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# Independent Auditor's Report on the Board of Directors' Annual Report



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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of A&T Finansal Kiralama Anonim Şirketi

## Opinion

We have audited the annual report of A&T Finansal Kiralama Anonim Şirketi (the "Company") for the period between 1 January 2020 and 31 December 2020, since we have audited the complete set financial statements for this period.

In our opinion, the financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent, in all material respects, with the audited complete set of financial statements and information obtained during the audit and provides a fair presentation.

## Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards ("TAS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Annual Report section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Auditor's Opinion on Complete Set of Financial Statements

We have expressed an unqualified opinion on the complete set of financial statements of the Company for the period between 1 January 2020 and 31 December 2020 on 17 February 2021.

### Board of Directors' Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 ("TCC") the Company's management is responsible for the following regarding the annual report:

- a) The Company's management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.
- b) The Company's management prepares its annual report in such a way that it reflects the operations of the year and the and financial position of the Company accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Company's and financial statements. The annual report shall also clearly indicates the details about the Company's development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
- c) The annual report also includes the matters below:
  - Significant events occurred in the Company after the reporting period,
  - The Company's research and development activities.
  - Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

### Auditor's Responsibility for the Audit of the Annual Report

Our objective is to express an opinion on whether the and financial information included in the annual report in accordance with the TCC and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the audited and financial statements of the Company and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with Standards on Auditing issued by POA. Standards on Auditing issued by POA require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited financial statements regarding the position of the Company are consistent with the financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of KPMG International Cooperative

Erdoğan Tıkınak, SMMM  
Partner

17 February 2021  
İstanbul, Turkey





*We're always at your  
side with our strength*

With our market reputation and financial strength as a subsidiary of A&T Bank, we reinforce our identity as a trusted business partner that supports the real sector.

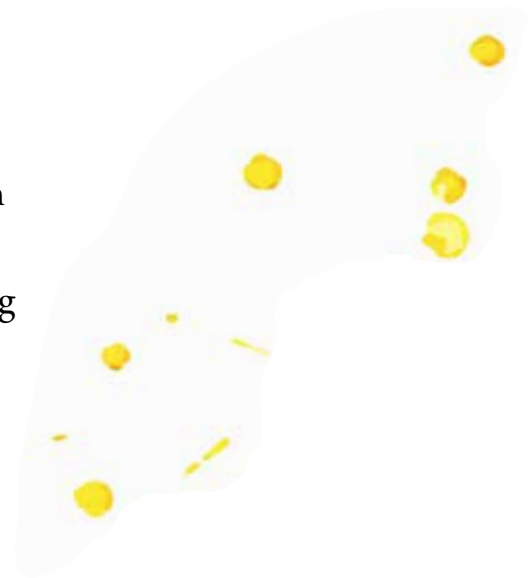
## Corporate Profile

### Strong financial structure, a skilled team, and expertise...

Founded in 1997, A&T Leasing is a subsidiary of A&T Bank, which controls a 99.98% stake in the company. It is a financial leasing company with a strong financial structure, a highly skilled team, and extensive expertise. A&T Leasing's growth strategy is informed by the goal of increasing market penetration through financial leasing transactions aimed at defined customer groups in niche markets.

Seeking primarily to support the small- and medium-sized businesses that are the bedrock of Turkey's real sector, the company commands a strong position in the business and construction equipment and the manufacturing-industry production and metalworking machinery groups that account for a substantial volume of the leasing industry's business.

Headquartered in İstanbul and with a branch office in Ankara, A&T Leasing also serves customers through branches of its parent, A&T Bank. Seeking to grow its own customer base through collaborations with vendors and other business partners, the company engages in an ongoing effort to expand its service network and customer-access capabilities.



## Chairman's Statement

A&T Finansal Kiralama A.Ş.'s financial leasing receivables increased by 11%.



**USD 3.3 billion**

The cumulative business volume of the sector reached USD 3.3 billion at the end of 2020.

Dear Esteemed Shareholders and Colleagues;

The epidemic, which spread globally in the first quarter of 2020, caused the global economic activity to contract significantly worldwide. Uncertainties regarding the course of the epidemic in the upcoming period, especially the reduced movement area of monetary policies, weak growth outlook and high indebtedness lead to a fragility risk for the global financial system. With the contribution of measures aimed at reducing the negative effects of the epidemic on economic activity in our country and supporting domestic demand and employment, economic

activity showed a strong recovery in the third quarter of the year. The partial continuation of travel restrictions on a global scale and the limited mobility caused by the epidemic limits the recovery in the service sector, especially in tourism activities. Despite the significant recovery in exports, the rapid credit expansion in import demand, the increase in gold demand strengthened by the trend of dollarization and the weak course of tourism revenues increased the current account deficit. The rebalancing that started with gradual tightening steps in loan growth and monetary aggregates is expected to limit the current account deficit in the upcoming period.



We expect that the positive environment will continue in 2021 both for the financial leasing sector and A&T Finansal Kiralama A.Ş.

**TL 67.4 billion**

Financial leasing receivables of the sector amounted TL 67.4 billion at the end of 2020.



By the help of measures and credit incentives implemented in the second quarter of 2020, the liquidity needs of individuals who lost income and the working capital needs of companies whose activities slowed down were supported. Considering the reflections of the rapid recovery in economic activity with strong credit momentum on inflation and external balance, gradual tightening steps have been taken in monetary policy since the beginning of August. In accordance with the price stability objective, the Central Bank carried out monetary tightening by significantly raising the main policy tool of 1-week repo rate in September and November.

Although the financial leasing sector has started to weaken with the economic shutdown brought by the epidemic since March 2020, it entered into a strong recovery trend in the third quarter of the year with the effect of the gradual mitigation of the epidemic measures and the measures and policy steps implemented throughout the epidemic. While, the sector closed the first quarter of 2020 with a business volume of TL 4.21 billion, this figure reached to TL 8.13 billion in the 4<sup>th</sup> quarter. Therefore, the cumulative business volume of the sector in 2020 increased 43% compared to year 2019. The financial leasing receivables of the sector was TL 57.1 billion as of 31.12.2019. The said amount realized TL 67.4 billion for the period 31.12.2020. The financial leasing receivables of A&T Finansal Kiralama A.Ş. were realized as TL 318 million for the period of 31.12.2019 and TL 352 million as of 31.12.2020. While the financial leasing receivables of the sector increased by 18%,

this figure of A&T Finansal Kiralama A.Ş. also increased by 11%. While, the cumulative business volume of the sector realized USD 2.55 billion at the end of year 2019, it reached a cumulative business volume of USD 3.3 billion at the end of year 2020. The strong recovery that started in the third quarter of 2020 will continue and we expect that the positive environment will continue in 2021 both for the financial leasing sector and A&T Finansal Kiralama A.Ş.

On behalf of the Board of Directors, I would like to extend our thanks to our clients, shareholders and creditor institutions for their valuable support and confident and also to extend our thanks to the general management and all the employees of the company for their effort and achievements.

**Wail J A BELGASEM**  
Chairman

# 1 - General Information

## 1.1 - The Relevant Accounting Period of the Report

This Activity Report belongs to the period between 01.01.2020 and 31.12.2020

## 1.2 - Company Trade Name, Address and Branch Information

Company Trade Name	A&T Finansal Kiralama A.Ş.
Trade Registration No	372702
Mersis Number	1116858435411604
Related Tax Office	Ümraniye
Registered Tax Number	001 008 5428
Address:	Örnek Mahallesi Finans Çıkmaızı Sokak No: 4 Ataşehir/İstanbul
Telephone:	+90 216 445 57 01 Pbx
Fax:	+90 216 445 57 07
Website:	www.atleasing.com.tr
E-mail:	atleasing@atleasing.com.tr
Ankara Branch:	Havuzlu Sokak No: 3 Aşağıyayracı/Ankara
Telephone:	+90 312 419 51 03-04
Fax:	+90 312 439 37 81
Incorporation Date (Issuance Date and Registered Date)	4 July 1997

Certificate of activity was obtained with the BRSA's decision dated 24 October 2007 and numbered 2437.

## 99.98%

A&T Finansal Kiralama A.Ş. was established in July 1997 as a 99.98% subsidiary of A&T Bank, with the aim of conducting financial leasing transactions.

### 1.3 - Shareholder and Organization Structure of the Company

AA&T Finansal Kiralama A.Ş. was founded in 1997 as the subsidiary of Arab-Turkish Bank to perform leasing transactions. The capital of A&T Finansal Kiralama A.Ş. was TL 108,000,000 in 2019. Capital was increased to TL 116,000,000 as of May 2020.

The Shareholder structure of the company has not changed during year 2020

The Shareholder Structure of the company is as follows.

### Organization Structure of the Company

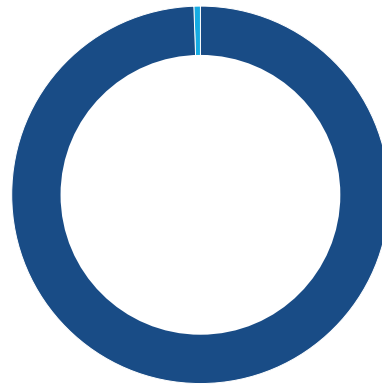
With the Board of Directors decision dated 22.10.2020 and numbered 20 /6-4, there have been changes in the Organizational Chart of the Company. The new organization chart of the company is as in Annex 1 on page 33.

### 1.4 - Disclosures on Preferred Shares

There is no preferred share in the Company's Shareholding structure.

Shareholders	Share Rate %	Share Amount (TL)	Acquisition Date
Arap Türk Bankası A.Ş.	99.98	115,976,800.00	Since Establishment
Salih Hatipoğlu	0.005	5,800.00	07.07.2008
Feyzullah Küpeli	0.005	5,800.00	09.11.2009
Aziz Aydoğduoğlu	0.005	5,800.00	14.09.2010
Erdem Özenci	0.005	5,800.00	29.08.2013
<b>Total</b>	<b>100.00</b>	<b>116,000,000.00</b>	

### A&T Finansal Kiralama A.Ş. Shareholder Structure (%)



■ Arap Türk Bankası A.Ş.	99.98%
■ Others	0.02%

# 1 - General Information

## 1.5 - Information about Governing Body, Top Management and number of Staff

### Board of Directors



**Wail J A Belgasem**  
Chairman

A graduate of Garyounes University (Libya), Department of Accounting in 1993, Wail J. A. Belgasem, has been working at Libyan Foreign Bank since 1994. He served in the Internal Auditing Department, L/Cs Department, Participations Department and Banking Operation Department between 1994 and 1998. Mr. Belgasem was employed in the Rep. Office for BACB between 1998 and 2007. He served as Assistant Manager of Marketing & Foreign Relations Department between 2007 and 2009, Deputy Manager of Marketing & Foreign Relations Department from 2009 to 2011. Having served as Board Member at Aresbank (Spain) between 2013 and 2017. Mr. Belgasem has been Deputy Manager of the International Finance Department between October 26, 2011 and May 03, 2019. After serving as a Member of the Board of Directors at A&T Bank from July 21, 2017 until May 03, 2019, Mr. Belgasem was appointed as A&T Bank's General Manager on May 03, 2019, and started this position on June 10, 2019. Mr. Belgasem is the Chairman of the Board of Directors of A&T Finansal Kiralama A. Ş. He has 26 years of professional experience.



**Fatma Sezin Uçar**  
Deputy Chairman

Fatma Sezin Uçar graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration with an honor degree in 2000. In Turkey İş Bankası A.Ş. she acted as an Assistant Credit Specialist in Corporate Loans Allocation Department (2000-2005), Credit Specialist (2005-2009) and Assistant Credit Manager (2009-2015). Since 2015, Mrs. Uçar has been working as a Unit Manager in the same department. In the General Assembly of A&T Finansal Kiralama A.Ş. held on 29/03/2018, Mrs. Uçar became the Board Member while she was appointed as the Deputy Chairman of the Board of Directors at the same date.

#### Board of Directors

Name Surname	Duty	Appointment Date
Wail J A Belgasem	Chairman	01.07.2019
Fatma Sezin Uçar	Deputy Chairman	29.03.2018
Aflah Omar Magsi	Board Member	11.12.2019
Mert Orkun Civelek	Board Member	03.09.2020
İhsan Bilici	Board Member & General Manager	04.07.1997



**Aflah Omar Magsi**  
Board Member

A graduate of Tillotson College, Huston USA, Department of Accounting in 1984, Aflah Omar Magsi, has been working at Libyan Foreign Bank since 1985. Respectively he served in the Cash Operations Management and Financial Planning between January 1985-May 1990 and in the Letter of Credit Management between May 1990-August 1993. From July 1993 to August 1999 he worked as Deputy Managing Director at Arab Investment and Trade Bank / Abu Dhabi and he served in the Banking Operations Management at Libyan Foreign Bank between Aug 1999-October 2003. Aflah Omar Magsi was the Office Manager of the Investment Office in the Gambia. From Jan 2004 to Aug 2009 he served in the Banking Operations Management at Libyan Foreign Bank. From September 2009 to Dec 2018 he served in the Cash Management and as Board Secretary at Arab Investment and Trade Bank / Abu Dhabi. Mr. Magsi has been serving as Manager of the Payments and Reconciliation Department at Libyan Foreign Bank since January 2019. Aflah Omar Magsi was appointed as a Member of the Board of Directors at A&T Bank on May 03, 2019 and serving as a Member of the Audit Committee at A&T Bank from July 26, 2019 until January 31, 2020. Mr. Magsi who was appointed as Deputy Chairman of the Board of Directors at A&T Bank on September 04, 2020, has 36 years of professional experience.



**Mert Orkun Civelek**  
Board Member

Mert Orkun Civelek graduated from the Geology Department of the Middle East Technical University in 1998. After a year of training in Ziraat Bank A.Ş. banking school, he started his career as a specialist in the Foreign Relations Department of Ziraat Bank Ankara Branch. After working as a specialist in the Import-Export department of this branch until 2001, he worked as a Corporate Relations Specialist in the Ankara Corporate Branch of the bank until 2014. Between the year 2014 and 2019, he worked as a Branch Manager in different branches of Ziraat Bank. Since 2019, Mr. Civelek has been working as a Branch Manager in Ziraat Bank Ankara Public Corporate Branch. Mr. Civelek has been a member of the Board of Directors of A&T Leasing A.Ş. since September 2020.



**İhsan Bilici**  
Board Member & General Manager

İhsan Bilici graduated from Bursa Economic and Commercial Sciences Academy in 1980. He received his master's degree in business administration from Doğuş University. İhsan Bilici started his career as an inspector at Anadolu Bank in 1981. Between 1990-1996, he worked as the manager of various branches in T. Emlak Bank. Bilici later continued as Head of Credit Department and Regional Head. He served as a representative at the Berlin Representative of Emlak Bank. Bilici, who transferred to A&T Finansal Kiralama A.Ş. in 1998, has been serving as the General Manager and Board Member since this date.

# 1 - General Information

## 1.5 - Information about Governing Body, Top Management and number of Staff

### Senior Management



**İhsan Bilici**  
Board Member & General Manager

İhsan Bilici graduated from Bursa Economic and Commercial Sciences Academy in 1980. He received his master's degree in business administration from Doğuş University. İhsan Bilici started his career as an inspector at Anadolu Bank in 1981. Between 1990-1996, he worked as the manager of various branches in T. Emlak Bank. Bilici later continued as Head of Credit Department and Regional Head. He served as a representative at the Berlin Representative of Emlak Bank. Bilici, who transferred to A&T Finansal Kiralama A.Ş. in 1998, has been serving as the General Manager and Board Member since this date.



**Moataz Mohamed A Tamer**  
Deputy General Manager

Mr. Moataz Mohamed Tamer took charge as a Deputy General Manager of Arab & Turkish leasing company since 2019. He has over 12 years' experience in the fields of Banking.

Prior to joining Arab & Turkish leasing company, Mr. Tamer served as Assistant Manager at International Finance Department in Libyan Foreign Bank. He was Member on the "Direct and Indirect Credit Products Evaluation" committee.

Mr. Tamer holds a Bachelor's Degree in Business Administration from Tripoli University.



## Management Team



**Aziz Aydoğduoğlu**  
Director

He graduated from Marmara University, Department of Business Administration in 1992.

He started his career as an Accounting Specialist in 1993. He joined A&T Leasing in 1999 after working in different firms.

He speaks English fluently.

He has Public Accountant and Independent Auditors Certificates.



**Celal Şahin**  
Credit Manager

He graduated from Istanbul University, Department of Public Administration in 1988.

He started his business life in 1991 as a specialist of Financial Analysis in Halkbank. After working 16 years at different financial institutions, he joined A&T Leasing in 2007.



**H. Çisel Semerciöz**  
Operation Manager

She graduated from İstanbul University, Department of Economics (in English) in 1994. She received her master's degree in International Economics from Marmara University in 1999.

She started her career as an Import Specialist at Hektaş Ticaret T.A.Ş. in 1994. She joined A&T Leasing in 2007 after working in different firms.

She speaks English fluently.

# 1 - General Information

## 1.5 - Information about Governing Body, Top Management and number of Staff

### Management Team



**Cem Çınar**  
Treasury Manager

He graduated from Gazi University, Department of Economics in 1990.

He started his career as an Import-Export Officer in Citibank A.Ş. in 1995. He joined A&T Leasing in 2007 after working in different firms.

He speaks English fluently.



**Volkan Bimgöl**  
Marketing Manager

He is a graduate of Anadolu University, Faculty of Economics.

He started his career in 1998 as a Budget Control Analyst. After working in the Treasury, Operation and Marketing Departments of different leasing companies, he joined A&T Leasing in 2009.

He speaks English fluently.



**Ekrem Sağanak**  
Ankara Branch Manager

He graduated from Bilkent University, Department of Public Administration and Political Science.

He started his career as an Assistance specialist in Akbank T.A.Ş. and after worked in Alternatif Lease in Ankara. He joined A&T Leasing in 2013.

He speaks English fluently.

### Personnel Number

20 persons are employed in the company (including branch) as of 31.12.2020

### 1.6 - Transactions Concerning the Members of the Board of Directors within the Framework of Permission Granted by the General Assembly of the Company Framework of Permission Granted by the General Assembly of the Company

At the Ordinary General Assembly meeting held on 26.03.2020, the Board of Directors gave the necessary authority and permissions to the members of the Board of Directors to perform the procedures specified in Articles 395 and 396 of the Turkish Commercial Code.

## 2 - Financial Rights Provided to the Members of the Board of Directors

The total amount of payments made between 01.01.2020 and 31.12.2020 to the Members of the Board of Directors and Senior Management is TL 4,294,699.09.

## 3 - Research and Development Studies

There are no research and development activities between 01.01.2020 and 31.12.2020.

## 4 - Company Activities and Important Developments Related to the Operations

### 4.1 - Information on the Investments of the Company in the Relevant Accounting Period

Tangible Fixed Assets Investments in the relevant year are TL 128,116.61.

Intangible Fixed Assets Investments are TL 63,456.25.

Real Estate Investment: None.

### 4.2 - Information on the Company's Internal Control System and Internal Audit Activities

The company conducts its operations in accordance with the "Financial Leasing, Factoring and Financing Companies Law" numbered 6361, "Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies", which came into force after being published in the Official Gazette No. 28627 dated 24 April 2013. An Internal Control system has been established in order to execute the Company's activities in accordance with the obligations and ensure timely availability of information. Vice Chairman of the Board of Directors Fatma Sezin UÇAR has been appointed as the Board Member responsible for the Internal Control Department with the Board of Directors decision dated 29.03.2018. Internal Control activities are carried out under the Vice Chairman of the Board of Directors, Mr. Sezin UÇAR. Internal Control Activities are carried out as Daily, Weekly and Monthly controls, and an annual report is submitted to the Board of Directors every 6 months.

### 4.3 - Information on Direct or Indirect Participations of the Company and Share Ratios

There is no Direct or indirect subsidiaries of the Company.

