment	10	(666)	(298)
Purchases of intangible assets	11	(530)	(241)
Interest received from investing activities		10,367	13,777
Sale of land and buildings	10	1,999	-
Net cash generated from investing activities		**11,170**	**13,238**
Cash flows from financing activities			
Proceeds from funds borrowed		815,273	274,712
Proceeds from debt securities issued		212,903	75,000
Repayments of funds borrowed		(664,469)	(305,435)
Repayments of debt securities issued		(120,000)	-
Interest paid		(69,588)	(45,592)
Net cash used in financing activities		**174,119**	**(1,315)**
Effect of exchange rate changes on the balance of cash held in foreign currencies		10,854	(10,025)
Net increase / (decrease) in cash and cash equivalents		35,966	(143,226)
Cash and cash equivalents at the beginning of year	7	194,430	337,656
Cash and cash equivalents at the end of year	7	**230,396**	**194,430**

The accompanying policies and explanatory notes on pages 42 through 82 form an integral part of the financial statements.

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% (2014 - 42.16%) of the shares of the Company are listed on Borsa Istanbul A.Ş. The address of the registered office of the Company is Esentepe Mahallesi, Büyükdere Caddesi, Kristal Kule Binası No: 215, Kat: 22, 34394 Şişli, İstanbul - Turkey. The Company has 13 branches.

The parent of the Company is Finansbank A.Ş. ("Finansbank"). As of December 21, 2015, a share sales agreement has been signed between National Bank of Greece S.A. ("NBG"), principal shareholder of the parent bank, and Qatar National Bank ("QNB") regarding direct sale of 99,81% of the Parent Bank's shares NBG owns at the Bank and indirect sale of the Bank's shares in subsidiaries and existing partners to QNB at a price of EUR 2 billion 750 million. Share transfer shall be carried out following the release of necessary permissions from related countries. Principal shareholder of the Bank is NGB until the completion of necessary legal permissions.

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 ("TL") 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 ("TL"), which is the Company's functional and presentation currency. All financial information presented in TL 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

TL 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.

2.4 Going concern

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

2.5 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2015 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2015. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2015 are as follows:

TAS 19 Defined Benefit Plans: Employee Contributions (Amendment)

TAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendment did not have an impact on the financial statements of the Company.

Annual Improvements to TAS/TFRSs

In September 2014, POA issued the below amendments to the standards in relation to "Annual Improvements - 2010-2012 Cycle" and "Annual Improvements - 2011-2013 Cycle. The changes are effective for annual reporting periods beginning on or after July 1, 2014.

Annual Improvements - 2010-2012 Cycle

TFRS 2 Share-based Payment:

Definitions relating to performance and service conditions which are vesting conditions are clarified. The amendment is effective prospectively.

TFRS 3 Business Combinations

The amendment clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective for business combinations prospectively.

TFRS 8 Operating Segments

The changes are as follows: i) An entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. ii) The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments are effective retrospectively.

TAS 16 Property, Plant and Equipment and TAS 38 Intangible Assets

The amendment to TAS 16.35(a) and TAS 38.80(a) clarifies that revaluation can be performed, as follows:

i) Adjust the gross carrying amount of the asset to market value or ii) determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment is effective retrospectively.

TAS 24 Related Party Disclosures

The amendment clarifies that a management entity - an entity that provides key management personnel services - is a related party subject to the related party disclosures. . In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is effective retrospectively.

Annual Improvements - 2011-2013 Cycle

TFRS 3 Business Combinations

The amendment clarifies that: i) Joint arrangements are outside the scope of TFRS 3, not just joint ventures ii) The scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is effective prospectively.

TFRS 13 Fair Value Measurement

The portfolio exception in TFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of IAS 39 (or IFRS 9, as applicable). The amendment is effective prospectively.

TAS 40 Investment Property

The amendment clarifies the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property. The amendment is effective prospectively.

The amendments did not have a significant impact on the financial statements of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 9 Financial Instruments - Classification and measurement

As amended in December 2012 and February 2015, the new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Phase 1 of this new TFRS introduces new requirements for classifying and measuring financial instruments. The amendments made to TFRS 9 will mainly affect the classification and measurement of financial assets and measurement of fair value option (FVO) liabilities and requires that the change in fair value of a FVO financial liability attributable to credit risk is presented under other comprehensive income. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is adopted by POA.

TFRS 11 Acquisition of an Interest in a Joint Operation (Amendment)

TFRS 11 is amended to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in TFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in TFRS 3 and other TFRSs except for those principles that conflict with the guidance in this TFRS. In addition, the acquirer shall disclose the information required by TFRS 3 and other TFRSs for business combinations. These amendments are to be applied prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company.

