İş Faktoring

Anonim Şirketi

Financial Statements

As at and for the year ended

31 December 2018

With Independent Auditors' Report

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

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Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish

Independent Auditor's Report

To the Shareholders of İş Faktoring A.Ş.

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying unconsolidated statement of financial position of İş Faktoring A.Ş. ("the Company"), which comprise the unconsolidated statement of balance sheet as at December 31, 2018 and the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at December 31, 2018 and its unconsolidated financial performance and unconsolidated cash flows for the year then ended in accordance with the Communique on Financial Leasing, Factoring and Uniform chart of Accounts which shall be applied by Finance Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communique and Circular on Accounting Policies of Financial Leasing, Factoring and Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority ("BRSA") together referred as "BRSA Accounting and Financial Reporting Legislation" which includes provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by the aforementioned regulations.

Basis for opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Financial impact of transition to TFRS 9 "Financial Instruments" standard and recognition of impairment on financial assets and related important disclosures	
As presented in disclosure 3 and 7, as of 1 January 2018, the Company adopted the TFRS 9 ''Financial Instruments'' standard and due to the adoption, the Company started to calculate and recognize expected credit losses for the financial assets. We considered the transition to TFRS 9 and impairment of financial assets as a key audit matter due to: - Financial assets that are subject to expected credit loss calculation is material for the unconsolidated financial statements - Transition to TFRS 9 has %10 effect on the Company's equity - Complex and comprehensive requirements of TFRS 9 - The policies that is established by the Company management to calculate the expected credit losses has the legislation and other required risks - The new, important and complex judgments and estimations in the calculation of expected credit losses and - The complex disclosure requirements of TFRS.	- Evaluating the appropriateness of accounting policies based on the requirements of TFRS 9, and global and local requirements - Evaluating the reasonableness of management's key estimates and judgements in expected credit loss calculations, including selection of methods, models, assumptions and data sources and evaluating the appropriateness of accounting policies based on the requirements of TFRS 9, our business understanding and industry practice - Involving Financial risk management specialists to challenge significant assumptions / judgements relating to credit risk grading, significant increase in credit risk, definition of default, probability of default, macro-economic variables, and recovery rates - Assessing the completeness, accuracy and relevance of the data used for the calculation of expected credit loss - Testing mathematical accuracy of Expected credit loss by using samples. - Evaluating the reasonableness and the accuracy of post-model adjustments.

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

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

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Company's financial reporting process.

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Auditor's responsibilities for the audit of the unconsolidated financial statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with InASs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with InASs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Reports on independent auditor's responsibilities arising from other regulatory requirements

1. In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2018 are not in compliance with the TCC and provisions of the Company's articles of association in relation to financial reporting.

2. In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The partner in charge of the audit resulting in this independent auditor's report is Emre Çelik.

Additional paragraph for convenience translation into English of financial statements as of December 31, 2018 and independent auditors' report originally issued in Turkish

As explained in detail in Note 2.1, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Emre Çelik, SMMM
Associate Partner

February 1, 2019
İstanbul, Turkey

İŞ FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET) AS AT 31 DECEMBER 2018
(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	BALANCE SHEET - ASSETS	Notes	Audited Current Period 31 December 2018 TL	FC	TOTAL
I.	**FINANCIAL ASSETS**		**24.927**	**5.439**	**30.366**
1.1	Cash and Cash Equivalents	**5**	2.107	5.448	7.555
1.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	6	21.842	-	21.842
1.4	Financial Assets Measured at Amortized Cost		-	-	-
1.5	Derivative Financial Assets	**4**	979	-	979
1.6	Non-Performing Financial Asset		-	-	-
1.7	Specific provisions / Expected Loss Provision (-)		1	9	10
II.	**LOANS (Net)**	**7**	**2.200.534**	**524.343**	**2.724.877**
2.1	**Factorıng Receivables**		**2.201.496**	**528.479**	**2.729.975**
2.1.1	Discounted Factoring Receivables		315.924	101.991	417.915
2.1.2	Other Factoring Receivables		1.885.572	426.488	2.312.060
2.2	**FINANCING LOANS**		-	-	-
2.2.1	Consumer Loans		-	-	-
2.2.2	Credit Cards		-	-	-
2.2.3	Installment Commercial Loans		-	-	-
2.3	**LEASE RECEIVABLES**		-	-	-
2.3.1	Lease Receivables (Net)		-	-	-
2.3.1.1	Finance Lease Receivables		-	-	-
2.3.1.2	Operational Lease Receivables		-	-	-
2.3.1.3	Unearned Income (-)		-	-	-
2.3.2	Leasing Contracts in Progress		-	-	-
2.3.3	Advances Given for Lease Transactions		-	-	-
2.3.4	Other Finance Lease Receivables		-	-	-
2.4	**NON-PERFORMING RECEIVABLES**		**7.189**	**-**	**7.189**
2.4.1	Non-Performing Factoring Receivables		31.016	-	31.016
2.4.2	Non-Performing Financial Loans		-	-	-
2.4.3	Non-Performing Lease Receivables		-	-	-
2.4.4	Spesific Provisions (-)		23.827	-	23.827
2.5	**Expected Credit Loss (-)**	**7**	**8.151**	**4.136**	**12.287**
III.	**EQUITY INVESTMENTS**		-	-	-
3.1	**Investments in Associates (Net)**		-	-	-
3.1.1	Associates Accounted by using Equity Method		-	-	-
3.1.2	Unconsolidated Associates		-	-	-
3.2	**Subsidiaries (Net)**		-	-	-
3.2.1	Unconsolidated Financial Subsidiaries		-	-	-
3.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-
3.3	**Joint Ventures (Net)**		-	-	-
3.3.1	Joint Ventures Accounted by using Equity Method		-	-	-
3.3.2	Unconsolidated Joint Ventures		-	-	-
IV.	**TANGIBLE ASSETS (Net)**	**9**	**1.373**	**-**	**1.373**
V.	**INTANGIBLE ASSETS (Net)**	**10**	**1.228**	**-**	**1.228**
VI.	**INVESTMENT PROPERTY (Net)**		-	-	-
VII.	**CURRENT PERIOD TAX ASSETS**		-	-	-
VIII.	**DEFERRED TAX ASSETS**	**11**	**5.608**	**-**	**5.608**
IX.	**OTHER ASSETS**	**12**	**6.854**	**348**	**7.202**
	SUBTOTAL		**2.240.524**	**530.130**	**2.770.654**
X.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**		-	-	-
10.1	Assets Held For Sale		-	-	-
10.2	Assets of Discontinued Operations		-	-	-
	TOTAL ASSETS		**2.240.524**	**530.130**	**2.770.654**

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET) AS AT 31 DECEMBER 2017
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	BALANCE SHEET - ASSETS		Audited Prior Period 31 December 2017		
		Notes	TL	FC	TOTAL
I.	CASH		-	-	-
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	4	5.345	-	5.345
2.1	Financial Assets Held for Trading		3.206	-	3.206
2.2	Financial Assets at Fair Value Through Profit or Loss		-	-	-
2.3	Derivative Financial Assets Held for Trading		2.139	-	2.139
III.	BANKS	5	1.982	15.794	17.776
IV.	RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS		-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	6	24.522	-	24.522
VI.	FACTORING RECEIVABLES	7	3.311.481	893.386	4.204.867
6.1	Discounted Factoring Receivables		759.682	26.333	786.015
6.1.1	Domestic		780.001	-	780.001
6.1.2	Foreign		1.130	26.652	27.782
6.1.3	Unearned Income (-)		(21.449)	(319)	(21.768)
6.2	Other Factoring Receivables		2.551.799	867.053	3.418.852
6.2.1	Domestic		2.514.035	393.939	2.907.974
6.2.2	Foreign		37.764	473.114	510.878
VII.	FINANCING LOANS		-	-	-
7.1	Retail Loans		-	-	-
7.2	Credit Cards		-	-	-
7.3	Installament Based Commercial Loans		-	-	-
VIII.	LEASE RECEIVABLES		-	-	-
8.1	Lease Receivables		-	-	-
8.1.1	Finance Lease Receivables		-	-	-
8.1.2	Operational Lease Receivables		-	-	-
8.1.3	Unearned Income (-)		-	-	-
8.2	Leasing Contracts in Progress		-	-	-
8.3	Advances Given for Lease Transactions		-	-	-
IX.	OTHER RECEIVABLES		-	-	-
X.	NON-PERFORMING RECEIVABLES		2.469	-	2.469
10.1	Non-Performing Factoring Receivables	7	42.099	-	42.099
10.2	Non-Performing Financial Loans		-	-	-
10.3	Non-Performing Lease Receivables		-	-	-
10.4	Specific Provisions (-)		(39.630)	-	(39.630)
XI.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT		-	-	-
11.1	Fair Value Hedges		-	-	-
11.2	Cash Flow Hedges		-	-	-
11.3	Net Investment Hedges		-	-	-
XII.	INVESTMENTS HELD TO MATURITY (Net)		-	-	-
XIII.	INVESTMENT IN SUBSIDIARIES (Net)		-	-	-
XIV.	INVESTMENT IN ASSOCIATES (Net)		-	-	-
XV.	INVESTMENT IN JOINT VENTURES (Net)		-	-	-
XVI.	TANGIBLE ASSETS (Net)	9	1.355	-	1.355
XVII.	INTANGIBLE ASSETS (Net)	10	1.200	-	1.200
17.1	Goodwill		-	-	-
17.2	Other Intangibles		1.200	-	1.200
XVIII.	PREPAID EXPENSES	12	1.821	22	1.843
XIX.	CURRENT PERIOD TAX ASSETS		-	-	-
XX.	DEFERRED TAX ASSETS	11	4.946	-	4.946
XXI.	OTHER ASSETS	12	2.581	871	3.452
	SUBTOTAL		3.357.702	910.073	4.267.775
XXII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-
22.1	Assets Held For Sale		-	-	-
22.2	Assets from Discontinued Operations		-	-	-
	TOTAL ASSETS		3.357.702	910.073	4.267.775

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

İŞ FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET) AS AT 31 DECEMBER 2018
(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	BALANCE SHEET - LIABILITIES		Audited Current Period 31 December 2018		
		Notes	TL	FC	TOTAL
I.	**FUNDS BORROWED**	**13**	**1.699.454**	**164.542**	**1.863.996**
II.	**FACTORING PAYABLES**	**7**	**2.106**	**1.742**	**3.848**
III.	**LEASE OBLIGATIONS (Net)**		**-**	**-**	**-**
3.1	Finance Lease Obligations		-	-	-
3.2	Operational Lease Obligations		-	-	-
3.3	Other		-	-	-
3.4	Deferred Finance Lease Expenses (-)		-	-	-
IV.	**DEBT SECURITIES ISSUED (Net)**	**14**	**577.835**	**-**	**577.835**
4.1	Bills		577.835	-	577.835
4.2	Asset-Backed Securities		-	-	-
4.3	Bonds		-	-	-
V.	**FİNANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS LOSS**		**-**	**-**	**-**
VI.	**DERIVATIVE FINANCIAL LIABILITIES**		**-**	**-**	**-**
VII.	**PROVISIONS**		**2.742**	**-**	**2.742**
7.1	Restructuring Provisions		-	-	-
7.2	Reserves For Employee Benefits	17	2.742	-	2.742
7.3	General Provisions		-	-	-
7.4	Other Provisions		-	-	-
VIII.	**DEFERRED TAX LIABILITY**	**16**	**20.089**	**-**	**20.089**
IX.	**CURRENT PERIOD TAX LIABILITY**		**-**	**-**	**-**
X.	**SUBORDINATED LOANS**		**-**	**-**	**-**
XI.	**OTHER LIABILITY**	**15**	**299**	**722**	**1.021**
	SUBTOTAL		**2.302.525**	**167.006**	**2.469.531**
XII.	**PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS**		**-**	**-**	**-**
12.1	Held For Sale		-	-	-
12.2	Discontinued Operations		-	-	-
XIII..	**SHAREHOLDERS' EQUITY**		**301.123**	**-**	**301.123**
13.1	Paid-in Capital	18	63.500	-	63.500
13.2	Capital Reserves	18	5.277	-	5.277
13.2.1	Share Premiums		-	-	-
13.2.2	Share Cancellation Profits		-	-	-
13.2.3	Other Capital Reserves		5.277	-	5.277
13.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(79)	-	(79)
13.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		9.146	-	9.146
13.5	Profit Reserves	19	107.626	-	107.626
13.5.1	Legal Reserves		8.439	-	8.439
13.5.2	Statutory Reserves		-	-	-
13.5.3	Extraordinary Reserves		99.187	-	99.187
13.5.4	Other Profit Reserves		-	-	-
13.6	Profit or Loss		115.653	-	115.653
13.6.1	Prior Periods Profit/Loss		(31.365)	-	(31.365)
13.6.2	Current Period Profit/Loss		147.018	-	147.018
	TOTAL LIABILITIES		**2.603.648**	**167.006**	**2.770.654**