### 4.4 - Information on the Company's Own Shares

The company does not have its own shares acquired.

### 4.5 - Disclosures on the Private Audit and Public Audit in the Accounting Period

The Company is audited with an independent audit firm and by the Arap Türk Bankası A.Ş. every year which is the main shareholder. The Company is also subject to the supervision and supervision of the Banking Regulation and Supervision Agency.

In 2020, BRSA did not conduct any audit at the Company's headquarters.

There was no public audit in 2020.

### 4.6 - Information on the Lawsuits which, may affect Consequences of the Company's Financial Status and Activities, against the Company

There are no lawsuits filed against the Company which may affect the financial situation and activities of the Company.

### 4.7 - Explanations on the Administrative and Judicial Sanctions Imposed on the Company and the Members of the Governing Body on the grounds of Unlawful Practices

There are no administrative or judicial sanctions imposed on the Company and the Members of the Board of Directors due to violations of the provisions of the legislation.

## 4 - Company Activities and Important Developments Related to the Operations

### 4.8 - Determined Targets and Ordinary General Assembly

The 2020 budget, figures and realization rates, defined by the Board of Directors of the Company are shown in the table below.

	31.12.2020	31.12.2020		
	Current Period	Budget	Variance	%
BANKS	74,065,562.74	79,300,181.00	-5,234,618.26	-6.6
RECEIVABLES FROM LEASING TRANSACTIONS (Net)	316,390,651.51	303,706,848.00	12,683,803.51	4.18
Finance Lease Receivables	351,831,581.92	295,982,664.00	55,848,917.92	18.87
Unearned Income (-)	-38,807,705.85	0	-38,807,705.85	
Ongoing Contracts	951,467.97	0	951,467.97	
Given Advances for Leasing Transactions	3,616,357.16	0	3,616,357.16	
Non-Performing Loans (NPL) from leasing Transactions	3,528,692.92	17,075,136.00	-13,546,443.08	-79.33
Specific Provisions (-)	-4,729,742.61	-9,350,952.00	4,621,209.39	-49.42
PROPERTY AND EQUIPMENT (Net)	10,362,962.34	3,752,076.00	6,610,886.34	176.19
INTANGIBLE ASSETS (Net)	179,153.05	91,461.00	87,692.05	95.88
OTHER ASSETS	4,797,317.32	3,815,589.00	981,728.32	25.73
	250,551,889.33	244,426,231.00	6,125,658.33	2.51
FUNDS BORROWED				
Short Term Funds Borrowed	111,356,715.06	111,354,913.48	1,801.58	0
Medium Term Funds Borrowed	139,195,174.27	133,071,317.52	6,123,856.75	4.6
MISCELLANEOUS PAYABLES	9,413,859.65	6,803,814.00	2,610,045.65	38.36
TAX PAYABLES	2,290,081.26	0	2,290,081.26	n.m.
PROVISIONS	3,484,353.53	5,400,959.00	-1,916,605.47	-35.49
Legal Indemnity Provisions	1,410,219.35	1,525,559.00	-115,339.65	-7.56
Annual Leave Provisions	1,116,562.42	1,662,469.00	-545,906.58	-32.84
Foreign Staff Indemnity Provisions	255,881.54	1,395,293.00	-1,139,411.46	-81.66
Tax Provisions	701,690.22	817,638.00	-115,947.78	-14.18
SHAREHOLDERS' EQUITY	140,396,658.14	134,048,183.00	6,348,475.14	4.74
Paid-in Capital	116,000,000.00	116,000,000.00	0	0
Supplementary Capital	5,442,674.18	-72,105.00	5,514,779.18	-7,648.26
Legal Reserves	5,292,145.74	5,344,440.18	-52,294.44	-0.98
Extraordinary Reserves	1,493.82	1,493.82	0	0
Prior Years Income/Loss	1,456,024.42	1,630,162.00	-174,137.58	-10.68
Current Year Income/Loss	12,204,319.98	11,144,192.00	1,060,127.98	9.51
Finance Lease Incomes	30,863,513.18	33,483,848.00	-2,674,871.44	-7.99
Interest Received from Banks	6,719,089.68	8,079,842.00	-1,360,752.32	-16.84
Personnel Expenses	11,761,089.05	10,779,527.00	981,562.05	9.11
Personnel Indemnity Provision Expenses	173,228.97	1,200,000.00	-1,026,771.03	-85.56
General Office Expenses	3,019,609.41	2,752,464.00	267,145.41	9.71
Interest On Funds Borrowed	8,073,628.29	8,642,832.00	-569,203.71	-6.59
Specific Provisions For Leasing Receivables	3,094,984.90	1,335,692.00	1,759,292.90	131.71
Provisions for Taxes	3,541,103.64	3,220,153.00	320,950.64	9.97

The investment amount was expected to be TL 151,264,950.00 in 2020 however, the actual amount was realized TL 128,178,200.95.

	Budget	Realized
ROE	8.31%	9.09%
ROA	2.85%	3.03%

## Ordinary General Assembly

All decisions taken at the Ordinary General Assembly held on 26.03.2020 were fulfilled.

### MINUTES OF ORDINARY GENERAL ASSEMBLY OF A & T FİNANSAL KİRALAMA ANONİM ŞİRKETİ HELD ON 26 MARCH 2020

A&T Finansal Kiralama A.Ş. Ordinary General Assembly Meeting for 2019 was held on 26.03.2020 at 10.00 o'clock at the address Vali Konağı Caddesi No: 10 Nişantaşı / İstanbul under the supervision of the Ministry Representatives Feyyaz Bal who was appointed by the T.R. Ministry of Trade / İstanbul Provincial Trade Office of Trade Letter dated 25.03.2020, no. 90726394-431.03-E-00053490130

It was determined by examining the list of attendants that out of 107,978,400 shares corresponding to the Company's nominal value 107,978,400 representing Arap Türk Bank A.Ş. Salih Hatipoğlu, Erdem Özenci in person having 5,400 shares with a nominal value TL 5,400, Salih Hatipoğlu in person having 5,400 shares with a nominal value TL 5,400, Feyzullah Küpeli in person having 5,400 shares with a nominal value TL 5,400, Aziz Aydoğduoğlu in person having 5,400 shares with a nominal value TL 5,400, totally represented the nominal value of TL 108,000,000 considering the shares corresponding to the share of 108,000,000 are attending. Thus, the minimum quorum as stipulated by the law and the articles of incorporation was secured. The shareholders have no objection of the invitations without announcement in accordance with the Turkish Commercial Law Article 416. After confirming that, The Board Members Mr. Wail J A Belgasem, Mrs. Fatma Sezin Uçar, Mrs. Arca Ögel and Mr. İhsan Bilici and Mr. Bekir Kurtuluş as a representative of Independent Audit Firm KPMG

Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. were available in the meeting; as it is perceived in the meeting place that the Share Registry of the Company, the Board of Directors of the Annual Report, the Auditors' Report, Financial Statements, the General Assembly agenda, The Article of Association related with the Article 7 considering the "Capital" with the old and new forms including the draft amendment with the allowance official letter and attachments of T.R. Trade Ministry of Domestic Trade General Directorate, It was decided to open the meeting by Mr. Feyyaz Bal representing the Ministry of Trade.

1. The General Assembly Agenda was declared by the General Manager and Board Member of the company, Mr. İhsan Bilici.
2. In accordance with the 2<sup>nd</sup> article of present agenda, regarding the election of Chairman, the written proposal presented by the shareholders has been voted. The Proposal was accepted unanimously Mr. İhsan Bilici was elected as the Chairman. The Chairman Mr. İhsan Bilici elected Mr. Salih Hatipoğlu as the Vote Collection Officer and Mr. Aziz Aydoğduoğlu as Minutes Registrar.
3. It has been passed to the agenda to approve the Activity Report of Board of Directors for the activities performed in 2019. The report was read and discussed. Chairman of meeting has put the vote the Activity report of Board of Directors has unanimously approved.
4. In accordance with the 4<sup>th</sup> article of the Agenda, it has been passed the approval of 2019 Audited Balance Sheet and Profit / Loss accounts with the reading and negotiation of the Independent Auditors' Report for the year 2019. The Audited Balance Sheet and P & L Account of 2019 which was audited by KPMG

Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has been read and negotiated. It was approved unanimously by the result of the vote. The year 2019 of Independent Auditor's Report was read, discussed and approved by consensus at the results of the vote.

5. Agenda item was discussed regarding the discharge of the Board members. The discharges of Board Members were presented to vote separately due to their responsibilities regarding the accounts and transactions ended on 31.12.2019. As the result of voting the Board Members were acquitted unanimously. The Board Members did not vote for their own release according to the Article 436 of the Turkish Commercial Law.
6. The Chairman has read the Board of Directors proposal regarding the distribution of profits. The amount of TL 2,417,095.65 was separated as tax provision and the amount of TL 649,853.81 was separated as 1<sup>st</sup> Legal Reserve from the pre-tax profit amount of 12,997,076.12 occurred in 2019. It was also decided to leave the remaining net profit of TL 9,914,283.37 in the company in order to add the profits of previous years, TL 8,000,000.00 of this amount will be used for capital increase and not to distribute profits to shareholders and it was decided to meet the possible tax vulnerability from the profits of previous years.
7. Company's main contract article 7 about "Capital" with regard to amendment of Article T. R. Ministry of Customs and Trade Directorate General of Domestic Trade date 26.02.2020, No.50035491-431.02-E and Barcode No. 00052658629 permission result, the draft amendment was discussed. Articles of Association article 7 about "Capital" new form of Article 7 was approved by a unanimous vote by the written acceptance form below.

## 4 - Company Activities and Important Developments Related to the Operations

### NEW FORM:

#### Article 7: CAPITAL OF THE COMPANY

Capital of the company is 116,000,000.00 (One Hundred Sixteen Million) Turkish Lira, divided into 116,000,000 (One Hundred Sixteen Million) registered shares, with per nominal value of 1.00 Turkish Lira each.

The previous capital amount 108,000,000.00 (One Hundred Eight Million) Turkish Lira had been fully paid up.

The capital increase of 8,000,000.00 (Eight Million) Turkish Lira has been transferred from the year 2019 profit to bring the total new capital to 116,000,000.00 (One Hundred Sixteen Million) Turkish Lira.

Name and Surname	Share Amount (TL)	Share Quantity
Arap Türk Bankası A.Ş.	115,976,800.00	115,976,800
Salih Hatipoğlu	5,800.00	5,800
Feyzullah Küpeli	5,800.00	5,800
Aziz Aydoğduoğlu	5,800.00	5,800
Erdem Özenci	5,800.00	5,800
<b>Capital of the Company</b>	<b>116,000,000.00</b>	<b>116,000,000</b>

8. The Chairman asked for the voting of the proposal presented by the shareholders determining the per diem payment of Board Members. Starting from the date of 01.04.2020, for the period of their mission, it was decided to make TL payment of equivalent amount net USD 1,000 To Chairman and Board Members with a unanimous decision. The Foreign Board Members who participate from abroad to Board Meeting are being paid USD 1,400 for covering the Board Meeting Expenses (transportation, accommodation and others).

9. Due to the 9<sup>th</sup> item of the agenda, it was passed to the approval of changes in the Board Membership in the period. Mr. Wail

J A Belgasem was appointed as Board Membership on 01.07.2019 by the Board, replaced Mr. Abdulhakim Ali Emhemed Khamag and Mr. Aflah Omar Magsi was appointed as Board Membership on 11.12.2019 by the Board, replaced Mr. Abdurauf Ibrahim G. Shneba. It was unanimously decided to approve the changes in the Board Membership in accordance with the Turkish Commercial Law item No.363.

10. The Chairman presented the proposal for vote that was given by the shareholders regarding the election of Board Members. In the proposal, Mr. Wail J A Belgasem, Mrs. Fatma Sezin Uçar, Mr. Aflah Omar Magsi, Mrs. Arca Ögel and the General

Manager Mr. İhsan Bilici, were advised as a candidate for Board of Directors.

In consequence of presence of Mr. Wail J A Belgasem, Mrs. Fatma Sezin Uçar, Mr. Aflah Omar Magsi, Mrs. Arca Ögel and the General Manager of the company Mr. İhsan Bilici, It was decided to be elected as Board Members until the Ordinary General Assembly Meeting where discussion the year 2020 Balance Sheet with unanimous decision.



11. Due to the 11<sup>th</sup> item of the agenda, it was passed to the identification and the fee to be prepared of Auditor for the year 2020. In accordance with the proposal of the Board of Directors, it was decided to sign an Independent Audit Agreement for the year 2020 with an amount of

TL 135,000 + VAT yearly with KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (KPMG) and it was unanimously decided to authorize the Company General Management to sign the agreement.

Independent Auditor;

Commercial Title	KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Address:	Levent İş Kuleleri Kule 3, K: 2, 3, 4, 5, 6, 9 Beşiktaş/İstanbul
Tax Office name / No:	Boğaziçi Corporate/5890269940
Trade Registry Name/No:	İstanbul Trade Registry Office/480474
Mersis No:	0589026994000013

12. The Chairman asked for the vote the permission for Board Members to do transactions required the Turkish Commercial Law with the articles of 395 and 396. It was decided unanimously to give authorization and consent to Board Members of the Company in accordance with the Turkish Commercial Law of the articles 395 and 396.

13. Chairman of the meeting Mr. İhsan Bilici, thanked the participants for the decisions taken in the meeting and ended the meeting. This said record was arranged and signed in the meeting location.

#### 4.9 - Extraordinary General Assembly

No extraordinary general assembly meeting was held during the period.

#### 4.10 - Donations and Aids

There are no donations and donations made during the period.

#### 4.11 - Legal Actions to the Company or to the Company with a Judge Company, to the Benefit of a Company Under His or a Company Affiliated to the Judge Company and All Other Measures to Be Taken for the Beneficiary Company or a Company Associated with It or Not to Be Taken in the Past Activity Year

None

#### 4.12 - In the event that the legal action is taken or the measure is taken or not taken according to the rules and conditions that are taken in the legal process, it is determined whether an appropriate counteraction is provided in each legal transaction and if the measure taken is not damaged or if the company is damaged

Our company, the parent company and its affiliated companies in all transactions carried out in the period of January 1-December 31, 2020 in accordance with

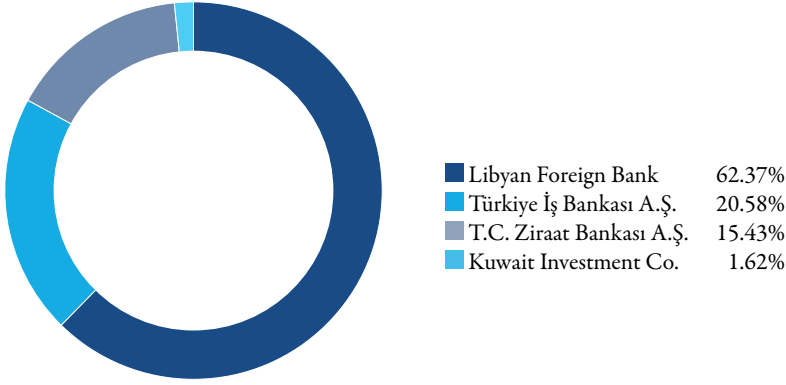
the circumstances of our company, by the control of the dominant company or a subsidiary of a company connected to it for the benefit of the company and the company in 2020 activity or the all measures taken or taken into account for the benefit of an affiliated company, all measures have been evaluated. The Company has not suffered any loss due to a transaction that occurred in accordance with the conditions and conditions known for the 2020 operating year.

This declaration was also given in the conclusion part of the Subsidiary Report prepared according to TTK article 199.

## 4 - Company Activities and Important Developments Related to the Operations

The transactions with the parent company and its affiliated companies are shown below.

### Arap Türk Bankası A.Ş. Shareholder Structure (%)



**Parent Company:** Arap Türk Bankası A.Ş.

**Indirect Parent Company:** Libyan Foreign Bank/Libya

#### Affiliated Companies:

- Alubaf Arab International Bank Bahrain
- Banco Arabe Espanol, Madrid Spain (Aresbank)
- Alubaf International Bank Tunis
- Banque BIA Paris

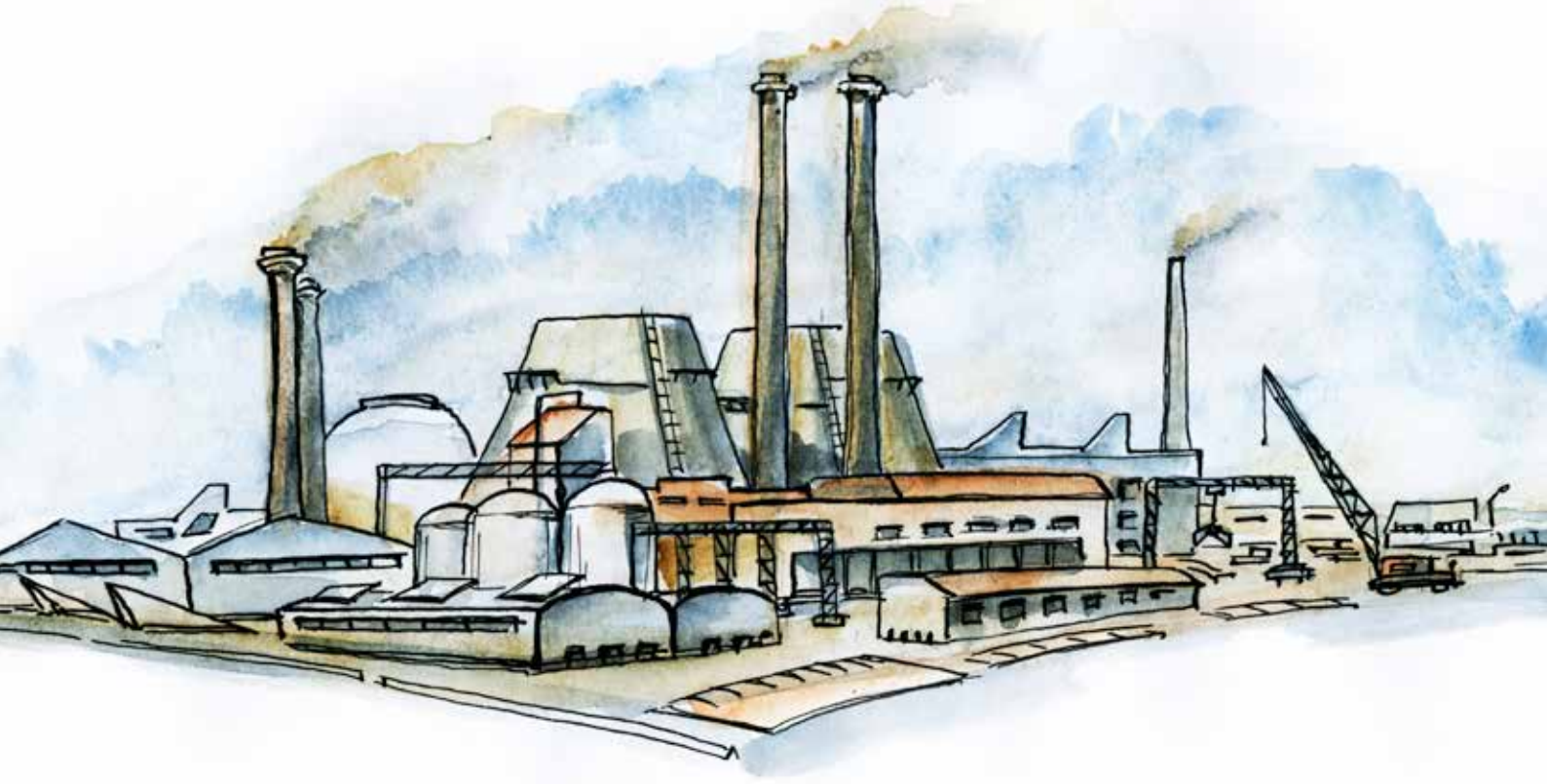
#### Transactions Effected:

Arap Türk Bankası A.Ş.