TAS 16 and TAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to TAS 16 and TAS 38)

The amendments to TAS 16 and TAS 38, have prohibited the use of revenue-based depreciation for property, plant and equipment and significantly limiting the use of revenue-based amortisation for intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments will not have an impact on the financial position or performance of the Company.

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

In April 2015, Public Oversight Accounting and Auditing Standards Authority (POA) of Turkey issued an amendment to TAS 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

- Using the equity method defined in TAS 28

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.

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

In February 2015, amendments issued to TFRS 10 and TAS 28, to address the acknowledged inconsistency between the requirements in TFRS 10 and TAS 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 TFRS 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.

TFRS 10, TFRS 12 and TAS 28: Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 and IAS 28)

In February 2015, amendments issued to TFRS 10, TFRS 12 and TAS 28, to address the issues that have arisen in applying the investment entities exception under TFRS 10 Consolidated Financial Statements. The amendments are applicable for 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.

TAS 1: Disclosure Initiative (Amendments to TAS 1)

In February 2015, amendments issued to TAS 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 have significant impact on the notes to the financial statements of the Company.

Annual Improvements to TFRSs - 2012-2014 Cycle

In February 2015, POA issued, Annual Improvements to TFRSs 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 - clarifies that changes in methods of disposal (through sale or distribution to owners) would not be considered a new plan of disposal, rather it is a continuation of the original plan

- IFRS 7 Financial Instruments: Disclosures - clarifies that i) the assessment of servicing contracts that includes a fee for the continuing involvement of financial assets in accordance with IFRS 7; ii) the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report
- IAS 19 Employee Benefits - clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located
- IAS 34 Interim Financial Reporting -clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report

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.

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

Annual Improvements - 2010-2012 Cycle

IFRS 13 Fair Value Measurement

As clarified in the Basis for Conclusions short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is effective immediately.

Annual Improvements - 2011-2013 Cycle

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 original effective date was January 1, 2017. However, in September 2015, IASB decided to defer the effective date to reporting periods beginning on or after January 1, 2018, with early adoption permitted. Entities will transition to the new standard following either a full retrospective approach or a modified retrospective approach. The modified retrospective approach would allow the standard to be applied beginning with the current period, with no restatement of the comparative periods, but additional disclosures are required. The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

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.

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

IFRS 16 Leases

In January 2016, the IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Company is in the process of assessing the impact of the standard on financial position or performance 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 TL 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 / TL (Full TL)	USD / TL (Full TL)
December 31, 2014	2.8207	2.3189
December 31, 2015	3.1776	2.9076

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.

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.

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 TL 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.

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.

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.

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).

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”.

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.

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

There are not any classifications made in the statement of profit or loss and other comprehensive income of the Company as of December 31, 2014.

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

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.

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, 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	
	2015	2014	2015	2014
Financial assets				
Finance lease receivables	1,947,904	1,540,007	1,957,098	1,593,953
Financial liabilities				
Funds borrowed	1,353,994	1,047,547	1,345,844	1,042,052
Debt securities issued	168,978	77,880	168,659	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 (%)	
	2015	2014
Turkish Lira	14.50	12.06
USD	5.37	4.89
EURO	5.13	4.89

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.

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

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.

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
- Retirement pay liability

7. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	2015	2014
Cash on hand	2	4
Cash at banks	230,697	194,722
Cash and cash equivalents	**230,699**	**194,726**

As of December 31, 2015 and 2014, the average maturity of the time deposits is less than 3 months.

The composition of bank deposit is as follows:

	2015			
	Amount		Effective interest rate	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign Currency
Time deposit	65,220	164,485	8.50- 13.50	0.01 - 2.60
Demand deposit	562	430	-	-
Total	**65,782**	**164,915**		

	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**		

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

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

	2015	2014
Cash on hand	2	4
Cash at banks	230,697	194,722
Interest accrual on time deposits	(303)	(296)
Cash and cash equivalents as stated in the cash flow statement	**230,396**	**194,430**

8. Finance lease receivables

As of December 31, 2015 and 2014 details of gross investments in finance lease receivables, is as follows:

	2015	2014
Gross finance lease receivables	2,106,478	1,644,869
Finance lease receivables outstanding	33,037	20,924
Others (*)	5,576	5,509
Less: Unearned interest income	(308,808)	(230,354)
	1,836,283	1,440,948
Equipments to be leased (**)	50,177	45,289
Advances given related with finance leases	22,389	17,196
	1,908,849	1,503,433
Impaired finance lease receivables	104,323	126,079
Reserve for impairment	(65,268)	(89,505)
Reserve for individual impairment	(59,538)	(84,301)
Reserve for collective impairment	(5,730)	(5,204)
Net finance lease receivables	**1,947,904**	**1,540,007**

(*) 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, 2015 and 2014, 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;

	2015	2014
2016	-	409,230
2017	502,492	256,063
2018	324,852	126,335
2019	179,988	52,402
2020	66,759	12,869
2021	36,744	7,710
2022	22,104	5,604
2023	2,554	-
Total	**1,135,493**	**870,213**

As of December 31, 2015 effective interest rates for USD, Euro and TL lease receivables are 6.12%, 5.82% and 14.56%; respectively (2014 - 6.34% for USD, 6.47% for Euro and 14.61% for TL).