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

İŞ FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET) AS AT 31 DECEMBER 2017
(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	BALANCE SHEET - LIABILITIES		Audited Prior Period 31 December 2017		
		Notes	**TL**	**FC**	**TOTAL**
I.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING**		**-**	**-**	**-**
II.	**FUNDS BORROWED**	**13**	**3.573.724**	**231.393**	**3.805.117**
III.	**FACTORING PAYABLES**	**7**	**993**	**786**	**1.779**
IV.	**LEASE OBLIGATIONS**		**-**	**-**	**-**
4.1	Financial Lease Obligations		-	-	-
4.2	Operational Lease Obligations		-	-	-
4.3	Others		-	-	-
4.4	Deferred Financial Lease Expenses (-)		-	-	-
V.	**DEBT SECURITIES ISSUED (Net)**	**14**	**259.459**	**-**	**259.459**
5.1	Bills		259.459	-	259.459
5.2	Asset Backed Securities		-	-	-
5.3	Bonds		-	-	-
VI.	**MISCELLANEOUS PAYABLES**	**15**	**805**	**829**	**1.634**
VII.	**OTHER LIABILITIES**		**929**	**619**	**1.548**
VIII.	**DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT**		**-**	**-**	**-**
8.1	Fair Value Hedges		-	-	-
8.2	Cash Flow Hedges		-	-	-
8.3	Net Investment Hedge		-	-	-
IX.	**TAXES AND DUTIES PAYABLE**	**16**	**3.360**	**-**	**3.360**
X.	**PROVISIONS**		**2.227**	**-**	**2.227**
10.1	Restructuring Reserves		-	-	-
10.2	Reserve For Employee Benefits	**17**	2.227	-	2.227
10.3	Other Provisions		-	-	-
XI.	**DEFERRED INCOME**		**-**	**-**	**-**
XII.	**CURRENT PERIOD TAX LIABILITIES**	**16**	**3.897**	**-**	**3.897**
XIII.	**DEFERRED TAX LIABILITY**		**-**	**-**	**-**
XIV.	**SUBORDINATED LOANS**		**-**	**-**	**-**
	SUBTOTAL		**3.845.394**	**233.627**	**4.079.021**
XV.	**PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS**		**-**	**-**	**-**
15.1	Assets held for Sale		-	-	-
15.2	Discontinued Operations		-	-	-
XVI.	**SHAREHOLDERS' EQUITY**		**188.754**	**-**	**188.754**
16.1	Paid-in Capital	18	63.500	-	63.500
16.2	Capital Reserves	18	5.277	-	5.277
16.2.1	Share Premiums		-	-	-
16.2.2	Share Cancellation Profits		-	-	-
16.2.3	Other Capital Reserves		5.277	-	5.277
16.3	Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		4	-	4
16.4	Accumulated Other Comprehensive Income that may be Reclassified to Profit or Loss		12.347	-	12.347
16.5	Profit Reserves	19	58.096	-	58.096
16.5.1	Legal Reserves		5.963	-	5.963
16.5.2	Status Reserves			-	
16.5.3	Extraordinary Reserves		52.133	-	52.133
16.5.4	Other Profit Reserves			-	
16.6	Profit or Loss		49.530	-	49.530
16.6.1	Prior Periods Profit/Loss		-	-	-
16.6.2	Net Income or Loss for the Current Period		49.530	-	49.530
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4.034.148**	**233.627**	**4.267.775**

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately

İŞ FAKTORİNG ANONİM ŞİRKETİ

OFF-BALANCE SHEET ITEMS AS AT 31 DECEMBER 2018 AND 31 DECEMBER 2017
(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	STATEMENT OF OFF-BALANCE SHEET ITEMS	Notes	Audited Current Period 31 December 2018 TL	FC	TOTAL
I.	**REVOCABLE FACTORING TRANSACTIONS**		**58.178**	**65.715**	**123.893**
II.	**IRREVOCABLE FACTORING TRANSACTIONS**		**223.224**	**47.935**	**271.159**
III.	**COLLATERALS RECEIVED**	21	**20.716.776**	**14.063.343**	**34.780.119**
IV.	**COLLATERALS GIVEN**	21	**1.081.269**	**4.397**	**1.085.666**
V.	**COMMITMENTS**		-	-	-
5.1	Irrevocable Commitments		-	-	-
5.2	Revocable Commitments		-	-	-
5.2.1	Lease Commitments		-	-	-
5.2.1.1	Financial Lease Commitments		-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-
5.2.2	Other Revocable Commitments		-	-	-
VI.	**DERIVATIVE FINANCIAL INSTRUMENTS**	21	**428.915**	**427.443**	**856.358**
6.1	Derivative Financial Instruments for Risk Management		-	-	-
6.1.1	Fair Value Hedges		-	-	-
6.1.2	Cash Flow Hedges		-	-	-
6.1.3	Net Foreign Investment Hedges		-	-	-
6.2	Trading Derivatives		428.915	427.443	856.358
6.2.1	Forward Foreign Currency Purchases/Sales		-	-	-
6.2.2	Swap Purchases/Sales		428.915	427.443	856.358
6.2.3	Put/Call Options		-	-	-
6.2.4	Futures Purchases/Sales		-	-	-
6.2.5	Others		-	-	-
VII.	**ITEMS HELD IN CUSTODY**	21	**173.995**	**109.502**	**283.497**
	TOTAL OFF-BALANCE SHEET ITEMS		**22.682.357**	**14.718.335**	**37.400.692**

	STATEMENT OF OFF-BALANCE SHEET ITEMS	Notes	Audited Prior Period 31 December 2017 TL	FC	TOTAL
I.	**REVOCABLE FACTORING TRANSACTIONS**		**139.115**	**44.315**	**183.430**
II.	**IRREVOCABLE FACTORING TRANSACTIONS**		**229.541**	**28.191**	**257.732**
III.	**COLLATERALS RECEIVED**	21	**16.739.598**	**9.016.561**	**25.756.159**
IV.	**COLLATERALS GIVEN**	21	**1.068.552**	**22.721**	**1.091.273**
V.	**COMMITMENTS**		-	-	-
5.1	Irrevocable Commitments		-	-	-
5.2	Revocable Commitments		-	-	-
5.2.1	Lease Commitments		-	-	-
5.2.1.1	Financial Lease Commitments		-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-
5.2.2	Other Revocable Commitments		-	-	-
VI.	**DERIVATIVE FINANCIAL INSTRUMENTS**	21	**1.188.153**	**1.185.261**	**2.373.414**
6.1	Derivative Financial Instruments for Risk Management		-	-	-
6.1.1	Fair Value Hedges		-	-	-
6.1.2	Cash Flow Hedges		-	-	-
6.1.3	Net Foreign Investment Hedges		-	-	-
6.2	Trading Derivatives		1.188.153	1.185.261	2.373.414
6.2.1	Forward Foreign Currency Purchases/Sales		-	-	-
6.2.2	Swap Purchases/Sales		1.188.153	1.185.261	2.373.414
6.2.3	Put/Call Options		-	-	-
6.2.4	Futures Purchases/Sales		-	-	-
6.2.5	Others		-	-	-
VII.	**ITEMS HELD IN CUSTODY**	21	**478.073**	**131.235**	**609.308**
	TOTAL OFF-BALANCE SHEET ITEMS		**19.843.032**	**10.428.284**	**30.271.316**

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

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

	INCOME STATEMENT	Notes	Audited Current Period 1 January- 31 December 2018
I.	**OPERATING INCOME**	**23**	**530.465**
1.1	FACTORING INCOME		**530.465**
1.1.1	Factoring Interest Income		489.758
1.1.1.1	Discounted		92.664
1.1.1.2	Other		397.094
1.1.2	Factoring Commission Income		40.707
1.1.2.1	Discounted		4.883
1.1.2.2	Other		35.824
	INCOME ON FINANCING LOANS		**-**
1.2	Interest Income on Financial Loans		-
1.3	Fees and Commission Income on Financial Loans		-
	LEASE INCOME		-
1.4	Finance Lease Income		-
1.5	Operational Lease Income		-
1.6	Fees and Commission Income on Lease Operations		-
II.	**FINANCING EXPENSES**	**24**	**455.243**
2.1	Interest Expense on Funds Borrowed		364.783
2.2	Interest Expense on Factoring Payables		-
2.3	Interest Expense on Financial Leases		-
2.4	Interest Expense on Debt Securities Issued		71.773
2.5	Other Interest Expenses		-
2.6	Fees and Commission Expenses		18.687
III.	**GROSS PROFIT / LOSS (I+II)**		**75.222**
IV.	**OPERATING EXPENSES (-)**	**25**	**29.725**
4.1	Personnel Expenses		20.786
4.2	Provision Expense for Employee Termination Indemnity		188
4.3	Research and Development Expenses		-
4.4	General Administrative Expenses		8.751
4.5	Other		-
V.	**GROSS OPERATING PROFIT / LOSS (III+IV)**		**45.497**
VI.	**OTHER OPERATING INCOME**	**26**	**1.287.006**
6.1	Interest Income on Banks		22
6.2	Interest Income on Reverse Repurchase Agreements		-
6.3	Interest Income on Securities		-
6.3.1	Interest Income on Financial Assets Valued at Fair Value Through Profit or Loss		-
6.3.2	Interest Income on Financial Assets Valued at Fair Value Through Other Comphresenive Income		-
6.3.3	Interest Income on Financial Assets Measured at Amortized Cost		-
6.4	Dividend Income		2.716
6.5	Trading Account Income		-
6.6	Income From Derivative Financial Instruments		124.785
6.7	Foreign Exchange Gains		1.140.710
6.8	Other		18.773
VII.	**PROVISION(-)**	27	**10**
7.1	Specific provisions		-
7.2	Expected Credit Loss		10
7.3	General Provision		-
7.4	Other		-
VIII.	**OTHER OPERATING EXPENSES (-)**	**28**	**1.138.527**
8.1	Impairment Losses on Securities Portfolio		-
8.1.1	Impairment Losses on Financial Assets at Fair Value Through Profit or Loss		-
8.1.2	Impairment Losses on Financial Assets at Fair Value through Other Comprehensive Income		-
8.2	Impairment Losses on Non-current Assets		-
8.2.1	Impairment Losses on Tangible Assets		-
8.2.2	Impairment Losses on Assets Held for Sale and Discontinued Operations		-
8.2.3	Impairment Losses on Intangible Assets		-
8.2.4	Impairment Losses on Subsidiaries, Associates and Joint Ventures		-
8.3	Losses From Derivative Financial Instruments		595
8.4	Foreign Exchange Losses		1.137.894
8.5	Other		38
IX.	**NET OPERATIONAL PROFIT/LOSS (V+...+VIII)**		**193.966**
X.	**INCOME RESULTED FROM MERGERS**		**-**
XI.	**SHARES OF THE PROFITS /LOSSES OF INVESTMENTS VALUED BY EQUTY METHOD**		**-**
XII.	**GAIN/LOSS ON NET MONETARY POSITION**		**193.966**
XIII.	**PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX(IX+X+XI)**		**193.966**
XIV.	**PROVISION FOR TAX FROM CONTINUING OPERATIONS (±)**	**29**	**46.948**
14.1	Current Tax Charge	16	38.743
14.2	Deferred Tax Expense Effect (-)	11	8.593
14.3	Deferred Tax Income Effect (+)	11	(388)
XV.	**NET PROFIT/LOSS AFTER TAX FROM CONTINUING OPERATIONS(XII±XIII)**		**147.018**
XVI.	**INCOME FROM DISCONTINUED OPERATIONS**		
16.1	Income from Assets Held for Sale		
16.2	Income from Sale of Associates, Subsidiaries and Joint-Ventures		
16.3	Other Income From Discontinued Operations		
XVII.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		
17.1	Expense From Assets Held for Sale		
17.2	Expense from Sale of Associates, Subsidiaries and Joint-Ventures		
17.3	Other expense from Discontinued Operations		
XVIII.	**PROFIT/LOSS BEFORE TAX ON DISCONTINUED OPERATIONS**		
XIX.	**PROVISION FOR TAX FROM DISCONTINUED OPERATIONS (±)**		
19.1	Current Tax Charge		
19.2	Deferred Tax Expense Effect (-)		
19.3	Deferred Tax Income Effect (+)		
XX.	**NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS**		
XXI.	**NET PROFIT/LOSS**	**30**	**147.018**
	EARNINGS PER SHARE(*)		**2,315**
	Earnings Per Share from Contining Operations		2,315
	Earnings Per Share from Discontinued Operations		-
	DILUTED EARNINGS PER SHARE		**2,315**
	Earnings Per Share from Contining Operations		-
	Earnings Per Share from Discontinued Operations		-

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.
(*)Presented in exact TL.

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

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2017

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

	INCOME STATEMENT	Notes	Audited Prior Period 1 January- 31 December 2017
I.	**OPERATING INCOME**	23	**328.040**
1.1	FACTORING INCOME		328.040
1.1.1	Factoring Interest Income		309.152
1.1.1.1	Discounted		76.144
1.1.1.2	Other		233.008
1.1.2	Factoring Commission Income		18.888
1.1.2.1	Discounted		4.163
1.1.2.2	Other		14.725
	INCOME ON FINANCING LOANS		-
1.2	Interest Income on Financial Loans		-
1.3	Fees and Commission Income on Financial Loans		-
	LEASE INCOME		-
1.4	Finance Lease Income		-
1.5	Operational Lease Income		-
1.6	Fees and Commission Income on Lease Operations		-
II.	**FINANCING EXPENSES**	24	**(354.886)**
2.1	Interest Expense on Funds Borrowed		(304.510)
2.2	Interest Expense on Factoring Payables		-
2.3	Interest Expense on Financial Leases		-
2.4	Interest Expense on Debt Securities Issued		(36.806)
2.5	Other Interest Expenses		-
2.6	Fees and Commission Expenses		(13.570)
III.	**GROSS PROFIT / LOSS (I+II)**		**(26.846)**
IV.	**OPERATING EXPENSES (-)**	25	**(25.107)**
4.1	Personnel Expenses		(16.765)
4.2	Provision Expense for Employee Termination Indemnity		(137)
4.3	Research and Development Expenses		-
4.4	General Administrative Expenses		(8.205)
4.5	Other		-
V.	**GROSS OPERATING PROFIT / LOSS (III+IV)**		**(51.953)**
VI.	**OTHER OPERATING INCOME**	26	**496.297**
6.1	Interest Income on Banks		74
6.2	Interest Income on Reverse Repurchase Agreements		-
6.3	Interest Income on Securities		228
6.3.1	Interest Income on Trading Financial Assets		228
6.3.2	Interest Income on Financial Assets Valued at Fair Value Through Profit or Loss		-
6.3.3	Interest Income on Financial Assets Available-for-Sale		-
6.3.4	Interest Income on Investments Held to Maturity		-
6.4	Dividend Income		1.329
6.5	Trading Account Income		138.030
6.5.1	Derivatives		138.030
6.5.2	Others		-
6.6	Foreign Exchange Gains		352.631
6.7	Other		4.005
VII.	**SPECIFIC PROVISIONS FOR NON-PERFORMING RECEIVABLES (-)**	27	**(3.210)**
VIII.	**OTHER OPERATING EXPENSES (-)**	28	**(380.124)**
8.1	Impairment Losses on Securities Portfolio		-
8.1.1	Impairment Losses on Financial Assets at Fair Value Through Profit or Loss		-
8.1.2	Impairment in Value of Financial Assets Available-for-Sale		-
8.1.3	Impairment in Value of Investments Held to Maturity		-
8.2	Impairment in Value of Non Current Assets		-
8.2.1	Impairment in Value of Tangible Assets		-
8.2.2	Impairment in Value of Assets Held for Sale and Assets Related to Discontinued Operations		-
8.2.3	Impairment in Value of Goodwill		-
8.2.4	Impairment in Value of Other Intangible Assets		-
8.2.5	Impairment in Value of Subsidiaries, Associates and Joint-Ventures		-
8.3	Losses From Derivative Financial Instruments		(373)
8.4	Foreign Exchange Losses		(379.751)
8.5	Other		-
IX.	**OPERATIONAL PROFIT/LOSS, NET (V+...+VIII)**		**61.010**
X.	**INCOME RESULTED FROM MERGERS**		-
XI.	**GAIN/LOSS ON NET MONETARY POSITION**		-
XII.	**PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX(IX+X+XI)**		**61.010**
XIII.	**PROVISION FOR TAX FROM CONTINUING OPERATIONS (±)**	29	**(11.480)**
13.1	Current Tax Charge	16	(8.928)
13.2	Deferred Tax Expense Effect (-)	11	(5.305)
13.3	Deferred Tax Income Effect (+)	11	2.753
XIV.	**NET PROFIT/LOSS AFTER TAX FROM CONTINUING OPERATIONS(XII±XIII)**		**49.530**
XV.	**INCOME FROM DISCONTINUED OPERATIONS**		-
15.1	Income from Assets Held for Sale		-
15.2	Income from Sale of Associates, Subsidiaries and Joint-Ventures		-
15.3	Other Income From Discontinued Operations		-
XVI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-
16.1	Expense From Assets Held for Sale		-
16.2	Expense from Sale of Associates, Subsidiaries and Joint-Ventures		-
16.3	Other expense from Discontinued Operations		-
XVII.	**PROFIT/LOSS BEFORE TAX ON DISCONTINUED OPERATIONS**		-
XVIII.	**PROVISION FOR TAX FROM DISCONTINUED OPERATIONS (±)**		-
18.1	Current Tax Charge		-
18.2	Deferred Tax Expense Effect (-)		-
18.3	Deferred Tax Income Effect (+)		-
XIX.	**NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS**		-
XX.	**NET PROFIT/LOSS**		**49.530**
	EARNINGS PER SHARE	30	**0,00780**
	Earnings Per Share from Contining Operations		0,00780
	Earnings Per Share from Discontinued Operations		-
	DILUTED EARNINGS PER SHARE	30	**0,00780**
	Earnings Per Share from Contining Operations		0,00780
	Earnings Per Share from Discontinued Operations		-