- Interests Received from Deposits: None.
- Commissions Paid to Letter of Guarantees: TL 4,463.25
- Paid Rents: TL 30,000.00
- Bank Balance: TL 34,573.22 - USD 16,057.36 - EUR 5,008.75

- Interest Received from Leasing Operations: TL 246,376.58
- The Interest Payment of Credits Utilized from Indirect Parent Company or Affiliated Corporations is shown the table below.

	(TL)
Alubaf Arab International Bank Bahrain	1,174,889.60
Alubaf International Bank Tunis	374,902.62
Banco Arabe Espanol, Madrid Spain (Aresbank)	2,159,256.52
Libyan Foreign Bank/Libya	898,757.79
Banque BIA, Paris France	701,547.74



We are always at your  
side with our correct  
solutions

With our leasing competencies and customer-focused strategies, we develop solutions that best suit a customer's growth plans.

## 5 - Financial Position

### 5.1 - Financial Position and Assessment Regarding Results of Operations and Strategy

#### 5.1.a Overview of Sector

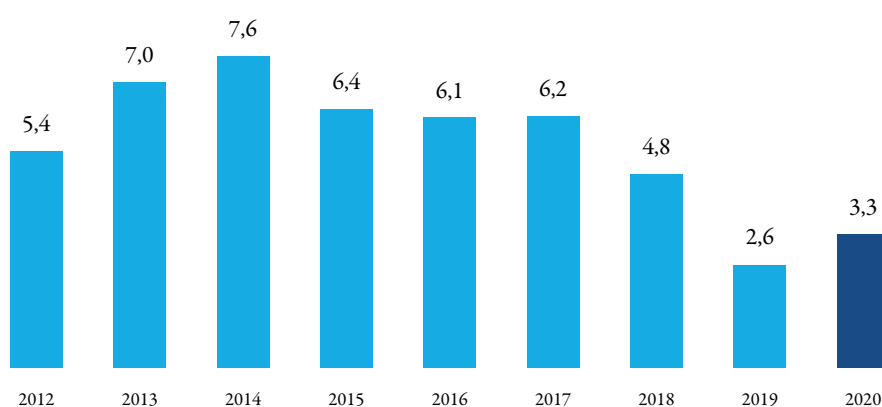
Business volume of financial leasing sector is shown below during the years.

(USD thousand)	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Total
2012	1,092,469	1,502,081	1,375,769	1,389,316	5,359,635
2013	1,387,602	1,905,083	1,784,360	1,912,502	6,989,545
2014	1,624,885	1,865,957	1,920,020	2,226,275	7,637,138
2015	1,477,838	1,690,792	1,527,757	1,566,219	6,364,877
2016	1,339,285	1,672,505	1,396,863	1,726,996	6,129,772
2017	1,392,649	1,472,041	1,618,027	1,706,345	6,193,833
2018	1,469,025	1,504,209	963,520	862,289	4,794,612
2019	410,047	684,611	574,370	885,994	2,557,868
2020	684,524	758,181	812,149	1,047,631	3,302,801

## 29%

In 2020, the Turkish leasing industry's total business volume grew by 29% year-on and reached USD 3.3 billion in value.

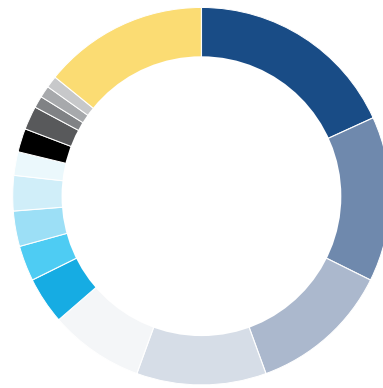
Business Volume of Financial Leasing Sector (USD billion)



If we look at the investments of sector in terms of type of leased assets briefly as of 31.12.2020, the biggest share with a rate of 18% went to working&construction machinery. The real estate and process machinery took 14% from the whole share at the same time. The textile machinery took 12%, land transportation with 11%, and metal process machinery with 8% separately from the whole volume.

The breakdown of financial leasing transactions of sector by type of goods by the end of 31.12.2020 is shown in the chart on the right.

**Breakdown of Financial Leasing Transactions of Sector by Type of Goods (%)**



18%

In the Turkish leasing industry as a whole, working&construction machinery leasing contracts rank first with an 18% share of the total.

### 5.1.b Company Activities

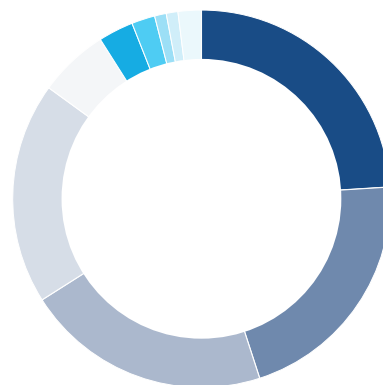
The breakdown of financial leasing transactions of A&T Finansal Kiralama A.Ş. by type of goods by the end of 31.12.2020 is shown in the chart on the right.

When we look at the share of outstanding principals below table, the biggest share goes to both construction&cranes with 24%. The other 3 consecutive biggest shares are process machinery and lathe (CNC) with 21% separately, textile machinery with 19% and agriculture machinery with 6%. These figures are followed by press machinery with 3%, vehicle and other machinery with 2% and finally real estate and medical equipment with 1%.

A&T Leasing leases the goods which have high second-hand value in the market. This process ensures to the company to be effective in different markets and the company can avoid the customer risks.

The investment volume of A&T Finansal Kiralama A.Ş. as of 31.12.2020 realized USD 18.6 million. Additionally, The Total Finance Lease Receivables (gross) realized TL 352 million as of 31.12.2020.

**Breakdown of Financial Leasing Transactions by Type of Goods (%)**



24%

In the case of A&T Leasing, construction&crane leasing contracts account for a 24% share of the company's leasing portfolio.





We are always at  
your side with our  
experience

With our market knowledge and experience, we guide customers in the conduct of their projects, strengthen their efforts to grow their business, and support their sustainable production.



## Financial Indicators

### 16%

A&T Leasing saw its own business increase by 16% to TL 110.7 million as of 2020 year-end.

### 11%

In 2020 A&T Leasing's leasing receivables grew by 11% and reached TL 351.8 million.

### 17%

The company's net profit of TL 8.6 billion in 2020 corresponds to a year-on rise of 17%.

(TL thousand)	2019	2020	Change
Total Assets	400,125	406,137	2%
Shareholders' Equity	128,260	140,397	9%
Leasing Receivables	317,748	351,832	11%
Net Profit	10,580	12,204	15%

**Total Assets**  
(TL million)



**Shareholders' Equity**  
(TL million)



**Leasing Receivables**  
(TL million)



**Net Profit**  
(TL million)



## 5 - Financial Position

### Marketing

A&T Leasing seeks to increase its penetration of selected niche markets.

### good relations

A&T Leasing has good relations with suppliers of construction machinery, lathe machinery and agriculture machines.

**Marketing Vision:** Being the dominant company in a defined niche market.

#### *Aims and Targets*

- To manage the customer relationships in a profitable way.
- With value-added recommendations to acquire new customers.
- By creating customer satisfaction, retain and improve existing customers
- Creating a high-quality asset by gaining confident customers.
- To provide the appropriate funding to investors.

#### *i. Market Penetration in the Current Market:*

A&T Finansal Kiralama A.Ş. operates in all sectors of agriculture, service, construction and manufacturing. CNC (lathe), construction machines, production machines and agricultural machines are the machine groups with the highest share in the portfolio. Textile machinery has also taken a large place in our field of activity in 2020. All machines included in this equipment group have been leased to the customer group operating in Istanbul and Ankara. Efforts are made to increase the penetration rate in this sector and products.

#### *ii. Market Development in the new Market:*

A&T Leasing has good relations with suppliers of construction machinery, lathe machinery and agriculture machines. Therefore, these product groups will be considered and improved as new markets. At first, the regions in Konya, Kayseri,

Gaziantep will be selected as the target market province. This is the province of the Arab-Turkish Bank branches are active, priority has been given to this area of market development planning. When A&T Leasing wants to enter the market in this region, the office facilities and network will be ready. The Company will have the chance to make financial leasing to the customers located in these regions. Depending on this, A&T Leasing may plan to open branches in Konya, Kayseri and Gaziantep in accordance with economic conditions. In case of opening any branch, at least 1 competent staff will be appointed in the said branches. If Arab-Turkish Bank opens new branches in the new areas, A&T Leasing will have a chance to interfere the new markets and the expansion of its network.

#### *iii. Market Concentration:*

The company will aim to increase its market share by focusing on a specific target customer base rather than having a low percentage of customers in a large market. Thus, A&T Leasing is known by players and suppliers in the market which is focus on. This also helps to increase the company's regional penetration rates. Hence A&T Leasing has an active position in the areas focused on. In this context, A&T Leasing has determined the net concentration fields. The selected area does not require costly investments. The dimensions are more suited to A&T Leasing as of the resource structure. Therefore, it is attempted to increase the penetration rate in these areas selected as a niche market.

## Operation

Operation Department creates healthy and lasting solutions to increase customer satisfaction with services. It focuses on delivering real and sustainable services for all customers. The Operation Department reflects its work experience to the entire workflow for customer satisfaction. Adopting the principle of customer satisfaction, A&T Finansal Kiralama A.Ş. evaluates operational processes, regardless of the amount of the project. Speed, high-quality and customer-oriented service are the priorities of the department. Customer loyalty is created by standing equal distance to all customers. Following all customers closely, it is aimed to provide a high quality of service for them.

## Treasury

A&T Finansal Kiralama A.Ş. even in turbulent times of national or global market has not confronted any difficulty to find credits from domestic or foreign creditors. The main objective of A&T Finansal Kiralama A.Ş. is while taking into account the dynamics of financial markets, borrowing loans from banks with a reasonable cost and lend them to

customers for their long-term investment. In addition, as it is performed in previous years by the method of project financing, it is aimed to perform the self-financing of the project. The funding is provided from group banks and other banks.

Credit utilization is based on the needs of the customers and the market. Customer needs appear in terms of TL, EUR and USD currency. Foreign currency loan demands of exporters and the companies which have a foreign currency income are primarily provided from abroad with the long maturity. Foreign currency loan requests are taken into consideration

whether the firms have foreign currency income and the foreign currency value of the financed machines. To work with some bank in the way of L/C financing strengthens the cash flow of the company. Vendor payments are initially performed by this way and later by the help of rent collections the loans are paid at the final maturity with the said banks. Domestic transactions are funded with the credits utilized from domestic banks.

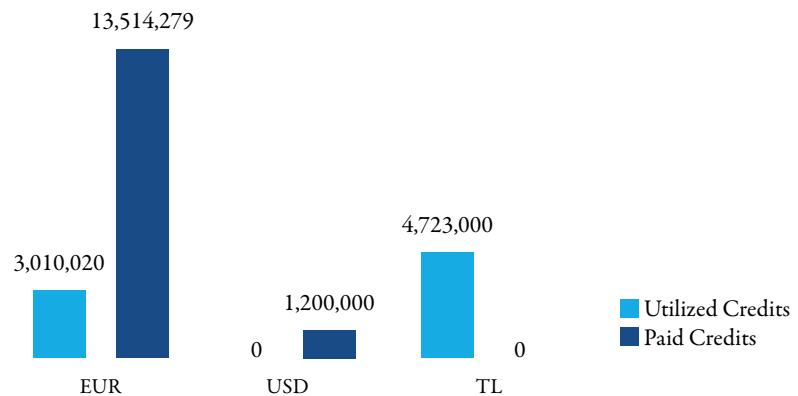
The utilized amounts and repayment amounts of credits of A&T Finansal Kiralama A.Ş. are shown below as of year-end 2020:

Credits	EUR	USD	TL
Utilized Credits	3,010,020	-	4,723,000
Paid Credits	13,514,279	1,200,000	-

## high credibility

A&T Finansal Kiralama A.Ş. even in turbulent times of national or global market has not confronted any difficulty to find credits from domestic or foreign creditors.

### Credits



## 5 - Financial Position

### Strategy

The aim of strategic plan is to perform the activities of our company perfect and to make the staff focusing on the same purpose.

A medium-term strategic plan was made by the company. The aim of strategic plan is to perform the activities of our company perfectly, to make the staff focusing on the same purpose and to give direction to the company according to changes in the volatile environment. Therefore, our strategic plan can be summarized as follows.

- a) Being clear about what the company's goals, being aware of the company's resources and enhance the ability to react consciously against a dynamic market.
- b) To determine a target by planning for a determined future and to determine the path to follow on how to achieve these goals.
- c) In this connection to gather information about customers and the market to combine this information and make predictions about the future.

Marketing Strategy in the strategic plan focused on three areas.

- i. Raising the penetration rate in the present market
- ii. Developing new markets
- iii. To be known and effective in a defined niche market.

For this purpose, it is aimed to work with current customers and starting to work with new customers by creating values. The company's funding needs are provided from domestic and international banks in order to meet the demands of existing customers and to enter new markets.

i. The funds received from the International banks.

ii. The funds received from other banks.

It is planned that the loans obtained from foreign banks will be used in financing the imports of machinery equipment subject to financial leasing, and the loans obtained from domestic banks will be used in domestic purchases.

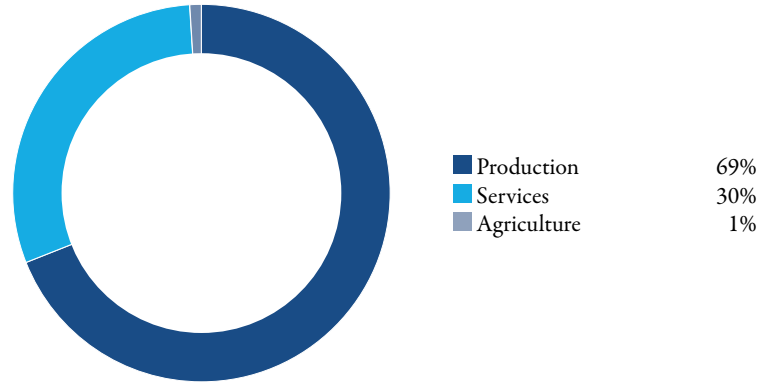
The below method is to be considered for the Company to be more effective and efficient as an organization in the sector.

- The ratio of current market penetration will be increased by developing cooperation with the old and new suppliers.
- Market Development will be carried out by focusing on sectors with export potential.
- New niche areas will be explored.
- The distribution channel will expand in cooperation with the branches of Arap Turk Bank.

The distribution of the company's portfolio as of 31 December 2020 is shown in the chart on the right.

A&T Finansal Kiralama A.Ş. has focused on the financing of equipment such as construction machinery and forklifts in the services sector. The largest share in the manufacturing industry goes to metal processing machines with 21% and then to textile machinery with 19%. The company finance harvesters, tractors and other agricultural machinery in the agricultural sector.

**Breakdown of the Portfolio (%)**



## 5.2- Sales, Productivity and Profitability Ratios

(TL thousand)	2018	2019	2020
Finance Lease Receivables (Gross)	403,614	317,748	351,832
Finance Lease Receivables (Principal)	360,919	286,767	317,592
Finance Lease Receivables (Interest)	-43,733	-35,360	-38,808
Finance Lease Income	34,659	31,497	30,864
Net Operating Profit/Loss	17,369	12,997	15,745
Net Profit/Loss	13,546	10,580	12,204
ROE %	12.72	8.76	9.09
ROA %	3.30	2.84	3.03
Investment Volume	100,112	59,413	128,178
Debt/Equity Ratio	2.70	2.02	1.78

## 5.3- Assessing whether the company capital has been unfulfilled:

There is no lack of capital and the Company has not been indebted.

## 5 - Financial Position

### 5.4- Profit Share Distribution Policy

The principles of the Company's dividend distribution are determined by taking into account the relevant articles of the Articles of Association and the provisions of the Turkish Commercial Code and other relevant legislation.

Dividend Distribution is approved and resolved by the General Assembly in accordance with the proposal of the Board of Directors.

In determining the profit distribution policy, the financial results of the company, current economic conditions and so

forth are effective. The Company did not distribute cash profit. Dividend distribution is carried out by adding the profit to be distributed to the capital of the company.

The Company's Profit Distribution Table is shown below.

	Current Period 31 December 2020	Prior Period 31 December 2019
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT (*)</b>		
1.1 CURRENT PERIOD PROFIT	15,745,423.62	12,997,076.12
1.2 TAXES AND LEGAL DUTIES PAYABLE (-)	-3,541,103.64	-2,417,095.65
1.2.1 Corporate tax (income tax)	-3,991,809.32	-2,432,938.94
1.2.2 Withholding tax	-	-
1.2.3 Other taxes and duties	450,705.68	15,843.29
<b>A. NET PROFIT FOR THE PERIOD (1.1-1.2)</b>	<b>12,204,319.98</b>	<b>10,579,980.47</b>
1.3 ACCUMULATED LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-649,853.81
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>-</b>	<b>9,930,126.66</b>
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	-	-
<b>II. DISTRIBUTION OF RESERVES</b>	<b>-</b>	<b>-</b>
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS 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 (-)	-	-
<b>III. EARNINGS PER SHARE (per TL'000 face value each)</b>		
3.1 TO OWNERS OF ORDINARY SHARES (per TL'000 face value each)	0.1052	0.0912
3.2 TO OWNERS OF ORDINARY SHARES (%)	10.52	9.12
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES (per TL'000 face value each)	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-





*We are always at  
your side with our  
financing facilities*

With our diversified funding resources, we are able to provide low-cost financing on terms best suited even to a customer's long-term investments.

## 6 - Risks and Assessment of Management

### 6.1 - Risk Management Policy

**Market Risk:** The risk of company in general affected by means of interest rates, exchange rate fluctuations, fluctuations in the stock price and damaging inflation rates. Financial leasing company faces interest rate risk, currency risk and liquidity risk while meeting the needs of customers. When the contract is signed with the customers, description of goods, maturity, currency of invoice compliance with the payment schedule and other similar parameters are taken into consideration to minimize the market risk.

**Credit Risk:** The credit approach of A&T Finansal Kiralama A.Ş. is to work with the customers having high perfect repayment ability, strong financial data, giving importance to ethical values with a strong track record of payment. After reviewing the customers' financial structures, A&T Finansal Kiralama A.Ş. manages credit risk by continually assessing the creditworthiness of customer. Following the collection of financial documents of the companies, the adequacy of the collateral to cover credit risk, the second-hand value subject to leased equipment is important for the assessment of the risk. Attention is paid to the monitoring of the performance of the customer's payment as well.

**Liquidity Risk:** It is the risk of inadequate cash flow while meeting the needs of company's net financial shortage on time as a result of changes in cash flows. Liquidity risk is monitored on a daily basis. In order to hedge this risk, the company diversifies funding sources and manages the assets with a liquidity priority.

**Currency Risk:** The assets and liabilities in terms of foreign currency run the risk of foreign currency. The company carries a small foreign currency position risk due to its transactions as a result of its operations. The Company uses derivative financial instruments to manage foreign exchange risk when it is needed.

**Interest Rate Risk:** As the changes in market interest rates affect the prices of financial instruments, the company is exposed to interest rate risk. Because of the Central Bank's monetary policy and the global financial crises, interest rate risk must be monitored. The Company gives importance to the compatibility of interest rates and maturity mismatch while utilizing and placing the loans.

**Company Portfolio:** The evaluation and analysis of credits are carried out by the credit department. Enquiry about the customers is important by means of asset quality. Credit claims are evaluated

on the basis of customer need for the equipment, financial performance of the customer and the ability payback of the customer. During the period of those evaluations, the performance of the leasing sector and the overall economy is taken into consideration. When the assessment is complete, the amount of equipment, payment terms and guarantees come to the final decision and the decision-making process is performed as soon as possible. While preparing the credit portfolio, the cash flow, credit worthiness and debt structure of the customer is first examined.