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

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

Movements in the reserve for individual impairment, for the year ending December 31, 2015 and 2014 are as follows:

	2015	2014
Reserve at the beginning of the year	84,301	71,531
Provision	20,815	16,700
Recoveries	(1.055)	(3,930)
Receivables written-off (*)	(44,523)	-
Reserve at the end of year	**59,538**	**84,301**

(*) The Company has transferred its finance lease receivables amounting to TL 44,517 to an asset management company through revenue sharing agreement signed on December 29, 2015. Therefore such receivables were written off in the accompanying financial statements.

Movements in the reserve for collective impairment for the year ending December 31, 2015 and 2014 are as follows:

	2015	2014
Reserve for collective impairment at the beginning of the year	5,204	4,807
Provision / (recovery) for collective impairment	526	397
Reserve for collective impairment at the end of year	**5,730**	**5,204**
Provision / (recovery) of the reserve for individual impairment	19,760	12,770
Provision / (recovery) of the reserve for collective impairment	526	397
Provision for the year	**20,286**	**13,167**

9. Available-for-sale financial assets

	2015	2014
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:

	2015		2014	
	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
Finans Faktoring Hizmetleri A.Ş.	<1	Less than 1	<1	<1
PSA Finansman A.Ş.	<1	Less than 1	-	-
	140		**140**	

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

10. Property, plant and equipment

	Furniture and equipment	Leasehold improvements	Land	Buildings	Total
January 1, 2015, net of accumulated depreciation	**321**	**96**	**1,457**	**378**	**2,252**
Additions	653	13	-	1,628	2,294
Disposals	(834)	(344)	(96)	(1,703)	(2,977)
Depreciation charge for the year	(173)	(24)	-	(18)	(215)
Accumulated depreciation for disposals	831	319	-	21	1,171
Impairment charge for the year	-	-	(87)	-	(87)
Transfers (*)	(11)	-	-	-	(11)
At December 31, 2015, net of accumulated depreciation	**787**	**60**	**1,274**	**306**	**2,427**
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**
At December 31, 2015					
Cost	5,722	123	1,361	322	7,528
Accumulated depreciation	(4,935)	(63)	-	(16)	(5,014)
Accumulated impairment	-	-	(87)	-	(87)
Net carrying amount, at December 31, 2015	**787**	**60**	**1,274**	**306**	**2,427**

(*) Property, plant and equipment amounting to TL 11 net carrying amount have been classified to intangible assets.

11. Intangible assets

	Software	Total
At January 1, 2015, net of accumulated amortization	**602**	**602**
Additions	530	530
Transfers (*)	11	11
Amortization charge for the year	(255)	(255)
At December 31, 2015, net of accumulated amortization	**888**	**888**
At December 31, 2014		
Cost	2,122	2,122
Accumulated amortization	(1,520)	(1,520)
Net carrying amount, at December 31, 2014	**602**	**602**
At December 31, 2015		
Cost	3,440	3,440
Accumulated amortization	(2,552)	(2,552)
Net carrying amount, at December 31, 2015	**888**	**888**

(*) Please refer to Note 10 for detailed explanation.

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

12. Other assets

	2015	2014
Prepaid insurance expenses of finance lease contracts	21,283	16,576
Prepaid corporate income taxes (please refer to Note 20)	4,675	-
Other prepaid expenses	353	162
Other miscellaneous receivables	193	191
Value added tax receivables	56	-
Personnel advances given	22	23
Advances and deposits given	7	62
Prepaid commission expenses for funds borrowed	-	176
	26,589	**17,190**

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.

As of December 31, 2015 the Company does not have any assets held for sale.

Movements in the assets held for sale for the year ending December 31, 2014 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)**	**-**

(*) Assets which have been classified in assets held for sale in the previous periods have been transferred to property, plant and equipment due to low sale possibility.