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately

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

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

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

	PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME		Audited Current Period
			1 January- 31 December 2018
I.	**CURRENT PERIOD PROFIT/LOSS**		**147.018**
II.	**OTHER COMPREHENSIVE INCOME**		**(3.284)**
2.1	**Items that will not be Reclassified to Profit or Loss**		**(83)**
2.1.1	Tangible Assets Revaluation Increases/Decreases		-
2.1.2	Intangible Assets Revaluation Increases/Decreases		-
2.1.3	Employee Benefits Re-Measuring Loss/Income		(104)
2.1.4	Other Comprehensive Income that will not be Reclassified to Other Profit or Loss		-
2.1.5	Taxes related with Other Comprehensive Income that will not be Reclassified to Profit or Loss		21
2.2	**Items that may be Reclassified to Profit or Loss**		**(3.201)**
2.2.1	Foreign Currency Translation Differences		-
2.2.2	Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value through Other Comprehensive Income		(3.201)
2.2.3	Cash Flow Hedge Income/Losses		
2.2.4	Net Investment Hedge Income/Losses		
2.2.5	Other Comprehensive Income that may be Reclassified to Other Profit or Loss		
2.2.6	Taxes related with Other Comprehensive Income that may be Reclassified to Profit or Loss		
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**		**143.734**

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately

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

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

	PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME		Audited Prior Period
			1 January- 31 December 2017
I.	**NET PROFIT/LOSS**		**49.530**
II.	**OTHER COMPREHENSIVE INCOME**		**10.402**
2.1	**Items that will never be Reclassified to Profit or Loss**		**(23)**
2.1.1	Tangible Assets Revaluation Increases/Decreases		-
2.1.2	Intangible Assets Revaluation Increases/Decreases		-
2.1.3	Employee Benefits Re-Measuring Loss/Income	**17**	(29)
2.1.4	Other Comprehensive Income that will not be Reclassified to Other Profit or Loss		-
2.1.5	Taxes related with Other Comprehensive Income that will not be Reclassified to Profit or Loss		**6**
2.1.5.1	Current Tax Benefit/Charge		-
2.1.5.2	Deferred Tax Benefit/Charge (-)		6
2.2	**Items that are or may be Reclassified to Profit or Loss**	**11**	**10.425**
2.2.1	Foreign Currency Translation Differences		-
2.2.2	Valuation and/or Reclassification Income/Losses from Assets Held for Sale		10.425
2.2.3	Cash Flow Hedge Income/Losses		-
2.2.4	Net Investment Hedge Income/Losses		-
2.2.5	Other Comprehensive Income that are or may be Reclassified to Other Profit or Loss		-
2.2.6	Taxes related with Other Comprehensive Income that may be Reclassified to Profit or Loss		-
2.2.6.1	Current Tax Income /Expense		-
2.2.6.2	Deferred Tax Income / Expense (-)		-
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**		**59.932**

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN SHAREHOLDER’S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

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

							Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss			Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss						
	CHANGES IN SHAREHOLDER’S EQUITY	Note	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ (Loss)	Net Current Period Profit/ Loss	Total Equity
	Current Period (01.01 – 31.12.2018)		-													
I.	**Balance at the Beginning of the Period (31.12.2017)**		63.500	-	-	5.277	-	4	-	-	12.347	-	58.096	-	49.530	188.754
II.	**Correction Made According to TAS 8(*)**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(31.365)	-	(31.365)
III.	**New Balance (I+II)**		63.500	-	-	5.277	-	4	-	-	12.347	-	58.096	(31.365)	49.530	157.389
IV.	**Total Comprehensive İncome**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	**Cash Capital Increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from internal reserves**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Paid-in-Capital Inflation Adjustment**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increases / Decreases due to other changes**	18	-	-	-	-	-	(83)	-	-	(3.201)	-	-	-	-	(3.284)
XI.	**Profit for the Period**		-	-	-	-	-	-	-	-	-	-	-	-	147.018	147.018
XII.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	49.530	-	(49.530)	-
12.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	49.530	-	(49.530)	-
12.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the End of the Period (III+IV+.....+XI+XII)		63.500	-	-	5.277	-	(79)	-	-	9.146	-	107.626	(31.365)	147.018	301.123

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

(*)Restatements for the prior period is related with TFRS 9 policy change where details are disclosed in Footnote I, Section Three.

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

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

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

								Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss			Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss											
	CHANGES IN SHAREHOLDER'S EQUITY	Note	Paid-in Capital	Share capital Reserves	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Profit Reserves	Net Profit/Loss	Prior Period Profit/ (Loss)	Net Current Period Profit/ Loss	Total Equity
	Current Period (01.01 – 31.12.2017)																					
I.	**Balance at the Beginning of the Period (31.12.2016)**		**63.500**	**5.277**	**-**	**-**	**5.277**	**-**	**27**	**-**	**-**	**1.922**	**-**	**25.157**	**4.316**	**-**	**20.841**	**-**	**32.939**	**-**	**32.939**	**128.822**
II.	**Correction Made According to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New Balance (I+II)**		**63.500**	**5.277**	**-**	**-**	**5.277**	**-**	**27**	**-**	**-**	**1.922**	**-**	**25.157**	**4.316**	**-**	**20.841**	**-**	**32.939**	**-**	**32.939**	**128.822**
IV.	**Total Comprehensive İncome**	18	-	-	-	-	-	-	(23)	-	-	10.425	-	-	-	-	-	-	-	-	-	10.402
V.	**Cash Capital Increase**		-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from internal reserves**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Paid-in-Capital Inflation Adjustment**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increases / Decreases due to other changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit for the Period**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49.530	-	49.530	49.530
XII.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	-	32.939	1.647	-	31.292	-	(32.939)	-	(32.939)	-
12.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	-	32.939	1.647	-	31.292	-	(32.939)	-	(32.939)	-
12.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at the End of the Period (III+IV+.....+XI+XII)		**63.500**	**5.277**	**-**	**-**	**5.277**	**-**	**4**	**-**	**-**	**12.347**	**-**	**58.096**	**5.963**	**-**	**52.133**	**-**	**49.530**	**-**	**49.530**	**188.754**

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

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

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018
(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

			Audited Current Period
		Notes	**31 December 2018**
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**		**123.679**
1.1.1	Interests received/Lease income		489.758
1.1.2	Interests paid/Lease expense		(436.556)
1.1.3	Lease Expenses		-
1.1.4	Dividends Received		2.716
1.1.5	Fee and Commissions Received		40.707
1.1.6	Other Income		124.785
1.1.7	Collections From Previously Written-Off Receivables	7	8.136
1.1.8	Payments to Personnel and Service Suppliers		(20.786)
1.1.9	Taxes Paid	16	(46.948)
1.1.10	Others		(38.133)
1.2	**Changes in Operating Assets and Liabilities**		**(454.581)**
1.2.1	Net (Increase) Decrease in Factoring Receivables		1.479.990
1.2.2	Net (Increase) Decrease in Other Assets		(3.262)
1.2.3	Net (Increase) Decrease in Factoring Payables		2.069
1.2.3	Net Increase (Decrease) in Lease Payables		-
1.2.4	Net Increase (Decrease) in Funds Borrowed		(1.943.206)
1.2.5	Net Increase (Decrease) in Matured Payables		-
1.2.6	Net Increase (Decrease) in Other Liabilities		9.828
I.	**Net Cash From Operating activities**		**(330.902)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		-
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures		-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-
2.3	Purchases of Tangible and Intangible Assets	9,10	932
2.4	Sales of Tangible and Intangible Assets		(72)
2.5	Cash Paid for Purchase of Financial Assets Available-for-Sale		-
2.6	Cash Obtained From Sale of Financial Assets Available-for-Sale		-
2.7	Cash Paid for Purchase of Held-to-Maturity Investment Securities		-
2.8	Cash obtained from Sale of Held-to-Maturity Investment Securities		-
2.9	Others		-
II.	**Net Cash Used in Investing Activities**		**860**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		-
3.1	Cash Obtained from Funds Borrowed and Debt Securities Issued		590.150
3.2	Cash Used for Repayment of Funds Borrowed and Debt Securities Issued		(271.774)
3.3	Equity Instruments Issued		-
3.4	Dividends Paid		-
3.5	Payments for Finance Leases		-
3.6	Others		-
III.	**Net Cash Generated from in Financing Activities**		**318.376**
IV.	**Effect of Change in Foreign Exchange Rates on Cash and Cash Equivalents**		**1.445**
V.	**Net Increase/(Decrease) in Cash and Cash Equivalents**		**(10.221)**
VI.	**Cash and Cash Equivalents at the Beginning of the Year**	**5**	**17.776**
VII.	**Cash and Cash Equivalents at the End of the Year**	**5**	**7.555**

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately

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

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

			Audited Prior Period
		Notes	**31 December 2017**
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**		**47.207**
1.1.1	Interests received/Lease income		290.862
1.1.2	Interests paid/Lease expense		(341.316)
1.1.3	Lease Expenses		-
1.1.4	Dividends Received		1.329
1.1.5	Fee and Commissions Received		18.888
1.1.6	Other Income		138.030
1.1.7	Collections From Previously Written-Off Receivables	7	2.127
1.1.8	Cash Payments to Personnel and Service Suppliers		(15.952)
1.1.9	Taxes Paid	18	(12.169)
1.1.10	Others		(34.592)
1.2	**Changes in Operating Assets and Liabilities**		**(115.849)**
1.2.1	Net (Increase) Decrease in Factoring Receivables		(1.206.699)
1.2.2	Net (Increase) Decrease in Other Assets		(17.547)
1.2.3	Net (Increase) Decrease in Factoring Payables		(1.959)
1.2.3	Net Increase (Decrease) in Lease Payables		-
1.2.4	Net Increase (Decrease) in Funds Borrowed		1.143.421
1.2.5	Net Increase (Decrease) in Matured Payables		-
1.2.6	Net Increase (Decrease) in Other Liabilities		(33.065)
I.	**Net Cash From Operating activities**		**(68.642)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures		-
2.2	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-
2.3	Purchases of Tangible and Intangible Assets	9,10	(1.684)
2.4	Sales of Tangible and Intangible Assets		-
2.5	Cash Paid for Purchase of Financial Assets Available-for-Sale		-
2.6	Cash Obtained From Sale of Financial Assets Available-for-Sale		-
2.7	Cash Paid for Purchase of Held-to-Maturity Investment Securities		-
2.8	Cash obtained from Sale of Held-to-Maturity Investment Securities		-
2.9	Others		-
II.	**Net Cash Used in Investing Activities**		**(1.684)**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
3.1	Cash Obtained from Funds Borrowed and Debt Securities Issued		77.358
3.2	Cash Used for Repayment of Funds Borrowed and Debt Securities Issued		-
3.3	Equity Instruments Issued		-
3.4	Dividends Paid		-
3.5	Payments for Finance Leases		-
3.6	Others		-
III.	**Net Cash Generated from in Financing Activities**		**77.358**
IV.	**Effect of Change in Foreign Exchange Rates on Cash and Cash Equivalents**		**1.940**
V.	**Net Increase/(Decrease) in Cash and Cash Equivalents**		**8.972**
VI.	**Cash and Cash Equivalents at the Beginning of the Year**	**5**	**8.804**
VII.	**Cash and Cash Equivalents at the End of the Year**	**5**	**17.776**

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2017 and 2018 financial statements are prepared on different principles, 2017 financial statements are presented separately.