A&T Finansal Kiralama A.Ş. prefers to focus on sectors which create added value for the economy. Each customer and vendor is perceived as business partner. A&T Finansal Kiralama A.Ş. aims to behave selectively for a low-risk portfolio and profitability.

### 6.2 - Information on the Early Detection and Management of Risk Committee and Reporting

No committee has been established for the early detection and management of risk.



Increasing the volume of business volume through digital channels and increasing the number of digital channels to be reached by customers are among the 2021 targets of the sector.

## TL 71 billion

As of end-2020, the Turkish leasing industry's total assets were worth TL 71 billion.

### 6.3 - Future Risks

#### Leasing Sector

The size of the leasing sector in Turkey when examined by 31.12.2020, 22 companies, is about a TL 70 billion asset size and is seen to have the lease receivables of TL 67 billion. The pandemic process, which affects the whole world, has brought change and transformation in many sectors. The measures taken to stop the epidemic effected the economic activity negatively and created a sharp decline in global economic activity. In addition, with the increasing uncertainty in the financial markets, excessive volatility and deterioration in pricing were observed. During the period of April and May, as a natural consequence of the suspension of investment decisions in many sectors due to the pandemic, there was a stagnation in the leasing sector. A recovery period started from the second half of the year with the movement in investment demands that were already postponed. In this challenging environment, the leasing sector focused on its existing customer portfolio helping its customers experiencing distortions in cash flows caused by the pandemic by making new arrangements in payment plans. On the other hand, the sector continued to finance the investments of customers by following their new demands. Due to the volatility in the exchange rates, the financial leasing funding is examined in terms of Turkish Lira. However, there is a difficulty in the sector for creating TL funds. As for foreign currency funding, it is possible to obtain suitable funding prices for foreign currency loans used from international markets. However, funding from the international market has a considerable cost. Foreign loans with a maturity of less than three years from abroad used by Financial Leasing and Factoring companies increase loan costs subject to tax.

The “Non-Banking Finance Sector” focused on digitalization in order to reduce the effects of the pandemic while also trying to continue its contribution to the economy. In 2021, the technological infrastructure will continue to be developed in order to increase the speed and quality of products and services and to ensure their efficient growth. In order to improve digitalization some updates are needed in legislation. Changes such as the validity of the e-signature, using the digital platforms safe and effective will help the parties for the change of improvement. Increasing the volume of business volume through digital channels and increasing the number of digital channels to be reached by customers are among the 2021 targets of the sector.

Since the pandemic process will continue in 2021, it may be important for companies to evaluate this alternative in their investment decisions provided by leasing to emphasize the comprehensibility of the benefits. In particular, informing SMEs who have difficulty in fulfilling the credit eligibility criteria about leasing is of critical importance for the development of the sector and to eliminate the lack of information. In 2021, the payment terms that leasing companies can develop depending on the sectors of their customers and small firms to use leasing more will relieve the sector. The findings show that the increase in leasing activities in the field of machinery and equipment has a positive impact on machinery and equipment investments in the overall economy. Therefore, it is seen that the increase in leasing activities in the field of machinery and equipment has an important long-term effect on economic growth. This year, companies that have to renew their technological infrastructure in order to remain competitive, have an insufficient credit history because they are newly established, but involving in the sectors which have a high growth potential will have the potential to benefit more from the leasing sector.

## 6 - Risks and Assessment of Management

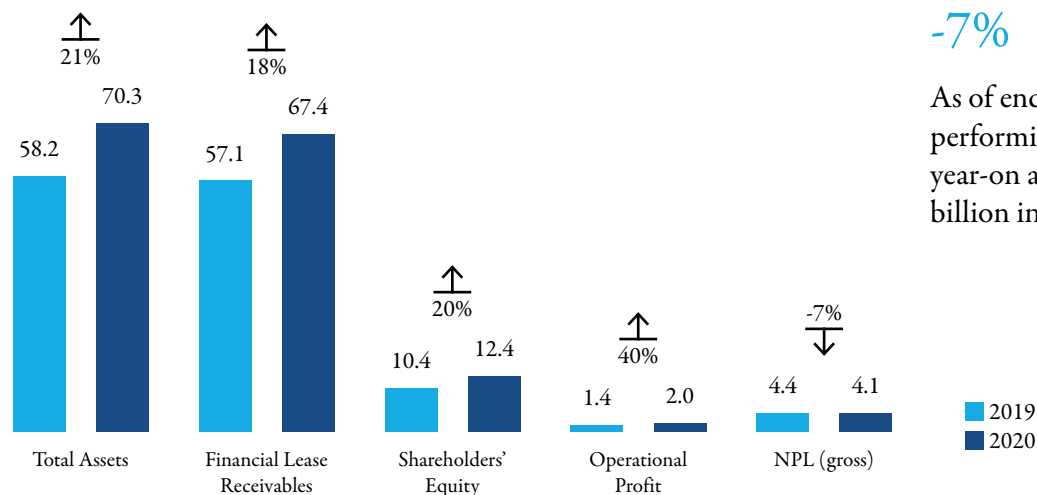
Liquidity management and asset quality continued to be the two key issues that the leasing sector focused in 2020 as well. In the upcoming period, export-oriented companies and the renewable energy sector will be among the areas that the leasing industry will focus on.

Leasing will continue to be a preferred financing tool for economic development in 2021, due to its flexible and easy structure, the availability of long-term financing, the availability of SMEs and the lack of pressure on companies' cash flows.

### Overview to the Leasing Sector

(thousand TL)	2019	2020	Change %
Total Assets	58,175,874	70,277,129	21
Financial Lease Receivables	57,098,719	67,376,205	18
Shareholders' Equity	10,375,669	12,430,699	20
Operational Profit	1,402,527	1,968,130	40
NPL (gross)	4,415,530	4,096,426	-7

### Key Indicators of Financial Leasing Sector (TL billion)



-7%

As of end-2020, the industry's non-performing assets were down by 7% year-on and amounted to TL 4.1 billion in value.

## 7 - Other Subjects

### 7.1 - Special Activities Occurred After the End of Fiscal Year

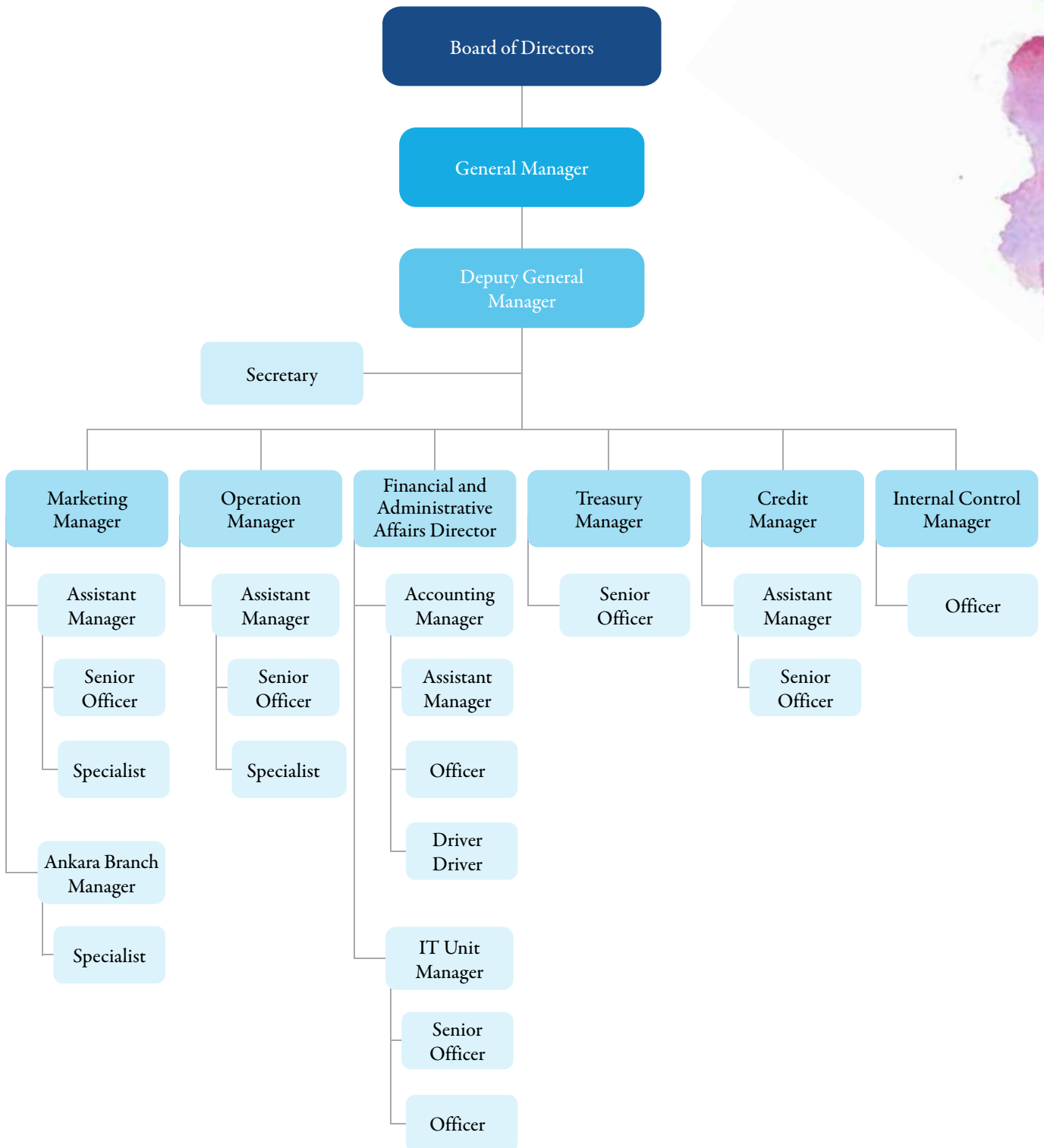
There are no special activities occurred after the Fiscal year end which may affect the rights of shareholders, creditors and other related individuals and organizations.

### 7.2 - Additional Information

The company received a valuation report from TSKB Gayrimenkul Değerleme A.Ş., in the year 2019 for its real estate owned and used as the Head Office Building. The total value of the building, which has a cost value of TL 4,206,876.55 in

the book records, has been appreciated as TL 10,000,000.00. The valuation difference between the book value and the valued amount of the building is classified under Equity.

## Organization Chart



# A&T FİNANSAL KİRALAMA A.Ş.

## Financial Statements

As at and For the Year Ended

31 December 2020

With Independent Auditors' Report

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



## Independent Auditor's Report



**KPMG Bağımsız Denetim ve  
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Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English

### Independent Auditor's Report

**To the Shareholders of A&T Finansal Kiralama A.Ş.**

#### A) Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the accompanying financial statements of A&T Finansal Kiralama A.Ş. ("the Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of A&T Finansal Kiralama A.Ş. as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting Financial Reporting Legislation" which includes the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies and Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies published in the Official Gazette dated 24 December 2013 and numbered 28861, other regulations, communiqués and circulars published by the Banking Regulation and Supervision Board ("BRSA") and the pronouncements made by the Banking Regulation and Supervision Agency and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations.

##### *Basis for Opinion*

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's Report

### *Impairment of lease receivables*

Refer to Note 2.3 for the details of accounting policies, significant judgments and estimation for impairment of lease receivables

Key audit Matter	How the matter is addressed in our audit
<p>As at 31 December 2020, leasing receivables comprise 77% of the Company's total assets.</p> <p>The Company recognizes its leasing receivables and losses related to its receivables in accordance with the amendment to the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies ("the Regulation") and TFRS 9 Financial Instruments standard ("Standard").</p> <p>As at 1 January 2019, the Company applies the "expected credit loss model" which contains significant assumptions and estimates in determining the impairment of financial assets in accordance with the Regulation and Standards.</p> <p>The significant assumptions and estimates of the Company's management are as follows:</p> <ul style="list-style-type: none"> <li>• Significant increase in credit risk</li> <li>• Incorporating the forward looking macroeconomic information in calculation of credit risk; and</li> <li>• Design and implementation of expected credit loss model.</li> </ul> <p>The Company calculates expected credit losses on a collective basis.</p> <p>The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations and the forward looking expectations.</p> <p>The determination of the impairment of leasing receivables measured at amortized cost depends on (i) the credit default status, (ii) the model based on the change in the credit risk at the first recognition date and (iii) the classification of the leasing receivables measured at amortized cost according to the model.</p> <p>Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.</p> <p>Impairment on loans measured at amortized cost was considered to be a key audit matter, due to the significance of the estimates, assumptions, the level of judgements and its complex structure as explained above</p>	<p>Our procedures for testing the Impairment of lease receivables included below:</p> <ul style="list-style-type: none"> <li>• We evaluated the adequacy of the subjective and objective criteria that is defined in the Company's impairment model compared with the Regulation and Standard.</li> <li>• We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated.</li> <li>• We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation.</li> <li>• We assessed the assumptions which are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.</li> <li>• We evaluated assessments which are used in determining the significant increase in credit risk.</li> <li>• We evaluated the adequacy of the financial statement disclosures related to impairment provisions.</li> </ul>

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the 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 are responsible for overseeing the Company’s financial reporting process.

### *Auditors’ Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 Standards on Auditing issued by POA 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 Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the 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 auditors’ 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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ 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.

## Independent Auditor's Report

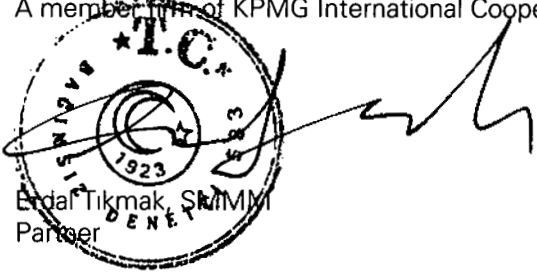
### B) Report on Other Legal and Regulatory Requirements

- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2020 are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

### Additional paragraph for convenience translation to English:

The accounting principles summarized in Note II, differ from the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.  
A member firm of KPMG International Cooperative



17 February 2021

İstanbul, Turkey

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## A&T FİNANSAL KİRALAMA A.Ş.

### STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

#### AS AT 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Audited 31 December 2020			Audited 31 December 2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. CASH, CASH EQUIVALENTS and CENTRAL BANK</b>	<b>3</b>	<b>50,060,206</b>	<b>24,007,192</b>	<b>74,067,398</b>	<b>76,111,491</b>	<b>19,156,158</b>	<b>95,267,649</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)</b>		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL ASSETS</b>		-	-	-	-	-	-
<b>IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (net)</b>		-	-	-	-	-	-
<b>V. FINANCIAL ASSETS AT AMORTIZED COST (Net)</b>	<b>4</b>	<b>86,592,554</b>	<b>225,230,272</b>	<b>311,822,826</b>	<b>50,168,739</b>	<b>235,670,568</b>	<b>285,839,307</b>
<b>5.1 Factoring Receivables</b>		-	-	-	-	-	-
5.1.1 Discounted Factoring Receivables (Net)		-	-	-	-	-	-
5.1.2 Other Factoring Receivables		-	-	-	-	-	-
<b>5.2 Financing Loans</b>		-	-	-	-	-	-
5.2.1 Consumer Loans		-	-	-	-	-	-
5.2.2 Credit Cards		-	-	-	-	-	-
5.2.3 Installment Commercial Loans		-	-	-	-	-	-
<b>5.3 Leasing (Net)</b>	<b>4</b>	<b>86,984,219</b>	<b>226,039,657</b>	<b>313,023,876</b>	<b>50,018,685</b>	<b>232,369,404</b>	<b>282,388,089</b>
5.3.1 Receivables From Finance Lease		108,457,930	243,373,652	351,831,582	64,244,219	253,503,596	317,747,815
5.3.2 Receivables From Operating Lease		-	-	-	-	-	-
5.3.3 Unearned Income (-)		(21,473,711)	(17,333,995)	(38,807,706)	(14,225,534)	(21,134,192)	(35,359,726)
<b>5.4 Other Financial Assets At Amortized Cost</b>		--	--	--	-	-	-
<b>5.5 Non Performing Receivables</b>	<b>4</b>	<b>427,191</b>	<b>3,101,501</b>	<b>3,528,692</b>	<b>725,437</b>	<b>10,164,087</b>	<b>10,889,524</b>
<b>5.6 Allowances for Expected Credit Loss (-)</b>	<b>4</b>	<b>(818,856)</b>	<b>(3,910,886)</b>	<b>(4,729,742)</b>	<b>(575,383)</b>	<b>(6,862,923)</b>	<b>(7,438,306)</b>
<b>VI. SHAREHOLDING (Partnership) INVESTMENTS</b>		-	-	-	-	-	-
6.1 Investments In Associates (Net)		-	-	-	-	-	-
6.2 Investments In Subsidiaries (Net)		-	-	-	-	-	-
6.3 Investments In Joint Ventures (Net)		-	-	-	-	-	-
<b>VII. TANGIBLE ASSETS (NET)</b>	<b>5</b>	<b>10,362,962</b>	--	<b>10,362,962</b>	<b>10,523,199</b>	-	<b>10,523,199</b>
<b>VIII. INTANGIBLE ASSETS (NET)</b>	<b>6</b>	<b>179,153</b>	--	<b>179,153</b>	<b>196,846</b>	-	<b>196,846</b>
<b>IX. INVESTMENT PROPERTY (NET)</b>		--	--	--	-	-	-
<b>X. CURRENT PERIOD TAX ASSETS</b>		--	--	--	-	-	-
<b>XI. DEFERRED TAX ASSETS</b>	<b>15</b>	<b>339,361</b>	--	<b>339,361</b>	-	-	-
<b>XII. OTHER ASSETS</b>	<b>7</b>	<b>2,474,674</b>	<b>6,890,468</b>	<b>9,365,142</b>	<b>1,542,855</b>	<b>6,755,021</b>	<b>8,297,876</b>
<b>SUBTOTAL</b>		<b>150,008,910</b>	<b>256,127,932</b>	<b>406,136,842</b>	<b>138,543,130</b>	<b>261,581,747</b>	<b>400,124,877</b>
<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Assets Held For Sale		-	-	-	-	-	-
13.2 Assets Held For Discontinued Operations		-	-	-	-	-	-
<b>TOTAL ASSETS</b>		<b>150,008,910</b>	<b>256,127,932</b>	<b>406,136,842</b>	<b>138,543,130</b>	<b>261,581,747</b>	<b>400,124,877</b>