14. Funds borrowed

		2015		
		Original amount (‘000)	TL equivalent	Interest rate (%)
Short term			**21,750**	
Fixed interest				
	TL	21,750	21,750	11.40
Long term			**1,332,244**	
Fixed interest				
	EUR	98,391	312,646	2.71 - 4.45
	USD	112,546	327,239	1.25 - 3.30
	TL	95,194	95,194	10.95 - 11.25
Floating interest				
	EUR	156,257	496,523	2.46 - 4.40
	USD	34,613	100,642	3.33 - 4.84
Total			**1,353,994**	

		2014		
		Original amount (‘000)	TL equivalent	Interest rate (%)
Short term			224	
Fixed interest				
	TL	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
	TL	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**	

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

Repayments of long term funds borrowed are as follows:

	2015		2014	
	Fixed rate	Floating rate	Fixed rate	Floating rate
2015	-	-	423,577	203,964
2016	469,800	211,760	195,994	172,719
2017	210,622	101,718	3,568	12,821
2018	45,782	105,551	3,568	7,180
2019	4,473	105,551	3,568	7,180
2020	4,402	69,841	3,568	7,180
2021	-	2,744	-	2,436
Total	**753,079**	**597,165**	**633,843**	**413,480**

The Company has obtained letters of guarantee amounting to TL 1,661 and USD 14 Thousand (2014 - TL 1,502 and USD 14 Thousand) and submitted to various legal authorities.

Additionally, the shareholder bank has given letters of guarantee amounting to TL 1,010 (2014 - TL 676) to customs authorities and courts.

15. Debt securities issued

The breakdown of debt securities in issue as of December 31, 2015 and 2014 are as follows:

	2015	2014
Bills issued	98,049	-
Bonds issued	69,854	75,000
Interest accrual on bonds issued	1,075	2,880
Total	**168,978**	**77,880**

Bond issued by the Company, having nominal value of TL 40,000 was registered in accordance with the decision of the Capital Market Board of Turkey (numbered 22/721, dated July 17, 2014). Issuance of bond was held on January 30, 2015. The floating rate, quarterly coupon bond, has a maturity of January 27, 2017, and the 4th coupon annual compound interest rate is 2.96%(1st coupon interest rate is 2.14%, 2nd coupon annual compound interest rate is 2.97% and 3rd coupon interest rate is 2.93%).

Bond issued by the Company, having nominal value of TL 30,000 was registered in accordance with the decision of the Capital Market Board of Turkey (numbered 22/721, dated July 17, 2014). Issuance of bond was held on June 5, 2015. The floating rate, quarterly coupon bond, has a maturity of June 2, 2017, and the 3rd coupon annual compound interest rate is 3.09% (1st coupon interest rate is 2.94% and 2nd coupon annual compound interest rate is 3,21%).

Bills issued by the Company, having nominal value of TL 103,284 was registered in accordance with the decision of the Capital Market Board of Turkey (numbered 28/1277, dated October 15, 2015). Issuance of bill was held on December 11, 2015. Bill has a maturity of June 7, 2016, and the annual simple interest rate is 11.94%.

The Company made repayment of bond, issued on February 25, 2014 having nominal value of TL 75,000, on February 25, 2015.

The Company made repayment of bond, issued on June 5, 2015 having nominal value of TL 45,000, on December 1, 2015.

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

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, 2015 trade payables amount to TL 50,659 (2014 - TL 49,976).

Advances from customers comprise of the amounts received from the lessee's. As of December 31, 2015, advances from customers amount to TL 20,649 (2014 - TL 18,667).

17. Derivative financial instruments

As of December 31, 2015 the Company does not have any derivative financial instruments. The breakdown of derivative financial instruments as of December 31, 2014 is as follows:

2014	Fair value assets	Fair value liabilities	Notional amount in TL 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**

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 accruals

	2015	2014
Bonus accrual	2,500	2,000
Unused vacation	1,799	1,450
Taxes and social security premiums payable	655	2,279
Advances received related to leasing transactions	182	344
Deferred income on commissions	150	320
Others	256	565
Total	**5,542**	**6,958**

Movement for bonus accrual	2015	2014
Balance at the beginning of the year	2,000	2,000
Charge for the year	2,500	2,000
Paid during the year	(1,940)	(1,496)
Provision reversal related to previous year	(60)	(504)
Balance at the end of the year	**2,500**	**2,000**

Movement for unused vacation pay accrual	2015	2014
Balance at the beginning of the year	1,450	1,225
Charge for the year	400	353
Paid during the year	(51)	(128)
Balance at the end of the year	**1,799**	**1,450**

(Currency - Thousands of Turkish Lira (TL) 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 TL 4,092.53 in full currency at January 1, 2016 (January 1, 2015 - TL 3,541.37 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, 2015 and 2014 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, 2015 TL 710 of actuarial change of retirement pay and its deferred tax amounted to TL 142 has been booked under equity as "Unclassified Profit or Loss of Accumulated Other Comprehensive Income" account (December 31, 2014 - TL 688 increase in retirement pay and TL 138 deferred tax effect).

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

	2015	2014
Discount rate	11.00%	8.30%
Rate of compensation increase	8.75%	7.00%
Average future working life	10.90	11.70
Inflation rate	7.75%	6.00%

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

	2015	2014
Balance at the beginning of the year	1,611	1,331
Service cost	207	157
Interest cost	131	127
Actuarial (gain) / loss	22	179
Settlement/Curtailment/Termination loss/(gain)	19	12
Payments during the year	(155)	(195)
Balance at the end of the year	**1,835**	**1,611**

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

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 2015 is 20% (2014 - 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2015 is 20% (2014 - 20%).