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2018

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

		Current Year (31 December 2018)
I.	**DISTRIBUTION OF CURRENT YEAR PROFIT (*)**	
1.1	PROFIT FOR THE YEAR	193.966
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	46.948
1.2.1	Corporate Tax (Income Tax)	38.743
1.2.2	Withholding Tax	-
1.2.3	Other Taxes and Duties (**)	8.205
A.	**NET PROFIT FOR THE YEAR (1.1-1.2)**	**147.018**
1.3	ACCUMULATED LOSSES (-)	-
1.4	FIRST LEGAL RESERVES (-)	-
1.5	OTHER STATUTORY RESERVES (-)	-
B	**NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**-**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-
1.6.1	To Owners of Ordinary Shares	-
1.6.2	To Owners of Privileged Shares	-
1.6.3	To Owners of Redeemed Shares	-
1.6.4	To Profit Sharing Bonds	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-
1.7	DIVIDENDS TO PERSONNEL (-)	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-
1.9.1	To Owners of Ordinary Shares	-
1.9.2	To Owners of Privileged Shares	-
1.9.3	To Owners of Redeemed Shares	-
1.9.4	To Profit Sharing Bonds	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-
1.10	SECOND LEGAL RESERVES (-)	-
1.11	STATUS RESERVES (-)	-
1.12	EXTRAORDINARY RESERVES	-
1.13	OTHER RESERVES	-
1.14	SPECIAL FUNDS	-
II.	**DISTRIBUTION FROM RESERVES**	**-**
2.1	DISTRIBUTION OF RESERVES	-
2.2	SECOND LEGAL RESERVES (-)	-
2.3	DIVIDENTS TO SHAREHOLDERS (-)	-
2.3.1	To Owners of Ordinary Shares	-
2.3.2	To Owners of Privileged Shares	-
2.3.3	To Owners of Redeemed Shares	-
2.3.4	To Profit Sharing Bonds	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-
2.4	DIVIDENDS TO PERSONNEL (-)	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-
III.	**EARNINGS PER SHARE**	**-**
3.1	TO OWNERS OF ORDINARY SHARES (full TL) (***)	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-
3.3	TO OWNERS OF PRIVILEGED SHARES (full TL)	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-
		-
IV.	**DIVIDEND PER SHARE**	-
		-
4.1	TO OWNERS OF ORDINARY SHARES (TL)	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-
4.3	TO OWNERS OF PRIVILEGED SHARES (TL)	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-

(*) As at the report date, the General Assembly Meeting has not been held; therefore, only net profit is presented in the profit distribution table above for 2018.

(**) As per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Company has no deferred tax income as at 31 December 2018.(31 December 2017: None).

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2017

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

		Prior Year (31 December 2017)
I.	**DISTRIBUTION OF CURRENT YEAR PROFIT (*)**	
1.1	PROFIT FOR THE YEAR	61.010
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	(11.480)
1.2.1	Corporate Tax (Income Tax)	(8.928)
1.2.2	Withholding Tax	-
1.2.3	Other Taxes and Duties (**)	(2.552)
A.	**NET PROFIT FOR THE YEAR (1.1-1.2)**	**49.530**
1.3	ACCUMULATED LOSSES (-)	-
1.4	FIRST LEGAL RESERVES (-)	2.476
1.5	OTHER STATUTORY RESERVES (-)	-
B	**NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**49.530**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-
1.6.1	To Owners of Ordinary Shares	-
1.6.2	To Owners of Privileged Shares	-
1.6.3	To Owners of Redeemed Shares	-
1.6.4	To Profit Sharing Bonds	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-
1.7	DIVIDENDS TO PERSONNEL (-)	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-
1.9.1	To Owners of Ordinary Shares	-
1.9.2	To Owners of Privileged Shares	-
1.9.3	To Owners of Redeemed Shares	-
1.9.4	To Profit Sharing Bonds	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-
1.10	SECOND LEGAL RESERVES (-)	-
1.11	STATUS RESERVES (-)	-
1.12	EXTRAORDINARY RESERVES	47.054
1.13	OTHER RESERVES	-
1.14	SPECIAL FUNDS	-
II.	**DISTRIBUTION FROM RESERVES**	**-**
2.1	DISTRIBUTION OF RESERVES	-
2.2	SECOND LEGAL RESERVES (-)	-
2.3	DIVIDENTS TO SHAREHOLDERS (-)	-
2.3.1	To Owners of Ordinary Shares	-
2.3.2	To Owners of Privileged Shares	-
2.3.3	To Owners of Redeemed Shares	-
2.3.4	To Profit Sharing Bonds	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-
2.4	DIVIDENDS TO PERSONNEL (-)	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-
III.	**EARNINGS PER SHARE**	**-**
3.1	TO OWNERS OF ORDINARY SHARES (full TL) (***)	0,00780
3.2	TO OWNERS OF ORDINARY SHARES (%)	0,780
3.3	TO OWNERS OF PRIVILEGED SHARES (full TL)	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-
		-
IV.	**DIVIDEND PER SHARE**	-
		-
4.1	TO OWNERS OF ORDINARY SHARES (TL)	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-
4.3	TO OWNERS OF PRIVILEGED SHARES (TL)	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-

(*) Please see Note-31 "Earnings Per Share" for details.

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Faktoring Finansman Hizmetleri A.Ş., was incorporated on 6 July 1993 in Turkey and started its operations in October 1993. Company's trade name was amended as İş Faktoring A.Ş. ("the Company") at the Ordinary General Assembly on 27 March 2013. The change in title has been registered in the Trade Registry Gazette dated 16 April 2013 and numbered 1353. The core business of the Company is factoring operations, both domestic and abroad.
The Company maintains its operations in accordance with "Finance Lease, Factoring and Financing Companies Law" published on Official Gazette no. 28496 dated 13 December 2012 and "Regulation on Principles for Establishment and Operations of Finance Lease, Factoring and Financing Companies of Banking Regulation and Supervision Agency ("BRSA)".

The ultimate parent of the Company is Türkiye İş Bankası A.Ş. The main shareholder of the Company is İş Finansal Kiralama A.Ş. with 78,23% shareholding. Türkiye Sınai Kalkınma Bankası A.Ş. is also shareholder of the Company with 21,75% shareholding.

As at 31 December 2018, the number of employees of the Company is 124. (31 December 2017: 120)

The head office of the Company is located at:

İş Kuleleri, Kule 1 Kat: 10 34330 4. Levent / Istanbul Türkiye

Dividend payable:

None.

Approval of the financial statements:

The financial statements as of 31 December 2018 have been approved by the Board of Directors of the Company and authorized for issue at 1 February 2019. The General Assembly and/or regulatory authorities have the discretion of making changes in the financial statements after their issuance.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of the Presentation

The accompanying financial statements are prepared in accordance with "Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public" published on the Official Gazette no.28861 dated 24 December 2013 promulgated by Banking Regulation and Supervision Agency ("BRSA"), Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and the appendices and interpretations promulgated by the Public Oversight Accounting and Auditing Standarts Authority ("POA") and the regulations, communiqués, statements and circulars published by BRSA on accounting and financial reporting principles (together referred to as "BRSA Accounting and Financial Reporting Principles").

The financial statements as at 31 December 2018 are presented accordingly to the amendment on Financial Leasing, Factoring and Financing Companies' Accounting Applications and Financial Statements regulation which was issued on 2 May 2018 and which has become effective on 30 September 2018.

The accompanying financial statements are prepared on the historical cost basis except for the financial instruments recognized at fair value. Historical cost determined by the amount paid for the assets is based on fair value.

Additional Paragraph for Convenience Translation to English

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

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

2.1 Basis of the Presentation (Continued)

Functional and Reporting Currency

Functional currency of the Company, and the presentation currency for the financial statements is Turkish Lira ("TL").

Preparation of Financial Statements in Hyperinflationary Periods

The financial statements of the Company have been adjusted for the effects of inflation in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies" until 31 December 2004. By a circular issued on 28 April 2005, BRSA declared that the application of inflation accounting has been ceased to be applied for the companies operating in Turkey starting from 1 January 2005, since the provisions of hyperinflationary economy do not exist anymore.

Comparative information and correction of prior periods' financial statements

The Company adopted "TFRS 9-Financial instruments" for the first time in the current period. The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules and the effect of the first time adoption of the related standard is recognized under equity in the current period. Since, current period and prior period financial statements are prepared on different principles, prior period financial statements and disclosures are presented separately. TFRS 9 effects on the Company's financial position and performance are explained in Section Three, t. Other Disclosures.

Accounting estimates

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

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

Note 7 – Factoring receivables, non-performing receivables

Note 17 – Employee benefits

Note 20 – Commitments and contingencies

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

2.2 Change in accounting Estimates and Errors

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods.

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

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2018 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2018. 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 1 January 2018 are as follows:

TFRS 15 Revenue from Contracts with Customers

In September 2016, POA issued TFRS 15 Revenue from Contracts with Customers. The new standard issued includes the clarifying amendments to IFRS 15 made by IASB in April 2016. 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). TFRS 15 effective date is January 1, 2018. The Company recognizes fees and commissions in accordance with the standard.

TFRS 9 Financial Instruments

In January 2017, POA issued the final version of TFRS 9 Financial Instruments. The final version of TFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. TFRS 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, TFRS 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. TFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Company recognized the effects of TFRS 9 on financial instruments, within the statement of financial position as of January 1, 2018 and the Standard's effects on the Company's financial position and performance are explained in Section Three, t.Other Disclosures.

TFRS 4 Insurance Contracts (Amendments)

In December 2017, POA issued amendments to TFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. These amendments are applied for annual periods beginning on or after 1 January 2018.The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

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

2.3 The new standards, amendments and interpretations(Continued)

TFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation issued by POA on 19 December 2017 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. The impact of this standard on the financial statements or performance of the Company has been assessed and the interpretation did not have a significant impact on the financial position or performance of the Company.

TFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)

In December 2017, POA issued amendments to TFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

a. the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

b. share-based payment transactions with a net settlement feature for withholding tax obligations; and

c. a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments did not have a significant impact on the financial position or performance of the Company.

TAS 40 Investment Property: Transfers of Investment Property (Amendments)

In December 2017, POA issued amendments to TAS 40 "Investment Property". The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

Annual Improvements to TFRSs - 2014-2016 Cycle

In December 2017, POA issued Annual Improvements to TFRS Standards 2014–2016 Cycle, amending the following standards:

- TAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying TFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are to be applied for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendments did not have an impact on the financial position or performance of the Company.

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

2.3 The new standards, amendments and interpretations(Continued)

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 financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 16 Leases

In April 2018, POA has published a new standard, TFRS 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. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers,office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company is in the process of assessing the impact of the standard on the financial position and performance of the Company, the explanation of preliminary analyses is as follows:

Transition to TFRS 16:

In April 2018, POA has published a new standard, TFRS 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. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

The Company plans to elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Company has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

The Company carries out analysis in order to determine the effects of transition to TFRS 16 and evaluates standard's impact.

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

2.3 The new standards, amendments and interpretations(Continued)

TAS 28 Investments in Associates and Joint Ventures (Amendments)

In December 2017, POA issued amendments to TAS 28 Investments in Associates and Joint Ventures. The amendments clarify that a company applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

TFRS 9 Financial Instruments excludes interests in associates and joint ventures accounted for in accordance with TAS 28 Investments in Associates and Joint Ventures. In this amendment, POA clarified that the exclusion in TFRS 9 applies only to interests a company accounts for using the equity method. A company applies TFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019 with early application permitted.The amendments are 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 December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

TFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments.
When there is uncertainty over income tax treatments, the interpretation addresses:
(a) whether an entity considers uncertain tax treatments separately;
(b) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
(c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
(d) how an entity considers changes in facts and circumstances.

This Interpretation will be applied for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application. The Company is in the process of assessing the impact of the interpretation on financial position or performance of the Company.

Annual Improvements – 2015–2017 Cycle

In December 2017, the IASB announced Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

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

2.3 The new standards, amendments and interpretations(Continued)

- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

On February 2018, the IASB published Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" to harmonise accounting practices and to provide more relevant information for decision-making. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Prepayment Features with Negative Compensation (Amendments to TFRS 9)

The POA issued minor amendments to TFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying TFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted. Overall, the Company expects no significant impact on its balance sheet and equity.

iii) 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 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

2.3 The new standards, amendments and interpretations(Continued)

Definition of a Business (Amendments to IFRS 3)

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:
- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Definition of Material (Amendments to IAS 1 and IAS 8)

In October 2018, the IASB issued amendments to "IAS 1 Presentation of Financial Statements" and "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors" to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and valuation principles used to prepare the accompanying financial statements are as follows:

a. <u>Revenue</u>

Factoring revenue consists of factoring interest and commission income collected or accrued on advances given to the customers. Commission income is a certain percentage of the total amount of invoices subject to factoring. Factoring interest and commission income is recognised on accruals basis using effective interest methods.

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

All income and expenses are accounted for on accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Tangible Assets

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

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

Leasehold improvements are depreciated in straight-line method, over shorter of their useful lifes or tenancy.

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

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

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

Descriptions	***Years***
Furniture and fixtures	5 years
Leasehold improvements	5 years

c. Intangible Assets

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

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

d. Impairment of 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

e. Borrowing Costs

All borrowing costs are recorded in the profit or loss statement in the period in which they are incurred.

f. Financial Instruments

Financial assets

As of 1 January 2018, the Company within the scope of "TFRS 9 Financial Instruments", classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets at Measured at Amortised Cost" by taking into account their business model and contractual cash flow characteristics. Financial assets are recognized or derecognized according to TFRS 9 "Recognition and Derecognition in the financial statements" requirements. The Company recognizes a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. Financial assets are measured at their fair value on initial recognition in the financial statements.

Financial Assets at Fair Value Through Profit or Loss

Financial assets other than financial assets that are measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason. Financial assets which are derivative instruments not acting as a hedging instrument against financial risk is also classified under Financial assets at fair value through profit or loss.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortized cost are those financial assets where the company has the intention and ability to held to the maturity, fixed or determinable payment plan, fixed-term debt instruments. Financial assets measured at amortized cost are recorded at amortized cost using the effective interest method less impairment, with revenue recognized using effective interest method.

Financial Assets at Fair Value Through Other Comprehensive Income

The Company has equity investments and debt securities quoted on an active market and investments in fair values are classified as financial assets carried at fair value through other comprehensive income.The Company has equity instruments that are not traded and not quoted in an active market whose fair value differences are reflected in other comprehensive income and are measured at cost, since their fair value cannot be measured reliably.

Gains and losses arising from changes in the fair value impairment loss recognized in the income statement, interest and monetary assets and interest and monetary assets calculated using the effective interest method are recognized in other comprehensive income and the financial assets are accumulated in the fund of revaluation. In the event that the investment is disposed of or is impaired, the total profit / loss accumulated in the revaluation fund of financial assets is classified in the income statement.

Dividends on equity instruments recognized at fair value through other comprehensive income are recognized in income statement when the Company's right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial Instruments (Continued)

Factoring receivables and other receivables

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

Factoring transactions are accounted for at carrying amounts in subsequent reporting periods. The Company management believes that carrying amounts of factoring receivables approximate to their fair values since amortization is taken into account at initial recognition.