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



## A&T FİNANSAL KİRALAMA A.Ş.

### STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

#### AS AT 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

LIABILITIES	Notes	Audited			Audited		
		31 December 2020			31 December 2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FUNDS BORROWED</b>	<b>8</b>	<b>4,916,286</b>	<b>245,635,603</b>	<b>250,551,889</b>	-	<b>258,653,206</b>	<b>258,653,206</b>
<b>II. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>III. LEASE OBLIGATIONS (NET)</b>		-	-	-	-	-	-
<b>IV. SECURITIES ISSUED (NET)</b>		-	-	-	-	-	-
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>10</b>	-	-	-	-	-	-
<b>VII. PROVISIONS</b>	<b>11</b>	<b>2,782,663</b>	-	<b>2,782,663</b>	<b>2,660,742</b>	-	<b>2,660,742</b>
7.1 Restructuring Reserves		-	-	-	-	-	-
7.2 Provisions For Employee Benefits	11	2,782,663	-	2,782,663	2,660,742	-	2,660,742
7.3 General Provisions		-	-	-	-	-	-
7.4 Other Provisions		-	-	-	-	-	-
<b>VIII. CURRENT PERIOD TAX LIABILITIES</b>	<b>15</b>	<b>2,991,771</b>	-	<b>2,991,771</b>	<b>1,297,053</b>	-	<b>1,297,053</b>
<b>IX. DEFERRED TAX LIABILITIES</b>	<b>15</b>	-	-	-	<b>130,289</b>	-	<b>130,289</b>
<b>X. SUBORDINATED LOANS-DEBT</b>		-	-	-	-	-	-
<b>XI. OTHER LIABILITIES</b>	<b>9</b>	<b>2,353,680</b>	<b>7,060,181</b>	<b>9,413,861</b>	<b>1,260,406</b>	<b>7,863,679</b>	<b>9,124,085</b>
<b>SUBTOTAL</b>		<b>13,044,400</b>	<b>252,695,784</b>	<b>265,740,184</b>	<b>5,348,490</b>	<b>266,516,885</b>	<b>271,865,375</b>
<b>XII. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
12.1 Held For Sale		-	-	-	-	-	-
12.2 Discontinued Operations		-	-	-	-	-	-
<b>XIII. SHAREHOLDERS' EQUITY</b>	<b>12</b>	<b>140,396,658</b>	-	<b>140,396,658</b>	<b>128,259,502</b>	-	<b>128,259,502</b>
13.1 Paid-in Capital		116,000,000	-	116,000,000	108,000,000	-	108,000,000
13.2 Capital Reserves		228,147	-	228,147	228,147	-	228,147
13.2.1 Share Premiums		-	-	-	-	-	-
13.2.2 Share Cancellation Profits		-	-	-	-	-	-
13.2.3 Other Capital Reserves		228,147	-	228,147	228,147	-	228,147
13.3 Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		5,214,527	-	5,214,527	5,281,691	-	5,281,691
13.4 Accumulated Other Comprehensive Income that may be Reclassified Subsequently to Profit or Loss		-	-	-	-	-	-
13.5 Profit Reserves		5,293,640	-	5,293,640	4,643,786	-	4,643,786
13.5.1 Legal Reserves		5,292,146	-	5,292,146	4,642,292	-	4,642,292
13.5.2 Statutory Reserves		-	-	-	-	-	-
13.5.3 Extraordinary Reserves		1,494	-	1,494	1,494	-	1,494
13.5.4 Other Profit Reserves		-	-	-	-	-	-
13.6 Profit or Loss		13,660,344	-	13,660,344	10,105,878	-	10,105,878
13.6.1 Prior Periods Profit/Loss		1,456,024	-	1,456,024	(474,102)	-	(474,102)
13.6.2 Current Period Profit/Loss		12,204,320	-	12,204,320	10,579,980	-	10,579,980
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>153,441,058</b>	<b>252,695,784</b>	<b>406,136,842</b>	<b>133,607,992</b>	<b>266,516,885</b>	<b>400,124,877</b>

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

## A&T FİNANSAL KİRALAMA A.Ş. STATEMENT OF OFF-BALANCE SHEET ITEMS AS AT 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

OFF-BALANCE SHEET ITEMS	Notes	Audited 31 December 2020			Audited 31 December 2019		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. IRREVOCABLE FACTORING OPERATIONS</b>		-	-	-	-	-	-
<b>II. REVOCABLE FACTORING OPERATIONS</b>		-	-	-	-	-	-
<b>III. GUARANTEES TAKEN</b>		918,043,454	5,126,038,518	6,044,081,972	838,573,062	4,000,026,524	4,838,599,586
<b>IV. GUARANTEES GIVEN</b>	10	295,033	-	295,033	564,428	-	564,428
<b>V. COMMITMENTS</b>	10	12,394,612	41,675,001	54,069,613	10,496,535	23,819,809	34,316,344
5.1 Irrevocable Commitments		-	4,961,551	4,961,551	-	7,935,392	7,935,392
5.2 Revocable Commitments		12,394,612	36,713,450	49,108,062	10,496,535	15,884,417	26,380,952
5.2.1 Lease Commitments		12,394,612	36,713,450	49,108,062	10,496,535	15,884,417	26,380,952
5.2.1.1 Finance Lease Commitments		12,394,612	36,713,450	49,108,062	10,496,535	15,884,417	26,380,952
5.2.1.2 Operational Lease Commitments		-	-	-	-	-	-
5.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL INSTRUMENTS</b>		-	-	-	-	-	-
6.1 Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
6.1.1 Fair Value Hedges		-	-	-	-	-	-
6.1.2 Cash Flow Hedges		-	-	-	-	-	-
6.1.3 Net Investment Hedges		-	-	-	-	-	-
6.2 Derivative Financial Instruments Held For Trading		-	-	-	-	-	-
6.2.1 Forward Buy/Sell Transactions		-	-	-	-	-	-
6.2.2 Swap Buy/Sell Transactions		-	-	-	-	-	-
6.2.3 Options Buy/Sell Transactions		-	-	-	-	-	-
6.2.4 Futures Buy/Sell Transactions		-	-	-	-	-	-
6.2.5 Other		-	-	-	-	-	-
<b>VII. ITEMS HELD IN CUSTODY</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ITEMS</b>		<b>930,733,099</b>	<b>5,167,713,519</b>	<b>6,098,446,618</b>	<b>849,634,025</b>	<b>4,023,846,333</b>	<b>4,873,480,358</b>

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

**A&T FİNANSAL KİRALAMA A.Ş.**  
**A&T FİNANSAL KİRALAMA A.Ş. STATEMENT OF PROFIT**  
**OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

INCOME STATEMENT		Notes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
<b>I.</b>	<b>OPERATING INCOME</b>		<b>30,863,513</b>	<b>31,497,170</b>
	<b>FACTORING INCOME</b>		-	-
1.1	Interest Income on Factoring Receivables		-	-
1.1.1	Discounted		-	-
1.1.2	Other		-	-
1.2	Fees and Commissions Income from Factoring Operations		-	-
1.2.1	Discounted		-	-
1.2.2	Other		-	-
	<b>FINANCING LOANS INCOME</b>		-	-
1.3	Interest income From Financing Credits		-	-
1.4	Fees and Commissions From Financing Credits		-	-
	<b>FINANCE LEASE INCOME</b>		<b>30,863,513</b>	<b>31,497,170</b>
1.5	Finance Lease Income		29,357,520	29,436,821
1.6	Operating Lease Income		-	-
1.7	Fees and Commissions Received from the Leasing Transactions		1,505,993	2,060,349
<b>II.</b>	<b>FINANCIAL EXPENSES (-)</b>		<b>8,131,884</b>	<b>9,098,808</b>
2.1	Interest Expense From Funds Borrowed		8,073,628	8,996,360
2.2	Interest Expense From Factoring Payables		-	-
2.3	Interest Expense of Finance Lease Expenses		-	-
2.4	Interest Expense From Securities Issued		-	-
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Paid		58,256	102,448
<b>III.</b>	<b>GROSS PROFIT/LOSS (I+II)</b>		<b>22,731,629</b>	<b>22,398,362</b>
<b>IV.</b>	<b>OPERATING EXPENSES (-)</b>	<b>13</b>	<b>18,162,213</b>	<b>16,938,730</b>
4.1	Personnel Expenses		11,761,089	10,938,183
4.2	Employee Severance Indemnity Expense		173,229	128,216
4.3	Research and Development Expenses		-	-
4.4	General Administrative Expenses	13	5,723,871	5,392,766
4.5	Other		504,024	479,565
<b>V.</b>	<b>GROSS OPERATING PROFIT/LOSS (III+IV)</b>		<b>4,569,416</b>	<b>5,459,632</b>
<b>VI.</b>	<b>OTHER OPERATING INCOME</b>	<b>14</b>	<b>152,100,541</b>	<b>114,010,310</b>
6.1	Interest Income From Bank Deposits		6,719,090	10,596,471
6.2	Interest Income From Securities Portfolio		-	-
6.3	Dividend Income		-	-
6.4	Trading Account Income		-	-
6.5	Income From Derivative Financial Instruments		8,869	505,445
6.6	Foreign Exchange Gains		138,643,035	100,509,951
6.7	Other		6,729,547	2,398,443

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

**A&T FİNANSAL KİRALAMA A.Ş.**  
**A&T FİNANSAL KİRALAMA A.Ş. STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

INCOME STATEMENT		Audited	Audited
		1 January -	1 January -
		31 December 2020	31 December 2019
	Notes		
<b>VII. PROVISION EXPENSES</b>		<b>3,094,985</b>	<b>5,936,569</b>
7.1 Specific Provisions		-	-
7.2 Allowances for Expected Credit Loss		3,094,985	5,936,569
7.3 General Provisions		-	-
7.4 Other		-	-
<b>VIII. OTHER OPERATING EXPENSES (-)</b>	<b>14</b>	<b>137,829,549</b>	<b>100,536,297</b>
8.1 Impairment Losses From Securities Portfolio		-	-
8.2 Impairment Losses From Non-Current Assets		-	-
8.3 Trading Account Loss		-	-
8.4 Loss From Derivative Financial Instruments		51,078	29,600
8.5 Foreign Exchange Loss		137,770,777	100,499,865
8.6 Other		7,694	6,832
<b>IX. NET OPERATING PROFIT/LOSS</b>		<b>15,745,423</b>	<b>12,997,076</b>
<b>X. INCOME RESULTED FROM MERGER</b>		<b>-</b>	<b>-</b>
<b>PROFIT/LOSS FROM PARTNERSHIPS VALUED BY EQUITY</b>			
<b>XI. METHOD</b>		<b>-</b>	<b>-</b>
<b>XII. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAX</b>			
<b>XIII. (IX+X+XI+XII)</b>		<b>15,745,423</b>	<b>12,997,076</b>
<b>XIV. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)</b>	<b>15</b>	<b>3,541,103</b>	<b>2,417,096</b>
14.1 Current Tax Charge	15	3,991,809	2,432,939
14.2 Deferred Tax Charge		-	-
14.3 Deferred Tax Benefit		450,706	15,843
<b>XV. NET PROFIT FROM CONTINUING OPERATIONS (XIII±XIV)</b>		<b>12,204,320</b>	<b>10,579,980</b>
<b>XVI. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
16.1 Income from Assets Held for Sale		-	-
16.2 Gain on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-
16.3 Other Income from Discontinued Operations		-	-
<b>XVII. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
17.1 Expense on Assets Held for Sale		-	-
17.2 Loss on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-
17.3 Other Expenses from Discontinued Operations		-	-
<b>PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)</b>		<b>-</b>	<b>-</b>
<b>XVIII. INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
19.1 Current Tax Charge		-	-
19.2 Deferred Tax Charge (+)		-	-
19.3 Deferred Tax Benefit (-)		-	-
<b>XX. NET PROFIT FROM DISCONTINUED OPERATIONS (XVIII±XIX)</b>		<b>-</b>	<b>-</b>
<b>XXI. NET PROFIT FOR THE PERIOD (XII+XVII)</b>		<b>12,204,320</b>	<b>10,579,980</b>
Profit/Loss Per Share	16	0.105	0.0980

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

**A&T FİNANSAL KİRALAMA A.Ş.**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE**  
**INCOME FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
<b>I. PERIOD INCOME/LOSS</b>		<b>12,204,320</b>	<b>10,579,980</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>		<b>(67,164)</b>	<b>5,464,388</b>
<b>2.1 ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</b>		<b>(67,164)</b>	<b>5,464,388</b>
2.1.1 Gains/(losses) on revaluation of tangible assets		-	<b>6,465,066</b>
2.1.2 Gains/(losses) on revaluation of intangible assets		-	-
2.1.3 Gains/(losses) on remeasurement of defined benefit pension plans	11	(86,108)	(223,201)
2.1.4 Other items that will not be reclassified to profit or loss		-	-
2.1.5 Taxation on comprehensive income that will not be reclassified to profit or loss	15	18,944	(777,477)
<b>2.2 ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS</b>		<b>-</b>	<b>-</b>
2.2.1 Translation differences for transactions in foreign currencies		-	-
2.2.2 Translation and classification profit/loss of financial assets at fair value through other comprehensive income		-	-
2.2.3 Gains/(losses) from cash flow hedges		-	-
2.2.4 Gains/(losses) from net investment hedges		-	-
2.2.5 Other items that will be reclassified to profit or loss		-	-
2.2.6 Taxation on comprehensive income that will be reclassified to profit or loss		-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>		<b>12,137,156</b>	<b>16,044,368</b>

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

## A&T FİNANSAL KİRALAMA A.Ş. STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

CHANGES IN SHAREHOLDERS EQUITY		Notes	Paid in Capital	Capital Reserves	Share Premium	Share Cancellation Profits
<b>Prior Period (31 December 2019)</b>						
<b>I.</b>	<b>Balances at Beginning of Period</b>		<b>95,500,000</b>	-	-	-
<b>II.</b>	<b>Corrections made as per TAS 8</b>		-	-	-	-
2.1	Effect of corrections		-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-
<b>III.</b>	<b>Adjusted Balances at Beginning of Period (I+II)</b>		<b>95,500,000</b>	-	-	-
<b>IV.</b>	<b>Total Comprehensive Income</b>		-	-	-	-
<b>V.</b>	<b>Capital Increase in Cash</b>		-	-	-	-
<b>VI.</b>	<b>Capital Increase from Internal Sources</b>		<b>12,500,000</b>	-	-	-
<b>VII.</b>	<b>Capital Reserves from Inflation Adjustments to Paid-in Capital</b>		-	-	-	-
<b>VIII.</b>	<b>Convertible Bonds</b>		-	-	-	-
<b>IX.</b>	<b>Subordinated Liabilities</b>		-	-	-	-
<b>X.</b>	<b>Others Changes</b>		-	-	-	-
<b>XI.</b>	<b>Profit Distribution</b>		-	-	-	-
11.1	Dividends		-	-	-	-
11.2	Transfers to Reserves		-	-	-	-
11.3	Others		-	-	-	-
<b>Balances at end of the period (III+IV+.....+XI)</b>			<b>108,000,000</b>	-	-	-
<b>Current Period (31 December 2020)</b>						
<b>I.</b>	<b>Balances at Beginning of Period</b>		<b>108,000,000</b>	-	-	-
<b>II.</b>	<b>Corrections made as per TAS 8</b>		-	-	-	-
2.1	Effect of corrections		-	-	-	-
2.2	Effect of changes in accounting policies	2.2	-	-	-	-
<b>III.</b>	<b>Adjusted Balances at Beginning of Period (I+II)</b>		<b>108,000,000</b>	-	-	-
<b>IV.</b>	<b>Total Comprehensive Income</b>		-	-	-	-
<b>V.</b>	<b>Capital Increase in Cash</b>		-	-	-	-
<b>VI.</b>	<b>Capital Increase from Internal Sources</b>		<b>8,000,000</b>	-	-	-
<b>VII.</b>	<b>Capital Reserves from Inflation Adjustments to Paid-in Capital</b>		-	-	-	-
<b>VIII.</b>	<b>Convertible Bonds</b>		-	-	-	-
<b>IX.</b>	<b>Subordinated Liabilities</b>		-	-	-	-
<b>X.</b>	<b>Others Changes</b>		-	-	-	-
<b>XI.</b>	<b>Profit Distribution</b>		-	-	-	-
11.1	Dividends		-	-	-	-
11.2	Transfers to Reserves		-	-	-	-
11.3	Others		-	-	-	-
<b>Balances at end of the period (III+IV+.....+XI)</b>			<b>116,000,000</b>	-	-	-

1. Revaluation Increase/Decrease of property and equipment,
2. Accumulated revaluation profit/loss from defined benefit plans,
3. Other (Other comprehensive income and expenses from equity method investments not to be reclassified on profit/loss, and other accumulated comprehensive income and expenses not to be reclassified on profit/loss)
4. Foreign exchange conversion differences,
5. Revaluation and/or reclassification differences of available-for-sale financial assets,
6. Other (Profit/loss from cash flow hedges, other comprehensive income and expenses from equity method investments to be reclassified on profit/loss, and other accumulated comprehensive income and expenses to be reclassified on profit/loss).

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



Other Capital Reserves	Other comprehensive income or expenses that will not be reclassified to profit or loss			Other comprehensive income or expenses that will be reclassified to profit or loss			Profit Reserves	Prior Years' Profit/(Loss)	Current Year Net Profit/(Loss)	Total Shareholders' Equity
	1	2	3	4	5	6				
228,147	-	(182,697)	-	-	-	-	3,772,870	347,692	13,545,534	113,211,546
-	-	-	-	-	-	-	-	(996,412)	-	(996,412)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(996,412)	-	(996,412)
228,147	-	(182,697)	-	-	-	-	3,772,870	(648,720)	13,545,534	112,215,134
-	5,638,485	(174,097)	-	-	-	-	-	-	10,579,980	16,044,368
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(12,500,000)	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	870,916	12,674,618	(13,545,534)	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	870,916	12,674,618	(13,545,534)	-
-	-	-	-	-	-	-	-	-	-	-
228,147	5,638,485	(356,794)	-	-	-	-	4,643,786	(474,102)	10,579,980	128,259,502
228,147	5,638,485	(356,794)	-	-	-	-	4,643,786	(474,102)	10,579,980	128,259,502
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
228,147	5,638,485	(356,794)	-	-	-	-	4,643,786	(474,102)	10,579,980	128,259,502
-	-	(67,164)	-	-	-	-	-	-	12,204,320	12,137,156
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(8,000,000)	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	649,854	9,930,126	(10,579,980)	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	649,854	9,930,126	(10,579,980)	-
-	-	-	-	-	-	-	-	-	-	-
228,147	5,638,485	(423,958)	-	-	-	-	5,293,640	1,456,024	12,204,320	140,396,658

## A&T FİNANSAL KİRALAMA A.Ş. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1.1		33,159,256	13,196,018
1.1.1		35,611,023	40,141,108
1.1.2		(10,016,762)	(12,509,619)
1.1.3		-	-
1.1.4		-	-
1.1.5		1,505,993	2,060,349
1.1.6		7,551,902	2,884,374
1.1.7	4	3,043,088	341,187
1.1.8		(11,525,614)	(10,936,700)
1.1.9	15	(3,828,814)	(3,491,915)
1.1.10		10,818,440	(5,292,766)
1.2		(49,319,207)	23,718,985
1.2.1		-	-
1.2.1		-	-
1.2.1		44,406,893	68,720,332
1.2.2		2,422,187	1,546,854
1.2.3		-	-
1.2.3		-	-
1.2.4		(94,280,671)	(43,078,672)
1.2.5		-	-
1.2.6		(1,867,616)	(3,469,529)
<b>I.</b>		<b>(16,159,951)</b>	<b>36,915,003</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1		-	-
2.2		-	-
2.3	5,6	(128,117)	(15,767)
2.4		5,775	-
2.5		-	-
2.6		-	-
2.7		-	-
2.8		-	-
2.9		(63,456)	(142,146)
<b>II.</b>		<b>(185,798)</b>	<b>(157,913)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1		-	-
3.2		-	-
3.3		-	-
3.4		-	-
3.5		-	-
3.6		-	-
<b>III.</b>		<b>-</b>	<b>-</b>
<b>IV.</b>		<b>(5,310,027)</b>	<b>(623,409)</b>
<b>V.</b>		<b>(21,655,776)</b>	<b>36,133,681</b>
<b>VI.</b>	3	<b>95,213,842</b>	<b>59,093,085</b>
<b>VII.</b>	3	<b>73,558,066</b>	<b>95,226,766</b>

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

# A&T FİNANSAL KİRALAMA A.Ş.

## STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

	Notes	Audited <sup>(*)</sup> 1 January - 31 December 2020	Audited <sup>(**)</sup> 1 January - 31 December 2019
<b>I. DISTRIBUTION OF CURRENT YEAR PROFIT <sup>(*)</sup></b>			
1.1	CURRENT PERIOD PROFIT	15,745,423	12,997,076
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	(3,541,103)	(2,417,096)
1.2.1	Corporate tax (income tax)	(3,991,809)	(2,432,939)
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	450,706	15,843
<b>A.</b>	<b>NET PROFIT FOR THE PERIOD (1.1-1.2)</b>	<b>12,204,320</b>	<b>10,579,980</b>
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(649,854)
1.5	OTHER STATUTORY RESERVES (-)	-	-
<b>B.</b>	<b>NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b>	<b>-</b>	<b>9,930,126</b>
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	-	-
<b>II. DISTRIBUTION OF RESERVES</b>			
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS 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 (-)	-	-
<b>III. EARNINGS PER SHARE (per YTL'000 face value each)</b>			
3.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	0.1052	0.0912
3.2	TO OWNERS OF ORDINARY SHARES (%)	10.52	9.12
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>			
4.1	TO OWNERS OF ORDINARY SHARES (per YTL'000 face value each)	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

<sup>(\*)</sup> The General Assembly Meeting has not been made for Operation results of 2020.<sup>(\*\*)</sup> Reorganize after the General Assembly Meeting on 26 March 2020.