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, 2015 is 20% (2014 - 20%).

	2015	2014
Tax provision		
Current corporate tax provision	(10,091)	(11,812)
Less: advance taxes and surcharges	14,766	9,128
	4,675	**(2,684)**
Tax income comprises:		
Current tax charge	(10,091)	(11,812)
Deferred tax charge	(4,059)	428
	(14,150)	**(11,384)**

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

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.

	2015	2014
Deferred tax asset		
Reserve for possible lease receivable losses	36,421	54,153
Bonus accrual	2,500	2,000
Employee termination benefit	1,835	1,611
Unused vacation pay liability	1,799	1,450
Withholding tax accrual	854	728
Expense accruals on derivative transactions	-	2,580
	43,409	**62,522**
Deferred tax liabilities		
Prepaid commission net off for funds borrowed and debt securities	(3,692)	-
Expense accruals on funds borrowed	(717)	(765)
Restatement effect on property, plant and equipment and intangible assets	(540)	(292)
Income accruals on derivative transactions	-	(2,727)
	(4,949)	**(3,784)**
Net deferred tax assets	**38,460**	**58,738**

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

The breakdown of deductible and taxable temporary differences as of December 31, 2015 and 2014 is as follows:

	2015	2014
Deferred tax asset		
Reserve for possible lease receivable losses	7,284	10,830
Bonus accrual	500	400
Employee termination benefit	367	322
Unused vacation pay liability	360	290
Withholding tax accrual	171	146
Expense accruals on derivative transactions	-	516
	8,682	**12,504**
Deferred tax liabilities		
Prepaid commission net off for funds borrowed and debt securities	(738)	-
Expense accruals on funds borrowed	(143)	(153)
Restatement effect on property, plant and equipment and intangible assets	(108)	(58)
Income accruals on derivative transactions	-	(545)
	(989)	**(756)**
Net deferred tax assets	**7,693**	**11,748**

Movement of deferred tax asset is presented as follows:

	2015	2014
Deferred tax asset at January 1	11,748	11,284
Deferred tax recognized in the income statement	(4,059)	428
Deferred tax recognized in the equity	4	36
Deferred tax asset at December 31	**7,693**	**11,748**

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, 2015 and 2014 is as follows:

	2015	2014
Profit from operations before tax	67,362	57,780
Tax at the income tax rate of 20%	(13,472)	(11,556)
Tax effects of:		
- Disallowables and exemptions	(678)	172
Income tax	**(14,150)**	**(11,384)**

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

21. Share capital

	2015	2014
Number of common shares (authorized, issued and outstanding) 0.01 TL par value	11,500,000,000	11,500,000,000

The movement of the share capital (in numbers and in historical TL) of the Company during 2015 and 2014 is as follows:

	2015		2014	
	Number	TL	Number	TL
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**

As of December 31, 2015 and 2014, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

		2015		2014
	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 TL	**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 30, 2015, 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.

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

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, 2015.

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

	2015	2014
Net profit attributable to ordinary equity holders of the parent for basic earnings per share	53,212	46,396
Weighted average number of ordinary shares for basic earnings per share (0,01 TL par value)	11,500,000,000	11,500,000,000
Basic earnings per 1 TL share	0.463	0.403

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, which owns 51.06% (2014 - 51.06%) of ordinary shares. The ultimate owner of the Company is NBG, which also owns 29.87% (2014 - 29.87%) of ordinary shares.

(a) Balances outstanding and other transactions with the parent Bank:

	2015	2014
Balances outstanding		
Cash and cash equivalents	229,497	139,030
Funds borrowed	59,113	-
Finance lease receivables	2,063	2,881
Other liabilities	212	231
Other assets	56	52
Gain on derivative transactions	-	2,626
Loss on derivative transactions	-	976
Transactions		
Interest income on bank deposits	9,842	9,464
Loss on derivative transactions	2,542	-
Rent expense	997	121
Interest expense	987	26
Income from finance leases	246	316
Other administrative expenses	217	136
Staff costs	16	-
Other operating income	5	-
Gain on derivative transactions	-	1,469

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

As of December 31, 2015 the Company does not have any derivative transactions entered with -parent bank (2014 - nominal values TL 279,734). Additionally, the parent bank has given letters of guarantee amounting to TL 1,010 (2014 - TL 676) to customs authorities and courts.

(b) Balances outstanding and other transactions with its ultimate parent bank;

	2015	2014
Balances outstanding		
Funds borrowed	65,979	254,327

	2015	2014
Transactions		
Interest expense	5,759	16,513

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

	2015	2014
Balances Outstanding		
Other assets	144	-
Other liabilities	-	4
Transactions		
Rent expense	465	955
Other operating income	88	-
Other operating expenses	35	34
Staff costs	19	3
Interest expenses	18	39

(d) In 2015, compensation of the top management personnel of the Company amounted to TL 2,825 (2014 - TL 2,620).