In accordance with the "TFRS 9-Financial Instruments, the Company recognizes expected credit loss allowance on financial assets at fair value through other comprehensive income or financial assets measured at amortized cost.

Under TFRS 9, the expected credit loss and specific provision is calculated according to the "three-stage" impairment model based on the change in the loan quality of financial assets after initial recognition and detailed in the following headings:

Stage 1:

An important determinant for calculating the expected credit loss in accordance with TFRS 9 is to assess whether there is a significant increase in the credit risk of the financial asset. Financial assets that have not experienced a significant increase in credit risk since the initial recognition are monitored in the first stage. Impairment for credit risk for the financial assets is equal to the 12-month expected credit losses.

Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets are measured at an amount equal to the instrument's lifetime expected credit loss. In order to classify a financial asset in the second stage, the following criteria is considered:

- Overdue between 30-90 days
- Restructuring of the loan
- Significant deterioration in the probability

In the event of a significant deterioration in the probability of default, the credit risk is considered to be increased significantly and the financial asset is reclassified as stage 2.

Stage 3

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. Expected credit loss of these financial assets is measured at an amount equal to the lifetime expected credit loss. The following basic factors are considered for the classification of a financial asset in the third stage:

- More than 90 days past due
- Whether the credit rating is weakened, has suffered a significant weakness or can not be collected or there is a certain opinion on this matter

Specific provision is provided for factoring receivables in Stage 3.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial Instruments (Continued)

Cash and cash equivalents

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

Financial liabilities

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

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. The change in fair value is accounted under the statement of profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

Other financial liabilities

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

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

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

g. Derivative Financial Instruments

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivative financial instruments (primarily foreign currency forward and currency swap contracts) to hedge its financial risks associated with foreign currency and interest rate fluctuations in relation to forecasted currency and loan transactions. In addition, the FC-TL direction foreign currency swap transactions are chosen due to its cost of advantage and are used to create foreign currency financing. TL is obtained from the banks as loan which is then converted into foreign currency by swap transactions and the interest paid is shown under finance expense in the financial statements of the Company.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured at fair value at subsequent reporting dates. Although some of the derivative transactions provide economic hedging, since all necessary conditions for hedge accounting have not been met, the Company classifies these transactions as held for trading and therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

h. Effects of Changes in Exchange Rates

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

The foreign currency exchange rates used by the Company as at 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018	**31 December 2017**
USD	5,2609	3,7719
EUR	6,0280	4,5155
GBP	6,6528	5,0803

AUD	3,7026	2,9384

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Effects of Changes in Exchange Rates (Continued)

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

i. Earnings per Share

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

j. Events after the Reporting Period

Events after the reporting period means the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with TAS 10 "Events After the Reporting Date"; post-balance sheet events that provide additional information about the Company's position at the reporting dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

k. Provisions, Contingent Liabilities and Contingent Assets

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

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

l. Leases

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

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Segment Reporting

The Company provides factoring services only in Turkey. Furthermore, there are no business segments whose financial performance are reviewed by the Company's management separately. Hence, the Company has not disclosed segment reporting.

n. Taxes on Income

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

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

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

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

o. Employee Benefits / Reserve for Employee Termination Benefits

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 recognized in the accompanying financial statements as accrued. The computation of the liability is based upon the retirement pay ceiling announced by the government.

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

	31 December 2018	31 December 2017
Discount rate	4,22%	4,49%
Expected rate of salary/limit increase	11,3%	7,00%
Probability of retirement	100%	100%

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the retirement pay ceiling is revised semi annually, the ceiling amount of full TL 5.434,42 effective from 31 December 2018 has been taken into consideration in calculation of provision for employee termination benefits (retirement pay provision) (31 December 2017: full TL 4.732,48).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Statement of Cash Flows

In the statement of cash flows, cash flows are reported as classifying according to operating, investing and financing activities.

Cash flows from operating activities reflect cash flows mainly generated from factoring operations of the Company.

Cash flows from investing activities express cash used in investing activities (direct investments and financial investments) and cash flows generated from investing activities of the Company.

Cash flows relating to financing activities express sources of financial activities and payment schedules of the Company.

r. Share Capital and Dividends

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

s. Related Parties

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

For the purpose of the accompanying financial statements, shareholders of the Company, the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties (Note 8).

t. Other Disclosures

1. TFRS 9 Financial Instruments

The Company has started to apply "TFRS 9 Financial Instruments" ("TFRS 9") published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017 instead of "TAS 39 Financial Instruments: Accounting and Measurement" starting from 1 January 2018. The Company has started to apply TFRS 9 accordingly to Financial Leasing, Factoring and Financing Companies' Accounting Applications and Financial Statements regulation which was issued in the Official Gazette numbered 30409 dated 2 May 2018, starting from 1 January 2018. The Company measures and classifies its financial instruments in accordance with the requirements of TFRS 9 as of the mentioned date. The explanation for the application and the effect of the mentioned TFRS 9 standard is listed below.

1.a. Classification and Measurement

In accordance with TFRS 9, if a financial asset is held in a business model that aims to collect contractual cash flows or in a business model that aims to collect contractual cash flows and to sell financial assets, the financial asset is classified based on the contractual cash flow's characteristics.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has assessed whether contractual cash flows for all financial assets within the scope of TFRS 9 include principle and interest payments on principle balance only and has implemented asset classifications within the framework of existing business models.

Financial Assets	Book Value Before TFRS 9 31.12.2017	Reclassifications	Remeasurements	Book Value After TFRS 9 01.01.2018	Tax Effect	Equity Effect
Factoring Receivables						
Pre-classification balance	4.246.966					
Valuation effect						
Book Value After Classification				4.246.966		
Expected Credit Loss and Specific Provision	(39.630)		(40.212)	(79.841)	8.847	(31.365)

1.b. Provision For Expected Credit Losses (-)

	Book Value Before TFRS 9 31.12.2017	Reclassifications	TFRS 9 Book Value 01.01.2018
Factoring Receivables	39.630	40.212	79.841
Stage 1 (Expected Loss Provisions)		40.349	40.349
Stage 2 (Expected Loss Provisions)		205	205
Stage 3 (Specific provisions)	39.630	(342)	39.287
Total	39.630	40.212	79.841

1.c. Effects on Equity

In accordance with the related requirements of "TFRS 9-Financial Instruments" published in the Official Gazette numbered 29953 dated 19 January 2017, there is no obligation to restate the prior period information. If the prior period information is not restated, the difference between the prior book value and the book value of 1 January 2018 at the date of application must be reflected in the opening balance of equity. The explanations regarding the issue is presented below.

Specific and general provisions reserved under the applicable legislation before the transition to TFRS 9 are canceled and the expected loss provision is set according to TFRS 9 principles. In this context;

- A net expense effect of TL 40.212 on total loss provisions of the above mentioned transactions,

- A deferred tax asset of TL 8.846 for expected loss provisions,

As a result of the mentioned transactions, there has been a decrease of TL (31.365) in prior year's profit/loss.

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

4. DERIVATIVE FINANCIAL ASSETS

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

As at 31 December 2018 and 31 December 2017, details of derivative financial assets and derivative financial liabilities are as follows:

	31 December 2018		31 December 2017	
	TL	**FC**	**TL**	**FC**
Financial Assets from Swap Transactions	979	-	2.139	-
	979	**-**	**2.139**	**-**

5. CASH and CASH EQUIVALENTS

	31 December 2018		31 December 2017	
	TL	**FC**	**TL**	**FC**
Demand Deposits	2.107	5.448	1.982	9.004
Time Deposits	-	-	-	6.790
	2.107	**5.448**	**1.982**	**15.794**

As at 31 December 2018, EUR 451 thousand ,USD 474 Thousand, GBP 26 thousand, AUD 16 thousand, total TL 5.448 thousand portion of total foreign currency deposits (31 December 2017: EUR 1.358 thousand ,USD 1.902 thousand, GBP 480 thousand, total TL 15.794) and TL 2.107 thousand portion of total TL deposits (31 December 2017: TL 1.982) consist of accounts at the Company’s ultimate shareholder, Türkiye İş Bankası A.Ş.

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

	31 December 2018	31 December 2017
Demand deposits	7.555	10.986
Time deposits (Up to 3 months)	-	6.790
Time Deposits Accrual	-	-
Cash and cash equivalents	**7.555**	**17.776**

As at 31 December 2018, the Company does not have any time deposits.

As at 31 December 2018 and 31 December 2017, there is no blockage on cash and cash equivalent.

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

6. FINANCIAL ASSETS at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2018 and 31 December 2017, details of financial assets at fair value through other comprehensive income (Formerly known as 'Financial assets available for sale'):

				Ownership rate (%)		Carrying Amount	
Title of the investment	**Core business**	**Incorporation and location**	**Voting right (%)**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş	Investment and Securities Services	İstanbul	2,43	2,43	2,43	17.780	21.164
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,89	0,89	0,89	1.337	1.153
Unquoted investments:							
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	39	39
İş Net Elektronik Bilgi Üretim Dağ Tic. ve İletişim Hiz. A.Ş.	Inf. Comm. and Techn. Services	İstanbul	1,00	1,00	1,00	686	666
Efes Varlık Yönetim A.Ş.	Asset Management	İstanbul	5,00	5,00	5,00	2.000	1.500
TOTAL						**21.842**	**24.522**

7. FACTORING RECEIVABLES AND PAYABLES

Factoring receivables:

	Short Term	**Long Term**	**Total**
Factoring receivables	2.731.827	7.064	2.738.891
Unearned interest income (-)	(8.916)	-	(8.916)
Ongoing Contracts (*)			
Advances Given			
Expected Credit Loss - Stage 1	(9.314)	(98)	(9.412)
Expected Credit Loss - Stage 2	(2.875)	-	(2.875)
Total factoring receivables	**2.710.722**	**6.966**	**2.717.688**
Non-performing factoring receivables	31.016	-	31.016
Specific provisions- Stage 3	(23.827)	-	(23.827)
Factoring receivables, net	**2.717.911**	**6.966**	**2.724.877**

Ratings	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Total portfolio	2.469.836	260.739	31.016	2.760.991
Very good	1.714.790	-	-	1.714.790
Standard	755.046	-	-	755.046
Substandard	-	260.739	31.016	291.155
Expected credit loss and specific provisions	**9.412**	**2.875**	**23.827**	**36.114**
Factoring receivables, net	**2.460.425**	**257.263**	**7.189**	**2.724.877**

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

7. FACTORING RECEIVABLES AND PAYABLES (Continued)

Factoring receivables (Continued):

	Carried value			Expected credit loss		
	Stage 1	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Financial assets	7.555	-	-	10	-	-
Factoring alacakları	2.469.836	260.739	31.016	9.412	2.875	23.827

As at 31 December 2018, TL 593.136 thousands, EUR 34.952 thousands, USD 55.672 thousands and GBP 12 thousands of factoring receivables have variable rates (31 December 2017: TL 592.022, EUR 70.938, USD 51.330 and GBP 1.864) while TL 1.607.396 thousands, EUR 34.952 thousands, USD 55.672 thousands, GBP 13.667 thousands of factoring receivables have fixed rates (31 December 2017: TL 2.202.052, EUR 81.767 thousands, USD 138.031 thousands).

As at 31 December 2018, the average interest rate applicable for the factoring receivables is; 34,93% for TL, 14,33% for USD, 6,22% for EUR and 6,51% for GBP (31 December 2017: 17,65% for TL, 5,67% for USD, 3,54% for Euro and 5,98% for GBP).

The Company has contractual sureties as collateral for factoring receivables.

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

	31 December 2018	**31 December 2017**
Domestic irrevocable	1.564.723	1.867.312
Domestic revocable	817.689	1.801.683
Foreign revocable	118.471	342.619
Foreign irrevocable	223.994	195.722
	2.724.877	**4.207.336**

As of the balance sheet date, the Company does not have any restructured factoring receivables balance, that may be overdue or doubtful if it is not restructured. (31 December 2017: None)

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

	31 December 2018	**31 December 2017**
Between 90 – 180 days	10.920	2.146
Between 180 – 360 days	5.702	1.505
Over 360 days	14.394	38.448
	31.016	**42.099**

The Company has contractual sureties as collateral for the above non-performing factoring receivables.

The movement of expected credit loss and specific provision is as follows:

	31 December 2018	**31 December 2017**
Allowance at the beginning of the period(*)	(79.841)	(38.547)
Provision reversed during the period	8.496	-
Allowance set during the period	-	(3.210)
Collections (Note 27)	8.136	2.127
Write-Off	27.095	-
Allowance at the end of the period	**(36.114)**	**(39.630)**

(*) IFRS 9 opening balance.

(**)The movement table as at 31 December 2017 relates to table relates to specific provisions before TFRS 9.

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

7. FACTORING RECEIVABLES AND PAYABLES (Continued)

Factoring Payables:
As at 31 December 2018 and 31 December 2017, details of factoring payables are as follows:

	31 December 2018		31 December 2017	
	TL	**FC**	**TL**	**FC**
Factoring payables	2.106	1.742	993	786
	2.106	**1.742**	**993**	**786**

As at 31 December 2018, details of Standard and factoring receivables under close monitoring and amendments related to the extension of the payment plan of the factoring receivables under close monitoring are as follows:

	Standard Loans	**Loans Under Close Monitoring**
Number of Amendments Related to the Extension of the Payment Plan	-	-
Extended for 1 or 2 Times	-	190.109
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-

	Standard Loans	**Loans Under Close Monitoring**
The Time Extended via the Amendment on payment Plan	-	-
0-6 Months	-	617
6 Months – 12 Months	-	180.917
1 – 2 Years	-	8.575
2 –5 Years	-	-
5 Years and More	-	-

8. RELATED PARTIES

	31 December 2018	**31 December 2017**
Factoring receivables		
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	-	49.900
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş.	18.848	15.942
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	2.774	766
	21.622	**66.608**

	31 December 2018	**31 December 2017**
Payables		
Türkiye İş Bankası A.Ş.	-	241
İş Merkezleri Yönetim ve İşletim A.Ş.	12	91
İş Net Elektronik Bilgi Üretim Dağ Tic. ve İletişim Hiz. A.Ş.	2	-
Anadolu Sigorta A.Ş.	11	2
	25	**334**

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

8. RELATED PARTIES (Continued)

Banks	**31 December 2018**	**31 December 2017**
Türkiye İş Bankası A.Ş. Time Deposit	-	6.790
İşbank AG Demand Deposit	459	5.579
Türkiye İş Bankası A.Ş. Demand Deposit	4.637	4.264
Türkiye Sınai Kalkınma Bankası A.Ş.	43	18
	5.139	**16.651**

Derivative Financial Assets	**31 December 2018**	**31 December 2017**
Türkiye Sınai Kalkınma Bankası A.Ş.	675	466
Türkiye İş Bankası A.Ş.	89	-
	764	**466**

Borrowings

As at 31 December 2018 and 31 December 2017, details of borrowings from related parties are as follows:

Türkiye İş Bankası A.Ş.