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

# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

A&T Finansal Kiralama Anonim Şirketi (“the Company”) was established on 4 July 1997, pursuant to the license obtained from the Under secretariat of Treasury and Foreign Trade for the purpose of financial leasing as permitted by the law number 3226.

The Company’s leasing operations principally focused on machinery and equipment, medical tools, construction, and office equipment. Head Office address of the company is as follows: Örnek Mahallesi Finans Çıkmaz Sokağı No:4 Ataşehir - İstanbul

The main shareholder of the Company is Arap Türk Bankası A.Ş with 99.98% of the shares.

The financial statements were approved for issue by the Board of Directors based on the Board of Directors decision dated 17 February 2021. The General Assembly has the authority to change the financial statements.

A significant part of the Company’s Operates in one geographical region (Turkey) and one commercial area (leasing) are carried out. The number of personnel working for the Company as at 31 December 2020 is 21 (31 December 2019: 20).

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 2.1 BASIS OF PRESENTATION

##### 2.1.1 Statement of Compliance and Declaration of Conformity TAS

The Company prepares its financial statements in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the communique on “Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies and on Financial Statements to be announced to Public” published in the Official Gazette dated 24 December 2013 and numbered 28861 and the “Regulation on Principles For Establishment And Operations Of Financial Leasing, Factoring and Financing Companies” and other regulations, communiqués and circulars published by the BRSA and Turkish Accounting Standards (“TAS”) published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) for the matters not legislated by the aforementioned regulations (together “the BRSA Accounting and Financial Reporting Legislation”).

#### Changes regarding classification and measurement of financials assets

Within the scope of “Regulation on Making Amendments to the Regulation on Accounting Practices and Financial Statements of Leasing, Factoring and Financing Companies” published in the Official Gazette dated 2 May 2018 and numbered 30409, companies are entitled to apply for the expected credit loss model under TFRS 9 as long as informing BRSA and the effective date of the regulation is 30 September 2018. The Company has started to calculate its expected credit loss in accordance with TFRS 9 starting with the Board of Directors decision dated 9 October 2019.

##### 2.1.2 Preparation of Financial Statements in Hyperinflationary Periods

Restatement adjustments have been made to compensate for the effect of changes in the general purchasing power of the Turkish Lira, in accordance with Turkish Accounting Standards on “Preparation of Financial Statements in Hyperinflationary Periods” (“TAS 29”) for the financial statements prepared until 31 December 2004. BRSA issued a circular on 28 April 2005 stating that the indicators requiring the application of inflation accounting ceased to exist; consequently inflation accounting was not applied in the financial statements after 1 January 2005.

# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.1 - BASIS OF PRESENTATION (CONTINUED)

##### 2.1.3 Offsetting

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

##### 2.1.4 Going Concern

The Company prepared the financial statements according to going concern principles.

##### 2.1.5 Functional Currency

Financial statements of the Company are presented in the currency (functional currency unit) valid in the basic economic environment in which it operates. The financial position and operating result of the company are expressed in Turkish Lira (“TL”), which is the Company’s valid currency and the presentation currency for the financial statement.

##### 2.1.6 Significant Accounting Evaluation Estimates and Assumptions

The preparation of financial statements requires management to make judgments, 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.

Information about significant areas of estimation uncertainty that have the most significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

##### Leasing Receivables Impairment

Assumptions and methods used to estimate the timing and amount of future cash flows from financial leasing receivables are frequently reviewed to resolve the difference between impairment estimates and financial losses.

# A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

## 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

### 2.2. - CHANGES IN ACCOUNTING POLICIES

#### 2.2.1 Comparative information and Restatement of Previous Period Financial Statements

The financial statements of the Company are prepared comparatively with the previous period for determining of financial status and performance trends. The comparative information are restated or classified when necessary in terms of ensuring compliance with the presentation of current period statement of comprehensive income.

#### *Reclassifications in expected credit loss*

As at 31 December 2019, amounting to TL 12,924 which is included in Expected credit loss, is presented under the item of “Cash, cash equivalents and central bank”.

#### 2.2.2 Accounting Policies Changes

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated in accordance with accounting policies. The Company has applied the accounting policies in line with the prior financial year.

#### 2.2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to only one period, changes are applied in the current period but if changes in estimates relate to future periods, changes are applied both in the current and following periods prospectively. There has not been a significant change in the accounting estimates of the Company in the current year. Material prior period errors are corrected retrospectively and prior period financial statements are restated

The management is required to apply accounting policies and make decisions, estimations, and assumptions that affect the reported assets, liabilities, income, and expenses, in order to prepare the financial statements in accordance with the BRSA Accounting and Reporting Legislation. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed constantly. The effect of a change in accounting estimates is recognized prospectively in the current and future periods. The main notes for the items including estimates are as follows:

Note 4 - Financial Assets at Amortized Cost (net)

Note 5 - Tangible Assets

Note 11 - Provision

#### 2.2.4 Change in Standards and Comments

##### **The new standards, amendments, and interpretations which are effective as at 31 December 2020 but not yet adopted**

#### *Standards issued but not yet effective and not early adopted*

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Company has not early adopted are as follows.

#### **Classification of Liabilities as Current or Non-current (Amendments to TAS 1)**

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.



# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.2. - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### 2.2.4 Change in Standards and Comments (continued)

##### Classification of Liabilities as Current or Non-current (Amendments to TAS 1) (continued)

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current-that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- a. Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- b. Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- c. Clarifying how lending conditions affect classification; and
- d. Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Company shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023.

The Company does not expect that application of these amendments to IAS 1 will have significant impact on its financial statements.

##### Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to TFRS 3 Business Combinations.

The amendments updated TFRS 3 by replacing a reference to an old version of the Board’s Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

##### Property, Plant and Equipment-Proceeds before Intended Use (Amendments to TAS 16)

In May 2020, IASB issued Property, Plant and Equipment-Proceeds before Intended Use, which made amendments to TAS 16 Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments improve transparency and consistency by clarifying the accounting requirements-specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.2. - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### 2.2.4 Change in Standards and Comments (continued)

##### **Onerous Contracts-Cost of Fulfilling a Contract (Amendments to TAS 37)**

In May 2020, IASB issued Onerous Contracts-Cost of Fulfilling a Contract, which made amendments to TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

IASB developed amendments to TAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

##### **Annual Improvements to TFRS Standards 2018-2020**

##### **Improvements to TFRSs**

IASB issued Annual Improvements to TFRSs - 2018-2020 Cycle for applicable standards in May 2020. The amendments are effective as of 1 January 2022. Earlier application is permitted. The Company does not expect that application of these improvements to TFRSs will have significant impact on its consolidated financial statements.

##### *TFRS 1 First-time Adoption of International Financial Reporting Standards*

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent - i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRS Standards. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

##### *TFRS 9 Financial Instruments*

This amendment clarifies that - for the purpose of performing the “10 per cent test” for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

##### *TFRS 16 Leases, Illustrative Example 13*

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive. It will help to remove the potential for confusion in identifying lease incentives in a common real estate fact pattern.

# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.2. - CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### 2.2.4 Change in Standards and Comments (continued)

##### **IBOR Reform and its Effects on Financial Reporting-Phase 2**

In August 2020, IASB issued amendments which is issued by POA in 18 December 2020 that complement those issued in 2019 and focus on the effects of the interest rate benchmark reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

The Phase 2 amendments, Interest Rate Benchmark Reform-Phase 2, address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). In 2019, the Board issued its initial amendments in Phase 1 of the project.

The objectives of the Phase 2 amendments are to assist companies in:

- applying TFRS Standards when changes are made to contractual cash flows or hedging relationships because of the interest rate benchmark reform; and
- providing useful information to users of financial statements.

In Phase 2 of its project, the Board amended requirements in TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships.

##### *Amendments are effective on 1 January 2020*

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2022

The changes that become effective as of January 1, 2020 are as follows:

- 1-) The revised Conceptual Framework (Version 2018)
- 2-) Amendments to TFRS 3 - Definition of a Business

The application of the amendment in TFRS 3 did not have a significant impact on the financial statements of the Company.

- 3-) Amendments to TAS 1 and TAS 8 - Definition of Material

The application of the amendment to TAS 1 and TAS 8 does not have a significant impact on the financial statements of the Company.

- 4-) Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)

The application of this amendment is not expected to have a significant impact on the financial statements of the Company.

# **A&T FİNANSAL KİRALAMA A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### **2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

#### **2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Cash, Cash Equivalents and Central Bank**

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. (Note 3).

##### **Related Parties**

For the purpose of this report, the shareholders of the Company and the companies controlled by/associated with them are referred to as related parties. Related parties also include individual that are principal owners, management, and members of the Board of Directors and their families. (Note 17).

##### **TFRS 16 Leases**

TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

##### **A. Definition of Leasing**

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under TFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to TFRS 16, the Company elected to apply it as it used to be defined as a lease by using the practical expedient to the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and TFRIC 4 were not reassessed. Therefore, the definition of a lease under TFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### TFRS 16 Leases (continued)

##### B. As a lessee

The Company leases properties.

As a Lessee, the company has previously classified the lease as an operating or financial lease based on an assessment of whether all of the risks and benefits arising from ownership of the asset have been transferred. Under TFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet.

The Company used the following facilitating practices when applying TFRS 16 for leases previously classified as operating leases under TAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term. The Company does not have a lease agreement to be accounted for under TFRS 16.

##### Financial Instruments

##### Classification and Measurement

Classification and measurement of financial assets in accordance with TFRS 9 Financial Instruments standard is determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance.

TFRS 9 contains three principal classification categories for financial assets: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company accounts for its financial assets in three classes. The classification is based on the characteristics of the contractual cash flows of the entity and the business model used by the entity for the management of the financial assets. The Company classifies its financial assets at the time of purchase.

“Financial assets measured at amortized cost” are financial assets held as part of a business model aimed at collecting contractual cash flows and that have cash flows that include interest payments solely on principal and principal balance at specific dates in contractual terms, are not traded in an active market. Financial assets at amortized cost of the Company also include “cash and cash equivalents”, “leasing receivables”.

Related assets are initially recognized at fair value in the financial statements; in subsequent accounting, measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

# A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

## 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Financial Instruments (continued)

##### Classification and Measurement (continued)

“Financial assets at fair value through other comprehensive income” are financial assets held as part of a business model for the collection and settlement of contract cash flows and for which there are cash flows from interest payments arising principally only at principal and principal amounts under contractual terms. Interest income, foreign currency gains and losses and impairment losses calculated using the effective interest method are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income. When financial assets are excluded from the statement of financial position, the total gains or losses that previously recognized in other comprehensive income are reclassified to profit or loss.

For investments in equity-based financial assets, the Company may inadvertently choose the method of reflecting subsequent changes in fair value to other comprehensive income during the first financial statement purchase. In the case of such a preference, the dividends from the related investments are recognized in the income statement.

“Financial assets at fair value through profit or loss” are financial assets measured other than those at amortized cost and fair value through other comprehensive income. The resulting gains and losses from the valuation of such assets are recognized in the income statement.

##### Disclosures on impairment of financial assets

As at 1 January 2019, loss allowance for expected credit losses is set aside for leasing receivables measured at amortized cost based on TFRS 9 and the regulation published in the Official Gazette no. 30409 dated 2 May 2018 and effective from 30 September 2018. In connection with “Regulation on Making Amendments to the Regulation on Accounting Practices and Financial Statements of Leasing, Factoring and Financing Companies” TFRS 9 impairment requirements.

At each reporting date, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used the change in the risk of a default occurring for the financial instrument.

As at the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, it shall be measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, it is measured loss allowance regarding such instrument at an amount equal to lifetime expected credit losses. The expected credit loss is calculated on a collective basis by means of grouping the financial assets having common credit risk features or on an individual basis. The impairment model having 3 stages based on the change in credit quality since initial recognition based on TFRS 9 is explained below.

# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial Instruments (continued)

##### Calculation of expected credit losses

Expected credit losses are calculated based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

Probability of Default (PD): PD refers to the likelihood that a loan will default, which is usually set at 12 months, given certain characteristics:

- 12-month PD: as the estimated probability of default occurring within the next 12 months.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as at the reporting date. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate, and discounted with the original effective interest rate.

Stage 2: When there is a significant increase in credit risk since origination, lifetime expected credit losses is calculated. Including multiple scenario usage, probability of default and loss given default rates are estimated through the life of the instrument. Estimated cash shortfalls are discounted by using the original effective interest rate.

Stage 3: Lifetime expected credit losses are recognized for the impaired lease receivables. The method is similar to Stage 2 Assets.

In the following two conditions, it is considered to be a default on the related lease receivables;

1. Objective Default Definition: It means that the debt is delayed more than 150 days. The definition of default in practice for financial institutions is based on the criterion that the debt is overdue more than 150 days. If the debt is delayed for 150 days, it is not considered as default, and the default starts on the 151<sup>st</sup> day. The number of delay days in question is determined temporarily as delayed by more than 240 days instead of 150 days from 18 March 2020 until 30 June 2021 based on the BRSA's Decision 8950 dated 19 March 2020 and 9312 dated 8 December 2020.
2. Subjective Default Definition: It means that the debt will not be paid. If the borrower is judged unable to fulfill its debts on the loan, the borrower should be considered in default, regardless of whether there is a balance in delay or the number of days of delay.



# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial Instruments (continued)

##### Forward looking macroeconomic information

Forward-looking macroeconomic information is included in credit risk parameters in the evaluation of the significant increase in credit risk and calculation of expected credit loss.

##### Significant Increase in Credit Risk

In the criteria applied for the debts classified at the first stage; future payment issues are not expected, and the credit worthiness of the borrower has not weakened. According to TFRS 9, the debts are include twelve-month credit impairment debts implementation is classified at first stage.

In the criteria applied for the debts classified at the second stage; adverse event in debt payment or cash flows of borrowers are observed or estimated, problems arise in principal and/or interest payments in accordance with the terms of the debts agreement, and the credit risk of the borrower is significantly increased. According to TFRS 9, debts classified as Stage 2 are subject to the implementation of the expected lifetime loan loss allowance.

- Loans overdue more than 30 days

- Restructuring status

- Loans classified as watch list,

- Negative intelligence and official blacklist records

The 30-day delay criterion is determined temporarily as delay of more than 90 days instead of 30 days from 18 March 2020 until 30 June 2021 based on the BRSA's Decision No 8950 dated 19 March 2020 and Decision 9312 dated 8 December 2020

##### Low Credit Risk

TFRS 9, the credit risk on a financial instrument is considered as low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

It is not considered financial instruments to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the other financial instruments or relative to the credit risk of the jurisdiction within which it is operated.

If it is determined that a financial instrument has a low credit risk as at the reporting date, it is assumed that the credit risk on the financial instrument has not increased significantly following its first recognition in the financial statements.

##### Financial Instruments

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 instruments. 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.

# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Financial Instruments (continued)

##### Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

##### Tangible Assets

Tangible assets that except for buildings are shown over the amount after accumulated depreciation and accumulated impairments are deducted from their cost values. Buildings are reflected to the financial statements with their fair values according to the revaluation method. Benefited from independent valuation experts to calculate fair value.

Tangible assets are depreciated principally on a straight-line basis considering the expected useful lives. The estimated useful lives, residual values, and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Expenses for the maintenance of tangible assets are normally recorded in profit and loss statement. Gain or loss arising on the disposal or retirement of an item of tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Buildings	50 years
Fixtures	5 years
Leasehold improvements	the shortest of the lease period or useful life

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. (Note 5).

##### Intangible Assets

Intangible assets consist of computer software and are defined with inflation adjusted costs until 31 December 2004. Intangible assets mainly comprise of expenditures to acquire software licenses and amortized by using the straight-line method over their useful lives of 5 years. (Note 6)

##### Impairment of Assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets suffered impairment is reviewed for possible reversal of the impairment at each reporting date.

##### Capital Increase

Capital increases by the existing shareholders are decided in the General Assembly Meetings and accounted for over the registered nominal values.

# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### Employee Benefits

The company, severance pay and the obligation to allow rights “Turkey on the Benefits Employee Accounting Standards” (“TAS 19”) is recognized under the provisions of the balance sheet and the “Employee Benefits Provision” is classified under account.

Company is required to make a payment to the employee who is paid off due to retirement or resignation and except the reasons of the behaviors that are specified in Labor Law, in accordance with the existing labor law in Turkey. The provision for employment termination benefits, the probable liability incurred under this act, is calculated on the basis of today’s value using certain actuarial estimates and reflected to the financial statements (Note 11).

##### Interest Income and Expenses

Interest Income and Expenses are accounted basis using effective rate of interest method.

##### Borrowing Costs

All of borrowing costs when incurred are recorded on income statement.

##### Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into TL at the exchange rates ruling at reporting date with the resulting exchange differences recognized in the statement of profit or loss as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in profit or loss as realized during the course of the year.

Foreign exchange rates used by the Company as at 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
USD	7.3405	5.9402
EUR	9.0079	6.6506

# A&T FİNANSAL KİRALAMA A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

#### 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Taxes calculated on corporate income

###### *Corporate Tax*

Corporate tax is calculated according to the provisions of the Tax Procedure Law and tax expenses other than those taxes are accounted in general administrative expenses.

If there is a legal right to offset current tax assets and current tax liabilities or if the related assets and liabilities are associated with income tax collected by the same tax authority.

###### *Deferred Tax*

Under TAS 12, which deals with income taxes, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and deferred tax assets should be reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax asset and deferred tax liability have been netted of in these financial statements.

The principal temporary differences arise from the provision for impaired lease receivables, reserve for annual leave provision, derivative financial instruments, unused investment allowances and provision for employment termination benefits (Note 15).

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that, in the management's judgment, it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### Capital and Dividend

Ordinary shares are classified as capital. Dividends distributed over ordinary shares are recorded at the time they are declared.

##### Recognition of Income and Expense

Income and Expenses are recorded based on accrual.

###### *Financial Leasing Income*

In financial leasing, the asset subject of leasing is recorded in the financial statements as a receivable equal to net lease investment. Financial income related to financial lease is determined to bring a fixed periodic return to the net investment under the financial lease. Lease payments received are deducted from the gross lease investment to reduce principal and unearned finance income. Unearned finance income is the difference between the gross lease investment and the present value of the gross investment calculated on the implicit interest rate on the lease. As at the beginning of the lease, the implicit interest rate is the discount rate that equals the sum of the minimum lease payments and the unsecured value remaining to the sum of the fair value of the leased asset and the initial costs.

## **A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### **2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)**

#### **2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Funds Borrowed**

Loans received are first recorded at fair value, including transaction costs. Borrowed loans are measured at discounted cost values using the effective interest method. (Note 8)

##### **Earnings per Share**

Earnings per share that mentioned on income statement was calculated dividing the net profit of the period by the weighted average number of shares issued during the period.

In Turkey, companies can raise their share capital by distributing “Bonus Shares” to shareholders from retained earnings. In computing earnings per share, such “Bonus Share” distributions are treated as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation (Note 16).

##### **Events after the Reporting Period**

Events after the balance sheet date providing additional information about the Company’s status on the balance sheet date (events requiring correction) are reflected in the financial statements. Events that do not require correction are explained in report notes if they have a certain importance (Note 20).