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:

	2015	2014
Foreign exchange gains	437,749	389,015
Foreign exchange losses	(430,263)	(391,782)
	7,486	**(2,767)**

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

26. Other income / (expenses), net

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

	2015	2014
Other income from financial lease transactions	2,285	1,973
Income from sale of tangible assets and assets acquired through foreclosure proceedings	1,350	1,410
Gain on sale of disposal of assets	88	5
Dividend income	88	-
Other income	17	63
Total other operating income	**3,828**	**3,451**
Miscellaneous expenses	(131)	(185)
Total other operating expenses	**(131)**	**(185)**
Total other operating income, (net)	**3,697**	**3,266**

27. Operating expenses

The breakdown of operating expenses is as follows:

	2015	2014
Marketing, general and administrative expenses		
Expenses originating from leasing transactions	12,607	9,769
Rent expenses	2,999	2,346
Consultancy, audit and legal fees	1,098	1,096
Travel and transportation expenses	639	575
Taxes and duties other than on income	577	512
Communication expenses	344	260
Other administrative expenses	1,518	1,875
Total marketing, general and administrative expenses	**19,782**	**16,433**
Staff costs		
Wages and salaries	12,487	11,357
Provision for bonuses	2,440	1,496
Provision for unused vacation pay liability	400	353
Provision for employee termination benefits	357	296
Other fringe benefits	1,393	1,441
	17,077	**14,943**
Defined contribution share		
Social security premiums - employer share	1,604	1,428
	1,604	**1,428**
Total salaries and employee benefits	**18,681**	**16,371**
Depreciation and amortization	470	347
Total operating expenses	**38,933**	**33,151**

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

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, 2015 and 2014, the leverage ratios are as follows:

	2015	2014
Total borrowings	1,573,631	1,175,403
Less: Cash and cash equivalents	(230,699)	(194,726)
Net liabilities	1,342,932	980,677
Total shareholders' equity	614,683	561,489
Shareholders' equity / liabilities	45.77%	57.26%

According to the credit rating of the Company announced by Fitch Ratings, as of March 26, 2015, the foreign currency issuer rating of the Company is positive watch BBB- and the outlook is stable.

Financial instruments:

	2015	2014
Financial assets		
- Banks	230,697	194,722
- Finance lease receivables	1,947,904	1,540,007
- Available for sale investments	140	140
- Derivative financial instruments	-	2,727
Financial liabilities		
- Funds borrowed	1,353,994	1,047,547
- Debt securities in issue	168,978	77,880
- Trade payables	50,659	49,976
- Derivatives	-	2,580

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.

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

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

	2015	2014
Building and Construction	22.1%	24.9%
Textile	17.1%	18.0%
Manufacturing	16.6%	14.5%
Health & Social Activities	7.4%	7.3%
Chemical	6.1%	6.4%
Wood and Wood products	5.7%	4.1%
Mining and Quarrying	3.9%	4.1%
Automotive	3.7%	2.4%
Transportation and Storage	3.5%	2.8%
Food	2.3%	2.1%
Printing	2.1%	3.8%
Other	9.5%	9.6%
Total	**100.0%**	**100.0%**

The breakdown of finance lease receivables is as follows:

	2015	2014
Neither past due nor impaired	1,695,529	1,364,422
Past due but not impaired	213,320	139,011
Individually impaired	104,323	126,079
Reserve for impairment	(65,268)	(89,505)
Total	**1,947,904**	**1,540,007**

As of December 31, 2015 and 2014 internal rating results for the neither past due nor impaired finance lease receivables are as follows:

	2015	2014
Debtor has a strong financial structure	2.2%	2.1%
Debtor has a good financial structure	29.0%	30.9%
Debtor has a medium financial structure	58.9%	56.1%
Debtor has a financial structure which needs attention in medium term	9.9%	10.9%
Total	**100.0%**	**100.0%**

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

As of December 31, 2015 and 2014 aging of past due but not impaired finance lease receivables is as follows:

2015	Invoiced and Accrued Amounts	Outstanding Principal
Between 1-30 days	8,052	123,315
Between 1-3 months	6,169	36,500
Between 3-12 months	8,293	19,851
Between 1-5 years	10,025	1,115
Total	**32,539**	**180,781**

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**

As of December 31, 2015 and 2014 the guarantees received for the finance lease receivables are as follows:

		2015		2014
	Nominal Value (*)	Fair Value (*)	Nominal Value (*)	Fair Value (*)
Mortgages	675,026	283,096	609,938	186,177
Assignment of receivables	66,329	66,329	58,737	58,737
Pledge of machinery & vehicles	40,773	36,741	40,478	34,221
Pledge of assets	30,000	13,263	-	-
Letters of guarantee	4,175	4,175	3,940	3,940
Cash blockages	1,871	1,871	1,476	1,476
Pledge of stocks	95	95	-	-
	818,269	**405,570**	**714,569**	**284,551**

(*) 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.