Currency	**Interest Rate %**	**Maturity**	**31 December 2018**
TL	26,00-29.40	02.01.2019 – 31.12.2021	600.605
			600.605

Currency	**Interest Rate %**	**Maturity**	**31 December 2017**
TL	17,00-17,50	02.01.2018-04.01.2018	436.109
			436.109

Türkiye Sınai Kalkınma Bankası A.Ş.

Currency	**Interest Rate %**	**Maturity**	**31 December 2018**
USD	4,60	20.06.2020	131.734
			131.734

Currency	**Interest Rate %**	**Maturity**	**31 December 2017**
EUR	1,01	15.09.2018	8.081
USD	2,68	15.09.2018	3.804
			11.885

İşbank AG

Currency	**Interest Rate %**	**Maturity**	**31 December 2018**
TL	25,50	Overdraft	30.600
			30.600

As at 31 December 2018, the company does not have any borrowings from İş Bank AG.

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

8. RELATED PARTIES (Continued)

As at 31 December 2018 and 31 December 2017, nominal amounts of derivatives transactions with the related parties, Türkiye Sınai Kalkınma Bankası A.Ş and T.İş Bankası A.Ş are as follows:

	31 December 2018		31 December 2017	
Swap Transactions	**Purchase**	**Sale**	**Purchase**	**Sale**
Türkiye Sınai Kalkınma Bankası A.Ş	185.007	184.132	223.139	222.542
Türkiye İş Bankası A.Ş.	90.268	90.067	-	-
	275.275	**274.199**	**223.139**	**222.542**

For the periods ended 31 December 2018 and 31 December 2017, income and expenses from related parties are as follows:

Time deposit interest income	**31 December 2018**	**31 December 2017**
Türkiye İş Bankası A.Ş.	22	-
	22	**-**

Factoring Interest Income	**31 December 2018**	**31 December 2017**
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	4.129	6.384
Ortopro Tıbbi Aletler San. ve Tic. A.Ş.	2.735	1.970
Toksöz Spor Malzemeleri	-	109
Nevotek Inc.	-	-
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	149	53
Şişecam Dış Tic.A.Ş.	-	5
	7.013	**8.521**

Factoring Commission Income	**31 December 2018**	**31 December 2017**
Şişecam Dış Tic.A.Ş.	131	101
Ortopro Tıbbi Aletler San. ve Tic. A.Ş.	284	85
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	10	-
	425	**186**

Dividend Income	**31 December 2018**	**31 December 2017**
İş Yatırım Menkul Değerler A.Ş.	2.676	1.095
Efes Varlık Yönetim A.Ş.	-	-
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş.	40	234
	2.716	**1.329**

Finance costs	**31 December 2018**	**31 December 2017**
Türkiye İş Bankası A.Ş.	8.775	5.357
Türkiye Sınai Kalkınma Bankası A.Ş.	11.165	16.648
İşbank AG	608	5
	20.548	**22.010**

Commission Expenses	**31 December 2018**	**31 December 2017**
İş Yatırım Menkul Değerler A.Ş.	2.033	1.155
Türkiye İş Bankası A.Ş.	285	641
Türkiye Sınai Kalkınma Bankası A.Ş.	31	231
İşbank AG	19	5
	2.368	**2.032**

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

8. RELATED PARTIES (Continued)

As of 31 December 2018 and 31 December 2017 amounts related to securities issued by the Company in the portfolio of related parties are as follows:

As of 31 December 2018 and 31 December 2017 the Company does not have any debt securities issued.

Interest Income on Securities	**31 December 2018**	**31 December 2017**
Türkiye İş Bankası A.Ş. (Investment Fund Income)	-	228
	-	**228**

Administrative Expenses	**31 December 2018**	**31 December 2017**
İş Merkezleri Yönetim ve İşletim A.Ş.	423	542
Anadolu Anonim Türk Sigorta A.Ş.	582	470
Anadolu Hayat Emeklilik A.Ş.	23	156
İş Net Elektronik Bilgi Üretim Dağ Tic. ve İletişim Hiz. A.Ş.	27	103
Softtech Yazılım Teknolojileri Araştırma Geliştirme ve PazarlamaTicaret A.Ş	49	30
Türkiye İş Bankası A.Ş.	30	23
	1.134	**1.324**

Rent Expenses	**31 December 2018**	**31 December 2017**
Türkiye İş Bankası A.Ş.	1.621	1.863
	1.621	**1.863**

Benefits paid to the key management (*)	**31 December 2018**	**31 December 2017**
Salaries and other short-term benefits (**)	4.001	3.427
	4.001	**3.427**

(*) Key management consists of general manager, assistant general managers and members of the board of directors.
(**) Consists of monetary benefits such as salaries along with vehicle rentals and other associated expenses.

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

9. TANGIBLE ASSETS

	Furniture and Fixtures	Leasehold Improvements	Total
Cost			
Opening balance at 1 January 2018	**2.207**	**377**	**2.584**
Additions	385	154	456
Disposals	(4)	(83)	(4)
Closing balance at 31 December 2018	**2.588**	**448**	**3.036**
Accumulated depreciation			
Opening balance at 1 January 2018	**(1.083)**	**(146)**	**(1.229)**
Depreciation for the year	(352)	(84)	(436)
Disposals	2	-	2
Closing balance at 31 December 2018	**(1.433)**	**(230)**	**(1.663)**
Net Carrying amount at 31 December 2018	**1.155**	**218**	**1.373**

	Furniture and Fixtures	Leasehold Improvements	Total
Cost			
Opening balance at 1 January 2017	**1.483**	**199**	**1.682**
Additions	798	178	976
Disposals	(74)	-	(74)
Closing balance at 31 December 2017	**2.207**	**377**	**2.584**
Accumulated depreciation			
Opening balance at 1 January 2017	**(900)**	**(105)**	**(1.005)**
Depreciation for the year	(252)	(41)	(293)
Disposals	69	-	69
Closing balance at 31 December 2017	**(1.083)**	**(146)**	**(1.229)**
Net Carrying amount at 31 December 2017	**1.124**	**231**	**1.355**

10. INTANGIBLE ASSETS

Cost	31 December 2018	31 December 2017
Opening balance at 1 January	1.986	1.278
Additions	475	708
Disposals	(68)	-
Closing balance at the end of the period	**2.393**	**1.986**
Accumulated amortization		
Opening balance at 1 January	(786)	(516)
Charge for year	(380)	(270)
Disposals	1	-
Closing balance at the end of the period	**(1.165)**	**(786)**
Net Carrying amount	**1.228**	**1.200**

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

11. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2018 and 31 December 2017, details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

Temporary time differences subject to deferred tax:	**31 December 2018**	**31 December 2017**
Accruals from derivative transactions	(979)	(2.139)
Unearned interest income	8.916	21.768
Cash collected commission income and expense	583	1.523
Employee bonus accrual	1.438	1.252
Reserve for employee benefits	701	479
Unused vacation provision	603	496
Allowance for doubtful factoring receivables	111	111
Tax base differences in tangible and intangible assets	(2.558)	(1.003)
Factoring Provisions	16.685	-
	25.500	**22.487**

Deferred tax assets / (liabilities)

	31 December 2018	**31 December 2017**
Accruals from derivative transactions	(215)	(470)
Unearned interest income	1.962	4.789
Cash collected commission income and expense	128	335
Employee bonus accrual	316	276
Reserve for employee benefits	154	96
Unused vacation provision	133	99
Allowance for doubtful factoring receivables	22	22
Tax base differences in tangible and intangible assets	(563)	(201)
Other (*)	3.671	-
Deferred tax assets (net)	**5.608**	**4.946**

(*) Deferred tax effect from TFRS 9 is included.

Movements of deferred tax assets movement for the years ended 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018	**31 December 2017**
Opening balance at 1 January (*)	13.792	7.492
Deferred tax benefit / (expense)	(8.205)	(2.552)
Classified Under Other comprehensive income	21	6
Closing balance	**5.608**	**4.946**

(*)Deferred tax effect amounting to TL 8.846 is included in TFRS 9 opening balance.

Tax rate used in computation of deferred tax assets and liabilities is 22% for the taxable income to be realized between 2018 and 2020 and 20% for the following years.

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

12. OTHER ASSETS

As at 31 December 2018 and 31 December 2017, details of prepaid expenses are as follows:

	31 December 2018		31 December 2017	
	TL	**FC**	**TL**	**FC**
Guarantee letter commission	1.560	-	792	-
Contribution Fee	914	-	499	-
Receivables from Legal expenses	613	-	195	-
Commision expenses	402	-	108	-
Insurance expenses	297	-	286	-
Information technology expenses	184	-	93	-
Loan commissions	57	-	43	22
Given Collaterals	40	-	33	-
Given deposits	7	-	4	-
Other receivables	2.780	348	2.349	871
	6.854	**348**	**4.402**	**893**

13. FUNDS BORROWED

As at 31 December 2018 and 31 December 2017, details of funds borrowed are as presented:

	31 December 2018		31 December 2017	
	TL	**FC**	**TL**	**FC**
Short-term borrowings	1.699.454	32.808	3.573.724	219.565
Short-term portion of long-term borrowings	-	50.277	-	-
Total short-term borrowings	**1.699.454**	**83.085**	**3.573.724**	**219.565**
Long-term borrowings	-	81.457	-	11.828
Total long-term borrowings	**-**	**81.457**	**-**	**11.828**
Total	**1.699.454**	**164.542**	**3.573.724**	**231.393**

As at 31 December 2018 and 31 December 2017, details of borrowings based on types of currency are as follows:

Currency	Interest rate %	Original currency amount(thousands)	31 December 2018
TL	23,50-29,40		1.689.618
USD	2.91-4.60	25.263	132.906
EUR	0,50-3.75	3.789	22.839
GBP	1,95-4,50	1.286	8.557
Loan interest accrual			10.076
Total			**1.863.996**

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

13. FUNDS BORROWED (Continued)

Currency	Interest rate %	Original currency amount(thousands)	31 December 2017
TL	13,60-19,70		3.549.742
USD	1,95-2,68	3.409	12.860
EUR	0,50-2,00	48.334	218.252
GBP	-	-	-
Loan interest accrual			24.263
Total			**3.805.117**

As at 31 December 2018 and 31 December 2017, interest rates of funds borrowed are expressed in compound rates.

As at 31 December 2018, fixed interest funds borrowed are TL 1.703.851 thousands and floating interest funds borrowed are TL 160.145 thousands. (As at 31 December 2017, fixed interest funds borrowed are TL 3.782.074 thousands and floating interest funds borrowed are TL 23.043 thousands).

As of 31 December 2018, letters of guarantee amounting to TL 1.081.269 for the funds borrowed amounting to TL 856.342. (31 December 2017: TL 1.066.040).

Fair values of the funds borrowed are presented in Note 32.

14. DEBT SECURITIES ISSUED

As at 31 December 2018 and 31 December 2017, the details of debt securities issued are as followed:

	31 December 2018		31 December 2017	
	TL	FC	TL	FC
Debt securities issued(Net)	577.835	-	259.459	-
	577.835	**-**	**259.459**	**-**

The details of bonds that were issued by the Company are as follows:

31 December 2018

ISIN CODE	Date Issued	Nominal Value	Maturity Date	Sales Method	Coupon Period	Simple Interest Rate%
TRFISFA11916	11.10.2018	150.000	07.01.2019	Qualified Investor	Payment at Maturity	29,50%
TRFISFA11924	23.11.2018	132.000	22.01.2019	Qualified Investor	Payment at Maturity	25,00%
TRFISFA21915	23.11.2018	191.000	21.02.2019	Qualified Investor	Payment at Maturity	25,25%
TRFISFA21923	18.12.2018	116.350	18.02.2019	Qualified Investor	Payment at Maturity	23,50%

31 December 2017

ISIN CODE	Date Issued	Nominal Value	Maturity Date	Sales Method	Coupon Period	Simple Interest Rate%
TRFISFA11817	10.07.2018	113.190	05.01.2018	Qualified Investor	Payment at Maturity	13,80
TRFISFA31815	11.09.2018	150.000	09.03.2018	Qualified Investor	Payment at Maturity	13,85

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

15. OTHER LIABILITIES

As at 31 December 2018 and 31 December 2017, details of other payables are as follows:

	31 December 2018		31 December 2017	
	TL	**FC**	**TL**	**FC**
Payables to suppliers	187	236	805	829
	187	**236**	**805**	**829**

	31 December 2018		31 December 2017	
	TL	**FC**	**TL**	**FC**
Other Liabilities	112	486	929	619
	112	**486**	**929**	**619**

16. CURRENT TAX LIABILITY

As at 31 December 2018 and 31 December 2017, details of current tax liability are as follows:

	31 December 2018	31 December 2017
Banking and Insurance Transaction Tax payable	4.008	2.601
Social Security Institution Premiums payable	290	489
Income tax payable	292	261
Other taxes and liabilities payable	10	9
	4.600	**3.360**

	31 December 2018	31 December 2017
Provision for corporate taxes	38.743	8.928
Prepaid taxes	(23.254)	(5.031)
Provision for corporate taxes (net)	**15.489**	**3.897**

17. EMPLOYEE BENEFITS

As at 31 December 2018 and 31 December 2017, details of reserve for employee benefits are as follows:

	31 December 2018	31 December 2017
Employee bonus provision	1.438	1.252
Vacation pay liability	603	496
Reserve for employee severance indemnity	701	479
	2.742	**2.227**

Under the Turkish Labor Law, the companies are required to pay termination benefits to each employee who has qualified for such amount at the end of its employment contract. Also, employees who are entitled to retirement are required to be paid retirement pay in accordance with the requirements of Act no. 2422 dated 6 March 1981, Act no. 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code no. 506. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended on 23 May 2002.