## A&T FİNANSAL KİRALAMA A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

#### 3- CASH, CASH EQUIVALENTS AND CENTRAL BANK

Details of cash and cash equivalents as at 31 December 2020 and 31 December 2019 are as follows:

	31 December 2020	31 December 2019
Cash	1,835	2,222
Banks	74,075,625	95,278,351
- <i>Time deposit</i>	69,226,364	78,449,040
- <i>Demand deposit</i>	4,849,261	16,829,311
<i>Expected credit loss provisions</i>	(10,062)	(12,924)
<b>Total</b>	<b>74,067,398</b>	<b>95,267,649</b>

The amount of cash and cash equivalents used in the preparation of the cash flow as at 31 December 2020 TL 73,558,066 (31 December 2019: 95,226,766 TL) and does not include income accruals for these accounts.

As at 31 December 2020, time deposits are shorter than three months, and the effective interest rate in Euros and TL is 2.50% and 17.49%, respectively as at 31 December 2020 (As at 31 December 2019, time deposits are shorter than three months, effective interest in Euros and TL rate is 2.46% and 10.49%, respectively).

#### 4- FINANCIAL ASSETS AT AMORTIZED COST

	31 December 2020	31 December 2019
Finance lease receivable	344,360,972	308,958,588
Invoiced lease receivable	7,470,610	8,789,227
<b>Gross leasing receivable</b>	<b>351,831,582</b>	<b>317,747,815</b>
Unearned interest income	(38,807,706)	(35,359,726)
<b>Leasing receivable</b>	<b>313,023,876</b>	<b>282,388,089</b>
Non-performing receivables	3,528,692	10,889,524
Expected credit loss/specific provisions (-)	(4,729,742)	(7,438,306)
<b>Total receivables from lease transactions</b>	<b>311,822,826</b>	<b>285,839,307</b>

As at 31 December 2020 and 31 December 2019, financial lease receivables have fixed interest.

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 4- FINANCIAL ASSETS AT AMORTIZED COST (CONTINUED)

The maturity profile of the minimum finance lease receivables is as follows:

	Finance Lease Receivables	
	Gross	Net
	31 December 2020	31 December 2020
31 December 2021	167,154,496	145,629,571
31 December 2022	115,977,506	104,567,378
31 December 2023	48,450,862	44,181,672
31 December 2024	16,752,180	15,343,486
31 December 2025 and above	3,496,538	3,301,769
<b>Total</b>	<b>351,831,582</b>	<b>313,023,876</b>

	Finance Lease Receivables	
	Gross	Net
	31 December 2019	31 December 2019
31 December 2020	150,662,662	132,230,721
31 December 2021	94,538,512	83,347,383
31 December 2022	54,730,226	50,493,461
31 December 2023	14,173,957	12,957,519
31 December 2024 and above	3,642,458	3,359,005
<b>Total</b>	<b>317,747,815</b>	<b>282,388,089</b>

Net lease receivables are analyzed as follows:

	31 December 2020	31 December 2019
Not overdue and not impaired	305,553,266	273,598,862
Overdue but not impaired	7,470,610	8,789,227
Impaired lease receivables	3,528,692	10,889,524
<b>Total</b>	<b>316,552,568</b>	<b>293,277,613</b>
Impairment provision	(4,729,742)	(7,438,306)
<b>Net finance lease receivables</b>	<b>311,822,826</b>	<b>285,839,307</b>



## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 4-FINANCIAL ASSETS AT AMORTIZED COST (CONTINUED)

As at 31 December 2020 and 31 December 2019, details of the Company's aging table including the invoiced amount and principals of the leasing receivables that are depreciated is as follows:

	Finance lease receivables	Provision for impairment	Finance lease receivables, net
<b>31 December 2020</b>			
Stage 1	195,598,711	(1,005,707)	194,593,004
Stage 2	117,425,165	(1,830,499)	115,594,666
Stage 3	3,528,692	(1,893,536)	1,635,156
<b>Total</b>	<b>316,552,568</b>	<b>(4,729,742)</b>	<b>311,822,826</b>

The aging of non-performing receivables as at 31 December 2019 as follows:

	Finance lease receivables	Provision for impairment	Finance lease receivables, net
<b>31 December 2019</b>			
Stage 1	258,722,326	(1,357,476)	257,364,850
Stage 2	23,665,763	(979,361)	22,686,402
Stage 3	10,889,524	(5,101,469)	5,788,055
<b>Total</b>	<b>293,277,613</b>	<b>(7,438,306)</b>	<b>285,839,307</b>

As at 31 December 2020 and 31 December 2019, details of the Company's aging table including the invoiced amount and principals of the overdue but not impaired finance lease receivables are follows:

	31 December 2020		31 December 2019	
	Invoiced Amount	Remaining principal	Invoiced Amount	Remaining principal
0 - 30 days	4,759,780	51,313,619	6,519,993	72,012,833
31 - 60 days	826,405	695,734	1,040,413	472,027
61 - 90 days	451,494	211,938	630,095	363,941
91 - 150 days	1,432,931	3,873,628	598,726	1,544,057
<b>Total</b>	<b>7,470,610</b>	<b>56,094,919</b>	<b>8,789,227</b>	<b>74,392,858</b>

Movement of the Company's allowances for expected credit loss/specific provisions as at 31 December are as follows:

	31 December 2020	31 December 2019
<b>Opening balance 1 January</b>	7,451,230	1,210,024
TFRS 9 opening adjustment	-	1,277,452
Provision expenses	3,094,985	5,936,569
Collections <sup>(1)</sup>	(5,806,411)	(341,187)
Lease receivable written-off	-	(631,628)
<b>Closing balance 31 December</b>	<b>4,739,804</b>	<b>7,451,230</b>

<sup>(1)</sup> The cash collection amount realized in 2020 is 3,043,088 TL.

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 4- FINANCIAL ASSETS AT AMORTIZED COST (continued)

As at 31 December 2020, the amount of collaterals received from customers, excluding tangible assets subject to financial leasing, is TL 6,044,081,972 (31 December 2019: TL 4,838,599,586). The Company does not take into account collaterals that exceed the risk amount in risk reporting. The details of the guarantees are as follows:

	31 December 2020	31 December 2019
Warranties received	4,440,660,044	3,478,169,157
Promissory notes received	1,185,930,093	1,010,092,774
Mortgage documents received	361,066,148	291,157,725
Vehicle pledge	50,357,274	54,299,958
Guarantees received	5,190,168	3,884,005
Customer notes	656,329	577,212
Guarantees checks received	25,750	402,750
Cash blockage	196,166	16,005
<b>Total</b>	<b>6,044,081,972</b>	<b>4,838,599,586</b>

The sectorial breakdown of gross lease receivables as at 31 December 2020 and 31 December 2019 is as follows:

	31 December 2020	%	31 December 2019	%
Manufacturing Industry	226,488,704	64	189,083,830	60
Real Estate and Rental Services	56,165,281	16	60,670,436	19
Wholesale and Retail Trade	25,607,126	7	13,257,797	4
Farming and Livestock	21,341,326	6	25,796,455	8
Construction	11,659,563	3	20,221,405	6
Financial Mediation	6,623,262	2	-	-
Education Services	1,554,199	1	2,987,891	-
Health and Social Services	1,077,118	1	1,676,449	-
Transportation and Communication	559,521	-	1,563,362	-
Tourism	240,348	-	385,548	-
Extraction of Energy Producing Mines	41,415	-	1,570,221	-
Other	473,719	-	534,422	-
<b>Total</b>	<b>351,831,582</b>	<b>100</b>	<b>317,747,815</b>	<b>100</b>

The lease receivable consists of the rents to be collected during the lease period. In accordance with the lease agreements with tenants, the ownership of the leased items is delivered to the tenants at the end of the lease period.

## A&T FİNANSAL KİRALAMA A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

#### 5- TANGIBLE ASSETS

Acquisition Cost	Building	Furniture and Equipment	Motor vehicles	Total
<b>1 January 2020</b>	<b>10,000,000</b>	<b>395,283</b>	<b>1,042,316</b>	<b>11,437,599</b>
Additions	-	128,117	-	128,117
Disposals	-	(746)	(83,799)	(84,545)
<b>31 December 2020</b>	<b>10,000,000</b>	<b>522,654</b>	<b>958,517</b>	<b>11,481,171</b>
<b>Accumulated amortization</b>				
<b>1 January 2020</b>	-	(326,701)	(587,699)	(914,400)
Amortization for the year	(51,900)	(38,975)	(191,704)	(282,579)
Disposals	-	746	78,024	78,770
<b>31 December 2020</b>	<b>(51,900)</b>	<b>(364,930)</b>	<b>(701,379)</b>	<b>(1,118,209)</b>
<b>Net book value</b>	<b>9,948,100</b>	<b>157,724</b>	<b>257,138</b>	<b>10,362,962</b>
<b>Acquisition Cost</b>				
<b>1 January 2019</b>	<b>4,206,877</b>	<b>379,516</b>	<b>1,042,316</b>	<b>5,628,709</b>
Additions	-	15,767	-	15,767
Disposals	-	-	-	-
Revaluation <sup>(*)</sup>	5,793,123	-	-	5,793,123
<b>31 December 2019</b>	<b>10,000,000</b>	<b>395,283</b>	<b>1,042,316</b>	<b>11,437,599</b>
<b>Accumulated amortization</b>				
<b>1 January 2019</b>	<b>(587,805)</b>	<b>(295,501)</b>	<b>(388,296)</b>	<b>(1,271,602)</b>
Amortization for the year	(84,138)	(31,200)	(199,403)	(314,741)
Disposals	-	-	-	-
Revaluation <sup>(*)</sup>	671,943	-	-	671,943
<b>31 December 2019</b>	<b>-</b>	<b>(326,701)</b>	<b>(587,699)</b>	<b>(914,400)</b>
<b>Net book value</b>	<b>10,000,000</b>	<b>68,582</b>	<b>454,617</b>	<b>10,523,199</b>

<sup>(\*)</sup> As at 31 December 2019, the building for use are measured over their fair values and are subject to valuation in this context. The expertise report related with this real estates was prepared by the CMB licensed real estate appraisal company on January 14, 2020

As at 31 December 2020, the total insurance value on tangible assets is TL 5,770,991 (31 December 2019: TL 4,341,919), insurance premium amount is TL 53,890 (31 December 2019: TL 42,975).

As at 31 December 2020, there are no pledges or mortgages on other tangible assets (31 December 2019: None).

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 6- INTANGIBLE ASSETS

Cost (Software)	31 December 2020	31 December 2019
1 January	807,724	665,578
Additions	63,456	142,146
Disposals	-	-
<b>31 December</b>	<b>871,180</b>	<b>807,724</b>
<b>Accumulated amortization</b>		
1 January	(610,878)	(531,919)
Amortization for the year	(81,149)	(78,959)
Disposals	-	-
<b>31 December</b>	<b>(692,027)</b>	<b>(610,878)</b>
<b>Net book value</b>	<b>179,153</b>	<b>196,846</b>

### 7- OTHER ASSET

	31 December 2020	31 December 2019
Advances Given for Leasing Operations <sup>(*)</sup>	3,616,357	3,076,470
Prepaid expenses	3,463,322	2,601,950
Leased construction in progress <sup>(*)</sup>	951,468	1,302,498
Other receivables related to financial lease <sup>(*)</sup>	962,327	1,009,939
Salary advance	193,781	167,022
Deposits and guarantees given	8,554	8,084
Other	169,333	131,913
<b>Total</b>	<b>9,365,142</b>	<b>8,297,876</b>

**A&T FİNANSAL KİRALAMA A.Ş.**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE**  
**YEAR ENDED 31 DECEMBER 2020**

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

**8- FUNDS BORROWED**

31 December 2020		Book Value				
	Balance in original	Interest rates range	Up to 3 months	Between 3 months and 1 years	Over 1 year	Balance in TL
<b>Domestic Banks:</b>						
Fixed rate borrowings:						
- TL	4,916,286	9.10%-16.38%	-	4,916,286	-	4,916,286
- EUR	5,518,201	3.55%	49,707,406	-	-	49,707,406
<b>Total domestic banks borrowings</b>			<b>49,707,406</b>	<b>4,916,286</b>	<b>-</b>	<b>54,623,692</b>
<b>International Banks:</b>						
Floating rate borrowings:						
- USD	1,510,597	2.97%-3.3%	-	8,799,932	2,288,604	11,088,536
- EUR	20,519,728	1%-3.45%	22,824,585	25,108,506	136,906,570	184,839,661
<b>Total</b>			<b>22,824,585</b>	<b>33,908,438</b>	<b>139,195,174</b>	<b>195,928,197</b>
<b>Total overseas banks borrowings</b>			<b>22,824,585</b>	<b>33,908,438</b>	<b>139,195,174</b>	<b>195,928,197</b>
<b>Total Borrowings</b>			<b>72,531,991</b>	<b>38,824,724</b>	<b>139,195,174</b>	<b>250,551,889</b>

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 8- FUNDS BORROWED (continued)

31 December 2019		Book value				
	Balance in original	Interest rates range	Up to 3 months	Between 3 months and 1 years	Over 1 year	Balance in TL
<b>Domestic Banks:</b>						
Fixed rate borrowings:						
EUR	9,270,183	3.55%-5.65%	-	26,153,088	35,499,194	61,652,282
<b>Total Domestic Banks borrowings</b>			-	<b>26,153,088</b>	<b>35,499,194</b>	<b>61,652,282</b>
<b>Overseas Banks:</b>						
Fixed rate borrowings:						
USD	1,213,667	5.00%	-	7,209,423	-	7,209,423
EUR	3,021,442	3.10%	-	20,094,400	-	20,094,400
<b>Total</b>			-	<b>27,303,823</b>	-	<b>27,303,823</b>
<b>Overseas Banks:</b>						
Floating rate borrowings:						
USD	1,514,375	4.64%-5.03%	-	-	8,995,691	8,995,691
EUR	24,163,445	2%-3.45%	2,477,145	41,090,631	117,133,634	160,701,410
<b>Total</b>			<b>2,477,145</b>	<b>41,090,631</b>	<b>126,129,325</b>	<b>169,697,101</b>
<b>Total International banks borrowings</b>			<b>2,477,145</b>	<b>68,394,454</b>	<b>126,129,325</b>	<b>197,000,924</b>
<b>Total borrowings</b>			<b>2,477,145</b>	<b>94,547,542</b>	<b>161,628,519</b>	<b>258,653,206</b>

As at 31 December 2020, no guarantees were given to lending institutions as collateral against loans obtained (31 December 2019: no guarantees were given to lending institutions as collateral against loans obtained).

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

### 9- OTHER LIABILITIES

Based on financial lease agreements, other liabilities are mainly consists of commercial debts that emerged from fixed asset purchases made from foreign and domestic vendors.

	31 December 2020	31 December 2019
Payables to suppliers	6,067,173	5,782,536
Advances received	3,325,238	3,266,522
Other payables	21,450	75,027
<b>Total</b>	<b>9,413,861</b>	<b>9,124,085</b>

As at 31 December 2020 and 31 December 2019, other liabilities maturity period is less than 1 year.

### 10-COMMITMENTS AND POSSIBLE OBLIGATIONS

As at 31 December 2020 there are no derivative product contracts in the Company's portfolio.

(31 December 2019: None).

#### Letters of guarantee given and letters of credit issued:

The company delivered letters of guarantee amounting to TL 295,033 to the courts (31 December 2019: 564,428).

As at 31 December 2020, a total of TL 49,108,062 revocable commitments consist of financial leasing commitments approved by the notary public but not activated yet (31 December 2019: TL 26,380,952). As at 31 December 2020, there are irrevocable commitments amounting to TL 4,961,551 (31 December 2019: 7,935,392).

As at 31 December 2020, there is no mortgage on the goods subject to financial leasing registered on the company (31 December 2019: None).

As at 31 December 2020, there is no filed against the Company (31 December 2019: None).

### 11- PROVISIONS

	31 December 2020	31 December 2019
Reserve for employee severance indemnity	1,410,220	1,167,612
Vacation pay liability	1,116,562	1,059,988
<b>Total</b>	<b>2,526,782</b>	<b>2,227,600</b>

As at 31 December 2020, the Company has provided a reserve for foreign employee severance indemnity amount of TL 255,881 (31 December 2019: 433,142 TL).

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive reserve for employee severance indemnity.



## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 11- PROVISIONS (CONTINUED)

The liability has no legal funding requirement. The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of its employees.

Regulation requires actuarial valuation methods to be developed to estimate the enterprise’s obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	31 December 2020	31 December 2019
Discount Rate (%)	3.70%	3.70%
Circulation rate regarding the probability of retirement (%)	1.67%	1.67%

The principal assumption is that the maximum liability for each year service will be increased in line with inflation. Accordingly, the discount rate used represents a level apart from inflation. The maximum amount of TL 7,117.86 has been taken into consideration in calculating the provision for employment termination benefits of the Company at 31 December 2020 (31 December 2019: TL 6,379.86) employee benefits comprised of the following:

Movements in the reserve for employee severance indemnity are as follows:

	31 December 2020	31 December 2019
Opening balance	1,167,612	861,297
Service cost	128,373	60,152
Interest cost	82,936	116,968
Paid during the year	(54,809)	(94,006)
Actuarial losses	86,108	223,201
<b>Ending balance</b>	<b>1,410,220</b>	<b>1,167,612</b>

## A&T FİNANSAL KİRALAMA A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

#### 12- SHAREHOLDERS' EQUITY

The shareholders of the Company and their ownership percentages at 31 December 2020 and 2019 are as follows

	31 December 2020		31 December 2019	
	Nominal Amount	Shares (%)	Nominal Amount	Shares (%)
Arap Türk Bankası A.Ş.	115,976,800	99.98%	107,978,400	99.98%
Salih Hatipoğlu	5,800	0.01%	5,400	0.01%
Feyzullah Küpeli	5,800	0.01%	5,400	0.01%
Aziz Aydoğduoğlu	5,800	0.01%	5,400	0.01%
Erdem Özenci	5,800	0.01%	5,400	0.01%
<b>Total paid-in share capital</b>	<b>116,000,000</b>	<b>100%</b>	<b>108,000,000</b>	<b>100%</b>

At 31 December 2020, the Company's statutory nominal value of authorized and paid-in share capital is TL 116,000,000 comprising of 116,000,000 registered shares having par value of TL 1 nominal each.

At the meeting of the General Assembly of the Company held on 26 March 2020, a capital increase decision was taken and this time, amount TL 8,000,000.00 was covered from the profit of 2019.

Capital adjustment differences define the difference between the total amounts of equity items adjusted based on inflation and the amounts before inflation adjustment.

Accumulated profits in the statutory books can be distributed except for the provision related to the legal reserves mentioned as follows.

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital.

#### 13- MAIN OPERATING EXPENSES

The main operating expenses for the accounting periods ending on 31 December 2020 and 31 December 2019 are as follows:

	1 January-31 December 2020	1 January-31 December 2019
Personnel expenses	11,761,089	10,938,183
General operating expenses	5,723,871	5,392,766
Severance pay expense	173,229	128,216
Other	504,024	479,565
<b>Total</b>	<b>18,162,213</b>	<b>16,938,730</b>

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 13- MAIN OPERATING EXPENSES (CONTINUED)

General operating expenses for the accounting periods ending on 31 December 2020 and 31 December 2019 are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Expenses related to the financial leasing	2,353,759	2,635,935
Audit and consultancy expenses	969,887	578,422
Office-related expenses	415,750	287,891
Tax, duties and fees	396,393	406,688
Insurance expenses	364,798	369,622
Depreciation and amortization expenses (Note 5, 6)	363,728	393,700
Communication and transportation expenses	81,475	71,759
Transport vehicle expenses	50,135	86,744
Rent expenses	30,000	27,600
Other general expenses <sup>(1)</sup>	697,946	534,405
<b>Total</b>	<b>5,723,871</b>	<b>5,392,766</b>

<sup>(1)</sup> Other expenses include, notary and translation expenses, representation, and staff training expenses, and expenses that are not legally accepted.