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

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.

	2015							
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	1,353,994	3,424	161,829	202,875	367,044	690,030	-	1,425,202
Debt securities issued	168,978	1,184	927	105,395	4,222	73,038	-	184,766
Trade payables (*)	50,659	16,165	-	-	-	-	34,494	50,659
Total liabilities	**1,573,631**	**20,773**	**162,756**	**308,270**	**371,266**	**763,068**	**34,494**	**1,660,627**

	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**

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

As of December 31, 2015 the Company does not have any derivative financial instruments. Relevant maturity groupings based on the remaining period of derivative financial instruments at balance sheet date to discounted contractual maturity date as of December 31, 2014 is as follows:

	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

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

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:

	2015			
ASSETS	**USD**	**EUR**	**Others**	**Total**
Cash and cash equivalents	40,848	124,068	1	164,917
Finance lease receivables	393,578	722,753	2,161	1,118,492
Derivative financial instruments	-	-	-	-
Other assets	4	-	-	4
Total assets	**434,430**	**846,821**	**2,162**	**1,283,413**
LIABILITIES				
Funds borrowed	427,881	809,169	-	1,237,050
Trade payables	16,157	26,823	1,681	44,661
Advances from customers	1,556	8,903	-	10,459
Derivative financial instruments	-	-	-	-
Other liabilities and provisions	101	-	-	101
Total liabilities	**445,695**	**844,895**	**1,681**	**1,292,271**
Net balance sheet position	**(11,265)**	**1,926**	**481**	**(8,858)**
Net off balance sheet position	**-**	**-**	**-**	**-**
Net position	**(11,265)**	**1,926**	**481**	**(8,858)**

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

		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**

(Currency - Thousands of Turkish Lira (TL) 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.

				2015			
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	191,569	38,138	-	-	-	992	230,699
Finance lease receivables	160,947	128,138	167,504	306,891	1,111,858	72,566	1,947,904
Derivative financial instruments	-	-	-	-	-	-	-
Total assets	**352,516**	**166,276**	**167,504**	**306,891**	**1,111,858**	**73,558**	**2,178,603**
LIABILITIES							
Funds borrowed	9,667	187,790	570,331	320,927	265,279	-	1,353,994
Debt securities in issue	40,735	30,194	98,049	-	-	-	168,978
Trade payables	-	-	-	-	-	50,659	50,659
Derivative financial instruments	-	-	-	-	-	-	-
Total liabilities	**50,402**	**217,984**	**668,380**	**320,927**	**265,279**	**50,659**	**1,573,631**
Interest sensitivity gap	**302,114**	**(51,708)**	**(500,876)**	**(14,036)**	**846,579**	**22,899**	**604,972**
Off balance sheet gap	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total interest sensitivity gap	**302,114**	**(51,708)**	**(500,876)**	**(14,036)**	**846,579**	**22,899**	**604,972**

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

	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**

Interest rate sensitivity

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

	2015	**2014**
Financial instruments with fixed interest rate		
Financial assets		
- Banks (Note 7)	230,697	194,722
- Finance lease receivables (*)	1,849,898	1,469,120
Financial liabilities		
- Funds borrowed	756,829	634,067
- Debt securities in issue	98,049	-
Financial instruments with floating interest rate		
Financial assets		
- Finance lease receivables (*)	31,170	13,606
Financial liabilities		
- Funds borrowed	597,165	413,480
- Debt securities in issue	70,929	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.

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

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 TL 308 (2014 - TL 135).
- Interest expense from floating interest rate borrowings would increase by TL 5,981 (2014 - TL 4,124).
- Interest expense from floating interest rate debt securities in issue would increase by TL 700 (2014 - TL 750).

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	
	2015	2014	2015	2014
Profit / (Loss)	**(1,127)**	**(89)**	**193**	**181**

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:

2015	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments	-	-	-	-
	-	**-**	**-**	**-**
Financial liabilities at FVTPL				
Derivative financial instruments	-	-	-	-
	-	**-**	**-**	**-**

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**

There are no transfers between the levels during the year.

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

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.

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, 2015 and 2014.

Legal proceedings

The Company has not provided any provision against certain open legal cases as of December 31, 2015 (December 31, 2014 - None).