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

17. EMPLOYEE BENEFITS (Continued)

As the retirement pay ceiling is revised semi annually, the ceiling amount of TL full 5.434,42 effective from 31 December 2018 has been taken into consideration in calculation of provision for employee termination benefits (31 December 2017: 4.732,48 TL full).

TAS 19 – "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, as of 31 December 2018 and 31 December 2017, the following actuarial assumptions are used in the calculation of the employee severance liability:

	31 December 2018	**31 December 2017**
Net Discount rate	%4,22	%4,49
Limit / Salary increase rate	%11,3	%7,00
Estimated severance pay entitlement rate	%100	%100

For the periods ended 31 December 2018 and 31 December 2017, movements in severance pay are as follows:

	31 December 2018	**31 December 2017**
Balance at the beginning of the period	479	353
Interest cost	64	48
Service cost	124	90
Severence payment made	(70)	(41)
Actuarial difference	104	29
Balance at the end of the period	**701**	**479**

Actuarial gains or losses are recognized in other comprehensive income.

The movements of the vacation pay liability during the periods ended 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018	**31 December 2017**
Balance at the beginning of the period	496	278
Provision set during the period (net)	107	218
Balance at the end of the period	**603**	**496**

The movements of the employee bonus provision during the periods ended 31 December 2018 and 31 December 2017 are as follows:

	31 December 2018	**31 December 2017**
Balance at the beginning of the period	1.252	783
Increase during the period	1.438	1.252
Paid employee bonus during during the period	(1.252)	(783)
Balance at the end of the period	**1.438**	**1.252**

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

18. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 31 December 2018, nominal share capital of the Company is TL 63.500 and the share capital of the Company consists of 6.350.000.000 issued shares each with a nominal value of TL 1 Kurus.

With the decision of the General Assembly dated 19 March 2018, the Company decided to allocate TL 2.476 thousand general legal reserves calculated from the current period net profit and TL 47.054 thousand as extraordinary reserves.

As at 31 December 2018 and 31 December 2017, shareholders and their ownership percentages are as follows:

Shareholders	(%)	31 December 2018	(%)	31 December 2017
İş Finansal Kiralama A.Ş.	78,2311	49.677	78,2311	49.677
Türkiye Sınai Kalkınma Bankası A.Ş.	21,75	13.811	21,7500	13.811
Trakya Yatırım Holding A.Ş.	0,0063	4	0,0063	4
Topkapı Yatırım Holding A.Ş.(*)	0,0063	4	0,0063	4
TSKB Gayrimenkul Değerleme A.Ş.	0,0063	4	0,0063	4
Total	**100**	**63.500**	**100,0000**	**63.500**

Capital Reserves

As at 31 December 2018 and 31 December 2017, details of capital reserves are as follows:

	31 December 2018	31 December 2017
Share capital inflation restatement differences	4.064	4.064
Bonus shares obtained from associates, subsidiaries and Jointly controlled entities	1.213	1.213
Total	**5.277**	**5.277**

Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities:

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

Marketable Securities Revaluation Reserve:

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

As at 31 December 2018, the Company has presented TL 9.146 of difference gained from revaluation between cost and fair value of assets available for sale under equity as a separate line. (31 December 2017: TL 12.347).

Gain/(Loss) on Remeasurement of Defined Benefit Plans

The Company recognizes actuarial gains / losses arising from remeasurement of defined benefit plans in other comprehensive income and other gains / losses arising from remeasurment of defined benefit plans at personel expense in the statement of profit or loss.

The Company recognizes gains or losses on the reimbursements or settlement of a defined benefit plan when the reimbursements or settlement occurs. The reimbursements or settlement of a defined benefit plan compromises any resulting change in the present value of the defined benefit obligation, any resulting change in the fair value of the plan assets and any related actuarial gains and losses and past service cost had not previously been recognized.

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

19. PROFIT RESERVES

	31 December 2018	31 December 2017
Legal reserves	8.439	5.963
Extraordinary reserves	99.187	52.133
Total	**107.626**	**58.096**

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

20. COMMITMENTS AND CONTINGENCIES

As at 31 December 2018 and 31 December 2017, the details of guarantees taken by the Company are as follows:

	31 December 2018		31 December 2017	
	TL	**FC**	**TL**	**FC**
Guarantee and Sureties	14.402.262	10.022.584	11.531.593	6.974.211
Finance Note	6.271.593	2.500.967	5.130.131	1.608.222
Letter of Guarantee	11.150	-	38.761	698
Intangible Pledge	16.160	210.436	19.210	-
Trade Receivable Insurance	2.000	30.140	17.500	-
Tangible Pledge	13.711	5.261	2.403	3.772
Guarantees given by correspondents	-	1.293.955	-	429.658
	20.716.876	**14.063.343**	**16.739.598**	**9.016.561**

As at 31 December 2018, TL 4.269 of letters of guarantee are given to courts (31 December 2017: TL 2.512).

As at 31 December 2018, does not have irrevocable commitments (31 December 2017: TL None).

As at the reporting date, the Company have TL 4.397 guarantees, pledges or mortgages given for the purpose of guaranteeing any third party payables (31 December 2017: TL 22.721).

As at 31 December 2018, the details of derivative instruments of the Company are as follows:

	31 December 2018	
	FC(thousands)	**TL**
Swap Purchase Transactions:		
TL	-	428.915
		428.915
Swap Sale Transactions:		
USD	47.400	249.367
EUR	29.100	175.415
GBP	400	2.661
		427.443

	31 December 2017	
	FC(thousands)	**TL**
Swap Purchase Transactions:		
TL	-	1.188.153
		1.188.153
Swap Sale Transactions:		
USD	186.200	702.328
EUR	104.700	472.772
GBP	2.000	10.161
		1.185.261

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

20. COMMITMENTS AND CONTINGENCIES (Continued)

As at 31 December 2018, the Company has TL 12.513 unrealized profit and TL 20 unrealized loss arising from changes in fair value of derivative contracts which is related to profit/loss. (31 December 2017: TL 2.139 unrealized loss and TL 40 unrealized profit).

31 December 2018 and 31 December 2017, the details of the Company's items held in custody are as follows:

	31 December 2018		31 December 2017	
	TL	**FC**	**TL**	**FC**
Cheques	162.794	39.747	457.095	51.701
Notes	11.201	69.755	20.978	79.534
	173.995	**109.502**	**478.073**	**131.235**

21. SEGMENT REPORTING

The Company provides factoring services only in Turkey. Furthermore, there are no business segments whose financial performance are reviewed by the Company's management separately. Hence, the Company has not disclosed segment reporting.

22. EVENTS AFTER THE REPORTING PERIOD

None.

23. OPERATING INCOME

For the years ended 31 December 2018 and 31 December 2017, details of operating income are as follows:

	31 December 2018	31 December 2017
Interest income from factoring receivables	489.758	309.152
Fee and commission from factoring receivables	40.707	18.888
	530.465	**328.040**

24. FINANCE EXPENSE

For the years ended 31 December 2018 and 31 December 2017, details of finance expenses are as follows:

	31 December 2018	31 December 2017
Interest Expense	(364.783)	(304.510)
Interest Expense on Debt Securities Issued	(71.773)	(36.806)
Fees and Commission Expenses	(18.687)	(13.570)
	(455.243)	**(354.886)**

25. OPERATING EXPENSES

For the years ended 31 December 2018 and 31 December 2017, details of operating expenses are as follows:

	31 December 2018	31 December 2017
Personnel expenses	(20.786)	(16.765)
Office rent expenses	(1.824)	(1.989)
Information technology expenses	(1.190)	(1.024)
Vehicle expenses	(951)	(674)
Depreciation and amortisation expenses	(816)	(562)
Consultancy expenses	(346)	(309)
Vacation pay expenses	(107)	(218)
Severance pay expense	(188)	(137)
Attorney – Litigation expenses	(45)	(16)
Other administrative expenses	(3.472)	(3.413)
	(29.725)	**(25.107)**

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

26. OTHER OPERATING INCOME

For the years ended 31 December 2018 and 31 December 2017, details of other operating income are as follows:

	31 December 2018	31 December 2017
Foreign exchange gains	1.140.710	352.631
Gain on derivative transactions	124.785	138.030
Other	10.637	2.106
Collections from doubtful receivables	8.136	2.127
Dividend income	2.716	1.329
Interest from banks	22	74
	1.287.006	**496.297**

27. EXPECTED CREDIT LOSS

For the years ended 31 December 2018 and 31 December 2017, details of specific provision for non-performing receivables are as follows:

	31 December 2018	31 December 2017
Specific provisions	-	(3.210)
Expected credit loss	(10)	-
	(10)	**(3.210)**

28. OTHER OPERATING EXPENSES

For the years ended 31 December 2018 and 31 December 2017, details of other operating expenses are as follows:

	31 December 2018	31 December 2017
Foreign exchange losses	(1.137.894)	(379.751)
Losses from derivative financial transactions	(595)	(373)
Other	(38)	-
	(1.138.527)	**(380.124)**

29. TAXATION

For the years ended 31 December 2018 and 31 December 2017, details of income tax expense are as follows:

	31 December 2018	31 December 2017
Current tax charge	(38.743)	(8.928)
Deferred tax income / (expense)	(8.205)	(2.552)
	(46.948)	**(11.480)**

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

29. TAXATION (Continued)

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

	%	2018	%	2017
Net profit for the period		147.018		49.530
Total tax expense		46.948		11.480
Profit before tax		**193.966**		**61.010**
Income tax using the Company's tax rate	22,00	42.672	20,00	12.202
Other Income from Tax base	5,63	10.133	12,91	7.878
Tax exempt income	(3,67)	(5.857)	(14,09)	(8.600)
Total income tax expense	**23,96**	**46.948**	**18,82**	**11.480**

Corporate Tax

The Company is subject to the Turkish corporate taxes. Allowance is made in the accompanying financial statements for the estimated charge based on the Company's results for the period.

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

As at 31 December 2018, corporate income tax rate is 22% (31 December 2017: 20%).

In Turkey, temporary tax is calculated and accrued on a quarterly basis. The advance corporate income tax rate in 2018 is 22% (31 December 2017: 20%). Under the Turkish taxation system, tax losses can be carried forward up to five years. Tax losses can not be carried back to offset profit from previous periods.

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

Income Withholding Tax

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

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué, 18 November 2007 dated, on disguised profit distribution via Transfer Pricing sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes. . Companies are required to fill in the transfer pricing form which will be included in the annex of the annual corporate tax return. In this form, the amounts of all transactions with related companies and the methods of transfer pricing related to these transactions are specified in the related accounting period.

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

30. EARNINGS PER SHARE

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

Earnings per share calculations were made according to distributable net profit of issued shares dividend by the weighted average number.

The weighted average number of shares of the Company and earnings per share for the periods ended 31 December 2018 and 31 December 2017 are as follows:

	1 January- 31 December 2018	**1 January- 31 December 2017**
Weighted average number of outstanding shares (*)	6.350.000.000	6.350.000.000
Net profit for the period (TL)	147.018	49.530
Earnings per share (full TL)	0,0232	0,00780

(*)As at 31 December 2018, the share capital of the Company consists of 6.350.000.000 shares having Kurus 1 nominal price.

	31 December 2018	**31 December 2017**
Number of shares at beginning of the period	6.350.000.000	6.350.000.000
Capital increase	-	-
Number of shares at end of the period	**6.350.000.000**	**6.350.000.000**

31. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED TO BE EXPLAINED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

(a) Capital risk management

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

Although there is no change in the capital risk management strategy in 2018, the debt/equity ratio is 12% as at 31 December 2018 (31 December 2017: 5%). As at 31 December 2018 and 31 December 2017, the leverage ratios are as follows:

	31 December 2018	**31 December 2017**
Funds borrowed	1.863.996	3.805.117
Debt securities issued (Net)	577.835	259.459
Factoring payables	3.848	1.779
Total debt	2.445.679	4.066.355
Banks (-)	(7.555)	(17.776)
Net debt	**2.438.124**	**4.048.579**
Total equity	301.123	188.754
Equity / Debt Ratio	12%	5%

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(b) Categories of financial instruments

	31 December 2018	31 December 2017
Financial assets:		
Factoring receivables and non-performing factoring receivables	2.724.877	4.207.336
Financial assets at fair value through other comprehensive income	21.842	24.522
Banks	7.555	17.776
Fair value through profit or loss:	979	5.345
- Financial assets held for trading	-	*3.206*
- Derivative financial assets	*979*	*2.139*
Financial Liabilities:		
Funds borrowed	(1.863.996)	(3.805.117)
Debt securities issued (Net)	(577.835)	(259.459)
Factoring payables	(3.848)	(1.779)
Other liabilities	(1.021)	(1.548)
Financial assets at fair value through profit or loss:	-	-
-Derivative financial liabilities	-	-
Other payables	-	(1.634)

(c) Financial risk management objectives

The Company management is responsible for coordinating access to domestic and international markets, monitoring and managing the financial risks relating to the operations of the Company. Such risks include market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates (refer to section e), interest rates (refer to section f) and equity prices will affect the Company's income or the value of its holdings of financial instruments. At the Company level, market risk exposures are measured by sensitivity analysis.

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

There has been no change in the current year in the Company's exposure to market risks or the method it uses to manage and measure such risks compared to prior year.

(e) Currency risk management

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Company manages its foreign currency risk arising from its operations and cash flows of financial contracts by monitoring in a timely manner.

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk management (Continued)

As at 31 December 2018 and 31 December 2017, details of foreign currency denominated assets and liabilities are as follows:

31 December 2018	**USD (000)**	**EUR (000)**	**GBP (000)**	**AUD (000)**	**TL**
Banks	474	451	26	16	5.448
Factoring receivables (*)	75.337	34.801	2.056	0	619.797
Other (**)	125	19	-	-	764
Total assets	**75.936**	**35.271**	**2.082**	**16**	**626.009**
Factoring payables(***)	47	80	154	-	1.755
Funds borrowed	25.303	3.794	-	-	164.542
Other payables	76	48	5	-	722
Total liabilities	**25.426**	**3.922**	**159**	**-**	**167.019**
Balance sheet position	**50.510**	**31.349**	**1.923**	**16**	**458.990**
Derivative Transactions,Off balance sheet position	**186.200**	**104.700**	**2.000**	**-**	**427.443**
Net foreign currency position	**(135.511)**	**(73.351)**	**(77)**	**16**	**32.501**

(*) Foreign currency indexed factoring receivables amounting to USD 5.084 Thousand, EUR 11.398 Thousand (Total: TL 95.454 thousand) are presented in TL column in the accompanying financial statements as at 31 December 2018.