Commitments under derivative instruments

	December 31, 2015		December 31, 2014	
	Nominal Original amount	Nominal TL	Nominal Original amount	Nominal TL
Forward and Swap Purchase Transactions				
USD	-	-	20,000	46.378
EURO	-	-	-	-
TL	-	-	175,666	175,666
Total Purchase		**-**		**222,044**
Forward and Swap Sale Transactions				
USD	-	-	49,800	115,481
EURO	-	-	20,000	56,414
TL	-	-	45,980	45,980
Total Sales		**-**		**217,875**
		-		**439,919**

Guarantees given

The Company has letters of credit in the amount of TL 1,702 (2014 - TL 1,535) and finance lease commitments in the amount of TL 210,052 for the leased asset imports (2014 - TL 228,424).

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, 2015 and 2014.

31. Subsequent events

As of January 19, 2016, the Company issued bill amounting to TL 67,000 having a maturity of January 17, 2017.

As of February 8, 2016, shares owned by NBG with a total amount of TL 34,346,322.24 and 3,434,632,224 nominal value, which corresponds to 29.87% of the paid-in capital of the Company has been purchased by Finansbank with a total price of TL 128,111,782. Purchase price has been set under Istanbul Stock Exchange regulations with TL 1 nominal priced 100 shares with a price of TL 3.73.

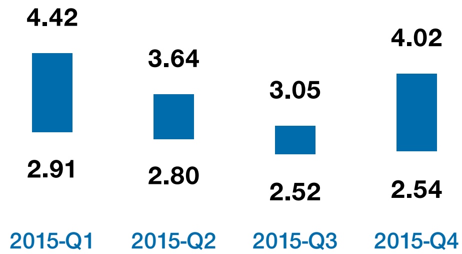
Shareholders' Information

Stock Exchange

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

Share Prices by Quarter (TRY)

2015	Q1	Q2	Q3	Q4
Highest	4.42	3.64	3.05	4.02
Lowest	2.91	2.80	2.52	2.54



Investor Relations

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

Finans Leasing
Address: Esentepe Mah. Büyükdere Cad.
Kristal Kule Binası No: 215 Kat: 22
Şişli 34394 İstanbul

Annual Meeting

The annual meeting of shareholders of Finans Leasing will be held on 30 March 2016.

Stockbrokers

Finans Yatırım Menkul Değerler A.Ş.

Auditors

Güney Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
Address: Maslak Mah. Eski Büyükdere Cad.
No: 27 Sarıyer 34398 İstanbul
Tel: (90 212) 315 3000
Fax: (90 212) 230 82 91

Tax Consultants

Yetkin Yeminli Mali Müşavirlik A.Ş.
Address: Kavacık, Rüzgarlı Bahçe Mah.
Kavak Sokak No: 29 Beykoz, İstanbul
Tel: (90 216) 681 91 00
Fax: (90 216) 681 91 91

Company Directory

	Address	Phone	Fax
Head Office	Esentepe Mah. Büyükdere Cad. Kristal Kule Binası No: 215 Kat: 22 Şişli 34394 İstanbul	(90 212) 349 11 11	(90 212) 350 60 00

Branches			
Adana	Atatürk Cad. Kemal Özülkü İş Hanı No: 7 Kat: 15 Seyhan/Adana	(90 322) 457 32 54	(90 322) 457 79 58
Ankara	Atatürk Bulv. No: 140 Kavaklıdere/Ankara	(90 312) 457 11 99	(90 312) 457 12 91
Antalya	Tarım Mah. Aspendos Bulv. No: 92/1 Ata Plaza Kat: 2 Muratpaşa/Antalya	(90 242) 311 18 41	(90 242) 311 18 40
Bursa	Fevzi Çakmak Cad. Göktaş İş Merkezi No: 62 Osmangazi/Bursa	(90 224) 362 84 70	(90 224) 363 01 23
Diyarbakır	Peyas Mah. Urfa Bulv. Rema C Blok No: 124/A Kayapınar/Diyarbakır	(90 412) 251 11 90	(90 412) 251 11 97
Dudullu	Esenkent Mah. Des Sanayi Sitesi A Blok 2 Yukarı Dudullu, Ümraniye/İstanbul	(90 216) 526 14 10	(90 212) 350 60 11
Gaziantep	İncilipınar Mah. 3 Nolu Cad. Akınalan İş Merkezi No: 36 - 37 K: 3 Şehitkamil/Gaziantep	(90 342) 232 11 51	(90 342) 230 46 35
Gebze	Osman Yılmaz Mah. İstanbul Cad. No: 52/A 41400 Gebze/Kocaeli	(90 262) 643 38 31	(90 262) 643 38 31
İkitelli	Karaçalık Mevkii İmsan Küçük Sanayi Sitesi E Blok No: 14 İkitelli/İstanbul	(90 212) 471 30 33	(90 212) 350 60 12
İstanbul Atatürk Airport Free Zone	Atatürk Hava Limanı Serbest Bölge 2. Kısım A Blok No: 443 Bakırköy/İstanbul	(90 212) 349 11 58	(90 212) 350 60 58
İzmir	Şehir Nevres Bulv. 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

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