(**) Foreign currency indexed other assets amounting to USD 51 Thousand and EUR 26 Thousand (Total: TL 425 Thousand) are presented in TL column in the accompanying financial statements as at 31 December 2018.

(***) Foreign currency indexed factoring payables amounting to Euro 2 Thousand (Total: TL 13 Thousand) are presented in TP column in the accompanying financial statements as at 31 December 2018.

31 December 2017	**USD (000)**	**EUR (000)**	**GBP (000)**	**AUD (000)**	**TL**
Banks	1.902	1.358	480	-	15.794
Factoring receivables (*)	189.361	152.705	1.864	-	1.413.262
Other (**)	98	190	-	-	1.230
Total assets	**191.361**	**154.253**	**2.344**	**-**	**1.430.286**
Factoring payables(***)	116	144	4	-	1.110
Funds borrowed	3.418	48.389	-	-	231.393
Other payables (****)	313	211	5	-	2.153
Total liabilities	**3.847**	**48.744**	**9**	**-**	**234.656**
Balance sheet position	**187.514**	**105.509**	**2.335**	**-**	**1.195.630**
Derivative Transactions,Off balance sheet position	**186.200**	**104.700**	**2.000**	**-**	**1.185.261**
Net foreign currency position	**1.314**	**809**	**335**	**-**	**10.369**

(*) Foreign currency indexed factoring receivables amounting to USD 78.933 Thousand, EUR 49.197 Thousand (Total: TL 519.876 thousand) are presented in TL column in the accompanying financial statements as at 31 December 2017.

(**) Foreign currency indexed other assets amounting to USD 54 Thousand and EUR 29 Thousand (Total: TL 337 Thousand) are presented in TL column in the accompanying financial statements as at 31 December 2017.

(***) Foreign currency indexed factoring payables amounting to USD 84 Thousand EUR 2 Thousand (Total: TL 324 Thousand) are presented in TP column in the accompanying financial statements as at 31 December 2017.

(****) Foreign currency indexed other payables amounting to USD 181 Thousand and EUR 5 Thousand (Total: TL 705 Thousand) are presented in TL column in the accompanying financial statements as at 31 December 2017.

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk management (Continued)

Foreign currency sensitivity

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

	Profit / (Loss)		Equity (*)	
31 December 2018	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
15% change of the USD against TL				
1- Net USD asset/liability	40.000	(40.000)	40.000	(40.000)
2- Hedged portion of TL against USD risk (-)	37.405	(37.405)	37.405	(37.405)
3- Net effect of USD (1+ 2)	**77.405**	**(77.405)**	**77.405**	**(77.405)**
15% change of the Euro against TL				
4- Net Euro asset/liability	28.346	(28.346)	28.346	(28.346)
5- Hedged portion of TL against Euro risk (-)	26.312	(26.312)	26.312	(26.312)
6- Net effect of Euro (4+5)	**54.658**	**(54.658)**	**54.658**	**(54.658)**
15% change of other currencies against TL				
7-Net other currencies asset/liability	636	(636)	636	(636)
8-Hedged portion of TL against other currency risk (-)	399	(399)	399	(399)
9-Net effect of other currencies (7+8)	**1.035**	**(1.035)**	**1.035**	**(1.035)**
TOTAL (3+6+9)	**133.098**	**(133.098)**	**133.098**	**(133.098)**

(*) Includes profit/loss effect.

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

31 December 2017	**Profit / (Loss)**		**Equity (*)**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
15% change of the USD against TL				
1- Net USD asset/liability	106.093	(106.093)	106.093	(106.093)
2- Hedged portion of TL against USD risk (-)	(105.349)	105.349	(105.349)	105.349
3- Net effect of USD (1+ 2)	**744**	**(744)**	**744**	**(744)**
15% change of the Euro against TL				
4- Net Euro asset/liability	71.464	(71.464)	71.464	(71.464)
5- Hedged portion of TL against Euro risk (-)	(70.916)	70.916	(70.916)	70.916
6- Net effect of Euro (4+5)	**548**	**(548)**	**548**	**(548)**
15% change of other currencies against TL				
7-Net other currencies asset/liability	1.779	(1.779)	1.779	(1.779)
8-Hedged portion of TL against other currency risk (-)	(1.524)	1.524	(1.524)	1.524
9-Net effect of other currencies (7+8)	**255**	**(255)**	**255**	**(255)**
TOTAL (3+6+9)	**1.547**	**(1.547)**	**1.547**	**(1.547)**

(*) Includes profit/loss effect.

(f) Interest risk management

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

Interest rate sensitivity

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

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Interest risk management (Continued)

As at 31 December 2018 and 31 December 2017, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

Interest Position Table

	31 December 2018	**31 December 2017**
Fixed rate instruments		
Financial assets:		
Banks	-	6.790
Factoring receivables	2.027.450	3.091.909
Financial liabilities:		
Funds borrowed	1.703.851	3.782.074
Debt securities issued	577.835	259.459
Variable rate instruments		
Financial assets:		
Factoring receivables	697.427	1.115.427
Financial liabilities:		
Funds borrowed	160.145	23.043

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

- Interest income from variable rate factoring contracts would increase by TL 12.535 (31 December 2017: TL 11.154).
- Interest expense from variable rate loans will increase by TL 20. (31 December 2017: 230 TL).

(g) Other price risks

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

<u>Equity price sensitivity</u>

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

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

During the reporting period, all other variables are held constant and the data in the valuation method are 15% higher/ (lower):

Traded in the İstanbul stock exchange and shown in the accompanying financial table below are the securities available for sale and shares measured by market values. Due to the fluctuations in the index one can see changes in the fair value of the companies' equity (excluding tax) being a TL 5.370 increase / (decrease) (31 December 2017: TL 3.348).

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(h) Credit risk management

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

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

Sectoral allocation of factoring receivables is as follows:

	31 December 2018 (%)	31 December 2017 (%)
Energy, gas, water and petroleum resources	13,20	10,40
Construction	11,20	11,31
Motor vehicles	3,54	27,66
Machinery equipment	3,06	1,99
Textiles	2,93	5,81
Food and beverages	2,72	3,72
Metal industry	2,01	4,76
Chemical, plastic and pharmacy	1,60	3,10
Glass, tile, cement	0,74	1,22
Logistic	0,64	6,77
Forest products, paper, wood	0,58	1,30
Health	0,24	2,64
Tourism	0,12	0,05
Other	57,41	19,27
	100	**100**

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(h) Credit risk management (Continued)

As at 31 December 2018, exposure to credit risk based on categories of financial instruments is as follows:

	Factoring Receivables			
31 December 2018	**Related party**	**Other party**	**Deposits at banks**	**Financial assets at fair value through profit or loss**
Exposure to maximum credit risk as at reporting date (*)	21.075	2.710.991	7.555	979
- The portion of maximum risk covered by guarantee		1.765.002		
A. Net carrying value of financial assets which are neither impaired nor overdue	21.075	2.690.596	7.555	979
- The portion covered by guarantee		1.744.607		
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired				
C. Net carrying value of financial assets which are overdue but not impaired		20.395		
- The portion covered by guarantee				
D. Net carrying value of impaired assets		7.189		
- Overdue (gross carrying value)		31.016		
- Impairment (-)		(23.827)		
- Covered portion of net carrying value (with letter of guarantee etc) (**)				
- Not past due (gross carrying value)				
- Impairment (-)				
- Covered portion of net carrying value (with letter of guarantee etc) (**)				
E. Off balance sheet items with credit risks				

(*) Credit enhancing items such as; guarantees received, are not taken into account in the calculation.

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

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(h) Credit risk management (Continued)

As at 31 December 2017, details of exposure to credit risk based on categories of financial instruments are as follows:

	Factoring Receivables			
31 December 2017	**Related party**	**Other party**	**Deposits at banks**	**Financial assets at fair value through profit or loss**
Exposure to maximum credit risk as at reporting date (*)	66.608	4.140.728	17.776	5.345
- The portion of maximum risk covered by guarantee	-	1.889.090	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	66.608	4.133.968	17.776	5.345
- The portion covered by guarantee	-	1.884.799	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	4.291	-	-
- The portion covered by guarantee	-	4.291	-	-
D. Net carrying value of impaired assets	-	2.469	-	-
- Overdue (gross carrying value)	-	42.099	-	-
- Impairment (-)	-	(39.630)	-	-
- Covered portion of net carrying value (with letter of guarantee etc) (**)	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Covered portion of net carrying value (with letter of guarantee etc) (**)	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-

(*) Credit enhancing items such as; guarantees received, are not taken into account in the calculation.

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

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Liquidity risk management

The Company management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages its liquidity risk by maintaining adequate reserves and reserve borrowing facilities by constantly monitoring forecasts and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity risk table

The following table details the Company's expected maturity for its non-derivative financial assets and liabilities. The tables below have been prepared based on the earliest dates for collections and disbursements of the Company's assets and liabilities. Interest amounts to be collected and disbursed on the Company's assets and liabilities have also been included in the table below:

31 December 2018

Contractual Maturities	**Carrying Amount**	**Contractual Cash Inflows/(Outflows) (I+II+III+IV)**	**Less than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More than 5 Years (IV)**
Non-derivative financial assets	-	-	-	-	-	-
Banks	7.555	7.555	7.555	-	-	-
Factoring receivables	2.724.877	2.760.862	2.138.114	615.160	7.588	-
	2.732.432	**2.768.417**	**2.145.669**	**615.160**	**7.588**	**-**
Non-derivative financial liabilities	-	-	-	-	-	-
Factoring payables	3.848	3.848	3.848	-	-	-
Funds borrowed	1.863.996	1.876.976	1.753.939	-	141.037	-
Debt securities issued	577.835	590.150	590.150	-	-	-
	2.445.679	**4.470.974**	**3.329.737**	**-**	**141.037**	**-**

The Company makes payments based on contractual maturities.

31 December 2017

Contractual Maturities	**Carrying Amount**	**Contractual Cash Inflows/(Outflows) (I+II+III+IV)**	**Less than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More than 5 Years (IV)**
Non-derivative financial assets	3.206	3.206	3.206	-	-	-
Banks	17.776	17.776	17.776	-	-	-
Factoring receivables	4.204.867	4.321.872	2.681.018	1.598.179	41.675	-
	4.225.849	**4.342.854**	**2.702.000**	**1.598.179**	**41.675**	
Non-derivative financial liabilities	-	-	-	-	-	-
Factoring payables	1.779	1.779	1.779	-	-	-
Funds borrowed	3.805.117	3.815.081	3.629.912	185.169	-	-
Debt securities issued	259.459	263.190	263.190	-	-	-
	4.066.355	**4.080.050**	**3.894.881**	**185.169**	**-**	**-**

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Liquidity risk management (Continued)

The following table details the maturities of derivative financial assets and liabilities as at 31 December 2018 and 31 December 2017.

31 December 2018

Contractual Maturities	Net Cash Outflow	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Derivative cash inflows	428.915	428.915	428.915	-	-	-
Derivative cash outflows	427.443	427.443	427.443	-	-	-

31 December 2017

Contractual Maturities	Net Cash Outflow	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Derivative cash inflows	1.188.153	1.188.153	1.188.153	-	-	-
Derivative cash outflows	1.185.261	1.185.261	1.185.261	-	-	-

The Company management estimates that the carrying amount of the financial assets and liabilities approximate to their fair value.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange. The financial assets and liabilities, such as factoring receivables, cash at banks and short-term bank borrowings in TL which are recognized by discounted amount of estimated future cash flows, are considered to approximate their respective carrying values due to their short-term nature. The fair value prices of debt securities issued are determined on the basis of their prices in the market they are traded. The fair value level of debt securities issued is level 1, whereas level of fair value of other financial instruments is Level 2.

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Fair value of financial instruments

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

31 December 2018	Financial assets and liabilities	Financial assets Measured at amortized cost	Loans and receivables	Financial liabilities Measured at amortized cost	Carrying amount	Fair value	Notes
Financial Assets							
Cash and Cash Equivalents	-	7.555	-	-	7.555	7.555	5
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	
Derivative financial assets	979	-	-	-	979	979	4
Factoring receivables and non-performing factoring receivables	-	-	2.732.066	-	2.732.066	2.732.066	7
Financial liabilities							
Derivative financial Liabilities	-	-	-	-	-	-	4
Factoring Payables	-	-	-	3.848	3.848	3.848	7
Other liabilities	-	-	-	1.021	1.021	1.021	15
Funds borrowed	-	-	-	1.863.996	1.863.996	1.863.996	13
Debt securities issued	-	-	-	577.835	577.835	577.835	14

31 December 2017	Financial assets and liabilities held for trading	Financial assets at amortized cost	Loans and receivables	Financial liabilities at amortised cost	Carrying amount	Fair value	Note
Financial Assets							
Banks	-	17.776	-	-	17.776	17.776	5
Financial assets at fair value through profit or loss	-	-	-	-			
- Financial assets held for trading	3.206	-	-	-	3.206	3.206	
- Derivative financial assets held for trading	2.139	-	-	-	2.139	2.139	4
Factoring receivables and non-performing factoring receivables	-	-	4.207.366	-	4.207.366	4.207.366	7
Financial liabilities							
Derivative financial liabilities held for trading	-	-	-	-	-	-	4
Factoring payables	-	-	-	1.779	1.779	1.779	7
Other payables	-	-	-	1.635	1.635	1.635	15
Funds borrowed	-	-	-	3.805.117	3.805.117	3.805.117	13
Debt securities issued(Net)	-	-	-	259.459	259.459	259.475	14

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

32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value hierarchy of Financial Instruments

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

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

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

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

31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative financial assets	-	979	-	979
Financial assets at fair value through other comprehensive income	21.842	-	-	21.842
Total financial assets carried at fair value	**21.842**	**979**	**-**	**22.821**
Derivative financial liabilities	-	-	-	-
Total financial liabilities carried at fair value	**-**	**-**	**-**	**-**

31 December 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	3.206	-	-	3.206
Derivative financial assets held for trading	-	2.139	-	2.139
Available-for-sale financial assets (*)	22.317	-	-	22.317
Total financial assets carried at fair value	**25.523**	**2.139**	**-**	**27.662**
Derivative financial liabilities held for trading	-	-	-	-
Total financial liabilities carried at fair value	**-**	**-**	**-**	**-**