### 14- OTHER OPERATING INCOME AND EXPENSE

	1 January- 31 December 2020	1 January- 31 December 2019
<b>Other operating income</b>		
Foreign Exchange transactions profit	138,643,035	100,509,951
Interest received from banks	6,719,090	10,596,471
Income from derivative financial transactions	8,869	505,445
Others <sup>(1)</sup>	6,729,547	2,398,443
<b>Total</b>	<b>152,100,541</b>	<b>114,010,310</b>
<b>Other operating expense</b>		
Loss from foreign exchange transactions	137,770,777	100,499,865
Loss from derivative financial transactions	51,078	29,600
Others	7,694	6,832
<b>Total</b>	<b>137,829,549</b>	<b>100,536,297</b>

<sup>(1)</sup> Others in other operating income include special provision revenues, revenues from severance pay cancellations and revenues from sales of assets. Special provision incomes consist of the revenues obtained from the provisions included in the provision and impairment income at the end of the last year but canceled this year.

## A&T FİNANSAL KİRALAMA A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

#### 15 - TAX ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
VAT to be paid	1,476,541	54,248
Corporation tax	701,690	538,695
Income tax payable	657,265	560,025
Social insurance premiums to be paid	141,851	130,828
Stamp tax to be paid	14,424	13,257
<b>Total</b>	<b>2,991,771</b>	<b>1,297,053</b>

Corporate Tax Law is changed with Law No. 5520 dated 13 June 2006. Most of the articles of mentioned law have become effective as at 1 January 2006. Accordingly, corporate tax rate in Turkey is 22% for 2020 (2019: 22%). Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment incentive allowance, etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed except withholding tax at the rate of 19.8% on the investment incentive allowance utilized within the scope of the Income Tax Law transitional Article 61.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% on their corporate income. Advance tax is to be declared by the 14<sup>th</sup> day of the second month following each calendar quarter end and is payable by the 17<sup>th</sup> of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back in order to net-off accumulated gain.

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 15 - TAX ASSETS AND LIABILITIES (CONTINUED)

While the corporate tax rate was at the rate of 20% since 1 January 2016, for all companies, such rate has been set as 22% for the tax bases of the years 2018, 2019, and 2020 based on the legislation of the Amendment on Certain Tax Laws and Other Laws no. 7061. Furthermore, the Council of Ministers has been authorized to reduce the rate of 22% down to 20%.

	31 December 2020	31 December 2019
Corporation tax expense	3,991,809	2,432,939
Minus: Prepaid taxes	(3,290,119)	(1,894,244)
<b>Current income tax liability (net)</b>	<b>701,690</b>	<b>538,695</b>
<b>Tax expense</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Current period corporate tax expense	(3,991,809)	(2,432,939)
Deferred tax income/(expense) effect	450,706	15,843
<b>Total</b>	<b>(3,541,103)</b>	<b>(2,417,096)</b>

The reconciliation of the current year tax expense and the tax expense calculated using the Company’s legal tax rate is as follows:

	31 December 2020	31 December 2019
<b>Pre-tax profit</b>	<b>15,745,423</b>	<b>12,997,076</b>
Tax expense with a 22% tax rate	(3,463,993)	(2,859,357)
Disallowable expenses	(151,743)	(194,487)
Other (additions)/discounts	74,633	636,748
<b>Current year tax expense</b>	<b>(3,541,103)</b>	<b>(2,417,096)</b>

## A&T FİNANSAL KİRALAMA A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

#### 15 - TAX ASSETS AND LIABILITIES (CONTINUED)

##### Deferred Taxes

The company, an asset or liability’s book value and for taxable temporary differences arising between the tax basis is determined in accordance with tax legislation “Income Related to Tax Turkey Accounting Standards” (“TAS 12”) to calculate deferred taxes in accordance with the provisions and accounts. In the deferred tax calculation, the enacted tax rates that are valid as at the balance sheet date are used in accordance with the tax legislation in force.

Calculated deferred tax assets and deferred tax liabilities are shown as offset in the financial statements.

The accumulated temporary differences subject to deferred tax and the effects of deferred tax assets and liabilities are summarized below using the applicable tax rates:

	Total temporary differences		Deferred tax assets/ (liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Expected credit loss (stage 1- stage 2)	4,046,229	3,559,786	890,170	783,153
Provision for unused vacation	1,116,562	1,059,988	245,644	233,197
Provision for severance pay	1,666,101	1,600,754	366,542	352,166
Other	1,569,277	1,543,450	345,241	339,560
<b>Deferred tax assets</b>	<b>8,398,168</b>	<b>7,763,978</b>	<b>1,847,597</b>	<b>1,708,076</b>
Base difference of tangible and intangible assets	4,527,286	4,435,559	(996,003)	(975,823)
Leasing interest income accrual	2,328,332	3,920,645	(512,233)	(862,542)
<b>Deferred tax liabilities</b>	<b>6,855,618</b>	<b>8,356,204</b>	<b>(1,508,236)</b>	<b>(1,838,365)</b>
<b>Deferred tax assets, (net)</b>	<b>1,542,550</b>	<b>(592,226)</b>	<b>339,361</b>	<b>(130,289)</b>

The deferred tax asset movement table is as follows:

	31 December 2020	31 December 2019
<b>1 January</b>	<b>(130,289)</b>	<b>350,305</b>
TFRS 9 transition effect	-	281,040
Accounted from profit or loss statement deferred tax income effect	450,706	15,843
Deferred tax effect recognized under equity	18,944	(777,477)
<b>31 December</b>	<b>339,361</b>	<b>(130,289)</b>

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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### 16- EARNINGS PER SHARE

	31 December 2020	31 December 2019
Number of shares at the beginning of the period	108,000,000	95,500,000
Number of shares added during the period <sup>(1)</sup>	8,000,000	12,500,000
<b>Number of shares at the end of the period</b>	<b>116,000,000</b>	<b>108,000,000</b>
Current period net profit (TL)	12,204,320	10,579,980
<b>Profit per share</b>	<b>0.1052</b>	<b>0.0980</b>

<sup>(1)</sup> In the current period, shares issued with an increase in capital from internal sources were also taken into consideration in the previous period.

### 17- RELATED PARTY TRANSACTIONS

#### Balance Sheet Items:

	31 December 2020	31 December 2019
<b>Banks:</b>		
Türkiye İş Bankası AŞ	1,556,793	5,394,315
TC Ziraat Bankası AŞ	273,678	2,621,890
Arap Türk Bankası AŞ	197,561	245,177
<b>Total</b>	<b>2,028,032</b>	<b>8,261,382</b>
<b>Finance Lease:</b>		
Arap Türk Bankası AŞ	6,623,262	--
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği AŞ	1,076,793	1,660,053
<b>Total</b>	<b>7,700,055</b>	<b>1,660,053</b>
<b>Borrowings:</b>		
Libyan Foreign Bank	90,079,000	66,506,000
Aresbank	82,245,881	59,442,166
Banque BIA-Paris	22,873,085	16,319,001
Türkiye İş Bankası A.Ş.	4,000,000	25,937,340
TC Ziraat Bankası AŞ	723,000	-
Alubaf Bahreyn	-	27,080,040
Alubaf Tunus	-	26,602,400
<b>Total</b>	<b>199,920,966</b>	<b>221,886,947</b>



## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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### 17- RELATED PARTY TRANSACTIONS (continued)

#### Profit/Loss

	31 December 2020	31 December 2019
<b>Interest expense:</b>		
Aresbank	2,159,257	1,857,228
Alubaf Bahreyn	1,174,890	935,867
Libyan Foreign Bank	898,758	1,291,965
Banque BIA-Paris	701,548	377,047
Türkiye İş Bankası AŞ	686,021	1,547,497
Arab Bank for Investment & Foreign Trade	-	957,667
Alubaf Tunus	374,903	668,427
TC Ziraat Bankası AŞ	-	97,151
<b>Total</b>	<b>5,995,377</b>	<b>7,732,849</b>
<b>Interest income from finance lease</b>		
Arap Türk Bankası AŞ	246,377	--
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği AŞ	201,426	468,216
<b>Total</b>	<b>447,803</b>	<b>468,216</b>
<b>Interest income from banks</b>		
Türkiye İş Bankası AŞ	(146,942)	4,585
TC Ziraat Bankası AŞ	-	169
<b>Total</b>	<b>(146,942)</b>	<b>4,754</b>

For the year ended 31 December 2020, the Company paid to executive members and key management personnel amounting to TL 4,294,699 (31 December 2019: TL 5,327,499) as fringe benefit.

### 18- NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

#### Financial instruments and financial risk management

##### a. Credit risk

The risk of a financial loss to the Company due to the failure of one of the parties to fulfill its contractual obligation is defined as credit risk. The company is exposed to credit risk due to leasing transactions. Credit risk is kept under control by allocating certain limits to the parties generating credit risk and following the collections expected from customers. Credit risk is concentrated mainly in the activities that take place in Turkey. Credit risk is distributed by serving many customers from different sectors.

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

#### Financial instruments and financial risk management (continued)

##### a. Credit risk (continued)

##### Maximum exposure to credit risk table:

	31 December 2020			31 December 2019		
	Financial Leasing Receivables	Other Assets	Deposits at Banks	Financial Leasing Receivables	Other Assets	Deposits at Banks
<b>Maximum credit risk exposed as at balance sheet date (A+B+C+D+E)</b>	<b>370,753,951</b>	<b>9,365,142</b>	<b>74,075,625</b>	<b>380,249,144</b>	<b>8,297,876</b>	<b>95,278,351</b>
- The part of the maximum risk secured by collateral	369,118,795	8,993,474	-	374,461,089	7,989,140	-
<b>Carrying value of financial assets that are not past due nor impaired</b>	<b>305,553,266</b>	<b>9,365,142</b>	<b>74,075,625</b>	<b>273,598,862</b>	<b>8,297,876</b>	<b>95,278,351</b>
- The part under guarantee with collateral	305,553,266	8,993,474	-	273,598,862	7,989,140	-
<b>Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial assets that are past due but not impaired</b>	<b>63,565,529</b>	<b>-</b>	<b>-</b>	<b>100,862,227</b>	<b>-</b>	<b>-</b>
- The part under guarantee with collateral	63,565,529	-	-	100,862,227	-	-
<b>Net book value of impaired assets</b>	<b>1,635,156</b>	<b>-</b>	<b>-</b>	<b>5,788,055</b>	<b>-</b>	<b>-</b>
- Past due (gross carrying value)	3,528,692	-	-	10,889,524	-	-
- Impairment (-)	(1,893,536)	-	-	(5,101,469)	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral	-	-	-	-	-	-
<b>Off balance sheet items that include credit risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

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### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### Financial instruments and financial risk management (continued)

##### *b. Market Risk*

Market risk is the risk that the Company's capital and earnings and the ability of the Company to achieve its goals will be negatively affected by fluctuations in interest rates, inflation rates in foreign currency rates, and prices in the market. The Company follows market risk under the titles of liquidity risk, currency risk and interest rate risk.

##### *b1. Liquidity Risk*

Liquidity risk is the possibility of the Company is not meeting its net financing needs. Liquidity risk arises from problems in the sector or decreases in credit ratings leading to the decline of some fund resources in a short time. As a precaution against liquidity risk, management diversifies its financing resources and manages its assets with liquidity priority.

The following table provides an analysis for the Company's financial assets and liabilities according to the relevant maturity grouping based on the period remaining on the balance sheet date and the maturity dates included in the contracts. Interests to be collected and paid on the Company's assets and liabilities are included in the table below.

31 December 2020	Non-maturity	1 -3 month	3 - 12 month	Over 1 year	Total
Funds borrowed	-	72,531,991	38,824,724	139,195,174	250,551,889
Other liabilities	-	-	9,413,861	-	9,413,861
Provisions	2,782,663	-	-	-	2,782,663
Current tax debt	-	2,991,771	-	-	2,991,771
<b>Total liabilities</b>	<b>2,782,663</b>	<b>75,523,762</b>	<b>48,238,585</b>	<b>139,195,174</b>	<b>265,740,184</b>
Cash and cash equivalents and the Central Bank	4,851,096	69,216,302	-	-	74,067,398
Financial leasing receivables	-	43,251,118	101,177,403	167,394,305	311,822,826
Investments in scope of leasing	-	951,468	-	-	951,468
Other receivables	-	-	962,327	-	962,327
Advances given for leasing transactions	-	3,616,357	-	-	3,616,357
Other assets	3,834,990	-	-	-	3,834,990
<b>Assets used to manage liquidity risk</b>	<b>8,686,086</b>	<b>117,035,245</b>	<b>102,139,730</b>	<b>167,394,305</b>	<b>395,255,366</b>
<b>Net liquidity surplus/(deficit)</b>	<b>5,903,423</b>	<b>41,511,483</b>	<b>53,901,145</b>	<b>28,199,131</b>	<b>129,515,182</b>

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### b1. Liquidity Risk (continued)

31 December 2019	Non-maturity	1 -3 month	3 - 12 month	Over 1 year	Total
Funds borrowed	-	2,477,145	94,547,541	161,628,520	258,653,206
Other payables	-	-	9,124,085	-	9,124,085
Provisions	2,660,742	-	-	-	2,660,742
Current tax debt	-	1,297,053	-	-	1,297,053
<b>Total liabilities</b>	<b>2,660,742</b>	<b>3,774,198</b>	<b>103,671,626</b>	<b>161,628,520</b>	<b>271,735,086</b>
Cash and cash equivalents and the Central Bank	16,831,533	78,436,116	-	-	95,267,649
Financial leasing receivables	-	41,852,744	91,705,532	152,281,031	285,839,307
Investments under leasing	-	1,302,498	-	-	1,302,498
Other receivables	-	-	1,009,939	-	1,009,939
Advances given for leasing transactions	-	3,076,470	-	-	3,076,470
Other assets	2,908,969	-	-	-	2,908,969
<b>Assets used to manage liquidity risk</b>	<b>19,740,502</b>	<b>124,667,828</b>	<b>92,715,471</b>	<b>152,281,031</b>	<b>389,404,832</b>
<b>Net liquidity surplus/(deficit)</b>	<b>17,079,760</b>	<b>120,893,630</b>	<b>-10,956,156</b>	<b>-9,347,489</b>	<b>117,669,745</b>

As at 31 December 2020 and 31 December 2019, the undiscounted representation of the contractual maturity values of financial liabilities is as follows:

31 December 2020	1 -3 months	3 - 12 month	Over 1 year	Non-maturity	Total
Credits borrowed	72,539,418	46,060,015	142,822,039	-	261,421,472
Other payables	-	9,413,861	-	-	9,413,861
Provisions	-	-	-	2,782,663	2,782,663
Current tax debt	2,991,771	-	-	-	2,991,771
<b>Total liabilities</b>	<b>75,531,189</b>	<b>55,473,876</b>	<b>142,822,039</b>	<b>2,782,663</b>	<b>276,609,767</b>
<b>31 December 2019</b>	<b>1 -3 months</b>	<b>3 - 12 month</b>	<b>Over 1 year</b>	<b>Non-maturity</b>	<b>Total</b>
Credits borrowed	2,517,340	97,381,561	172,541,573	-	272,440,474
Other payables	-	9,124,085	-	-	9,124,085
Provisions	-	-	-	2,660,742	2,660,742
Current tax debt	1,297,053	-	-	-	1,297,053
<b>Total liabilities</b>	<b>3,814,393</b>	<b>106,505,646</b>	<b>172,541,573</b>	<b>2,660,742</b>	<b>285,522,354</b>

## A&T FİNANSAL KİRALAMA A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira ("TL") unless otherwise indicated.)

#### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

##### b2. Currency Risk

Foreign currency assets and liabilities create foreign currency risk. The company carries a certain amount of foreign exchange position arising from the transactions carried out by its operations. The foreign exchange position is monitored daily by Planning Control and reported monthly on the basis of maturity and currency types. The Company conducts forward foreign exchange transactions in order to balance its foreign exchange assets and liabilities.

As at 31 December 2020 and 31 December 2019, the Company's foreign currency assets and liabilities may be analyzed as follows (TL equivalents):

31 December 2020	USD	Euro	Others	Total
Cash and cash equivalents and the Central Bank	687,374	23,319,818	-	24,007,192
Financial leasing receivables	11,683,935	231,689,717	-	243,373,652
Unearned income (-)	(707,806)	(16,626,189)	-	(17,333,995)
Non-performing loans	-	3,101,501	-	3,101,501
Expected Loss Provisions (-)	(136,048)	(3,774,838)	-	(3,910,886)
Investments in scope of leasing	171,289	1,480	-	172,769
Advances given for leasing transactions	1,009,319	2,509,781	-	3,519,100
Other assets	672,671	2,525,928	-	3,198,599
<b>Total assets</b>	<b>13,380,734</b>	<b>242,747,198</b>	<b>-</b>	<b>256,127,932</b>
Credit borrowings	11,088,536	234,547,067	-	245,635,603
Other liabilities	728,860	6,331,321	-	7,060,181
<b>Total liabilities</b>	<b>11,817,396</b>	<b>240,878,388</b>	<b>-</b>	<b>252,695,784</b>
<b>Net foreign currency position</b>	<b>1,563,338</b>	<b>1,868,810</b>	<b>-</b>	<b>3,432,148</b>
31 December 2019	USD	Euro	Others	Total
Cash and cash equivalents and the Central Bank	3,896,199	15,262,546	-	19,158,745
Financial leasing receivables	9,867,166	243,636,430	-	253,503,596
Unearned income (-)	(750,604)	(20,383,588)	-	(21,134,192)
Non-performing loans	3,507,941	6,656,146	-	10,164,087
Expected Loss Provisions (-)	(1,911,434)	(4,954,076)	-	(6,865,510)
Investments under leasing	558,135	144,603	-	702,738
Advances given for leasing transactions	640,680	2,432,790	-	3,073,470
Other assets	361,560	2,617,253	-	2,978,813
<b>Total assets</b>	<b>16,169,643</b>	<b>245,412,104</b>	<b>-</b>	<b>261,581,747</b>
Credit borrowings	16,205,114	242,448,092	-	258,653,206
Other liabilities	621,633	7,242,046	-	7,863,679
<b>Total liabilities</b>	<b>16,826,747</b>	<b>249,690,138</b>	<b>-</b>	<b>266,516,885</b>
<b>Net foreign currency position</b>	<b>(657,104)</b>	<b>(4,278,034)</b>	<b>-</b>	<b>(4,935,138)</b>

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### b2. Currency Risk (continued)

##### Currency risk sensitivity analysis

The table below shows the Company’s sensitivity to 10% change in US Dollars and Euros. During this analysis, it is assumed that all variables, especially interest rates, will remain constant.

	Profit/Loss Appreciation of foreign currency	Depreciation of foreign currency	Equity Appreciation of foreign currency	Depreciation of foreign currency
<b>31 December 2020</b>				
In case the US Dollar changes 10% against TL				
1 - Net asset/liability of USD	156,334	(156,334)	156,334	(156,334)
2- The amount hedged for USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1 +2)</b>	<b>156,334</b>	<b>(156,334)</b>	<b>156,334</b>	<b>(156,334)</b>
In case the Euro changes 10% against TL				
4 - Net asset/liability of Euro	186,881	(186,881)	186,881	(186,881)
5- The amount hedged for Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>186,881</b>	<b>(186,881)</b>	<b>186,881</b>	<b>(186,881)</b>
<b>TOTAL (3+6)</b>	<b>343,215</b>	<b>(343,215)</b>	<b>343,215</b>	<b>(343,215)</b>

<sup>(1)</sup> Equity effect includes the effect of income statement.

	Profit/Loss Appreciation of foreign currency	Depreciation of foreign currency	Equity Appreciation of foreign currency	Depreciation of foreign currency
<b>31 December 2019</b>				
In case the US Dollar changes 10% against TL				
1 - Net asset/liability of USD	(65,710)	65,710	(65,710)	65,710
2- The amount hedged for USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1 +2)</b>	<b>(65,710)</b>	<b>65,710</b>	<b>(65,710)</b>	<b>65,710</b>
In case the Euro changes 10% against TL				
4 - Net asset/liability of Euro	(427,803)	427,803	(427,803)	427,803
5- The amount hedged for Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>(427,803)</b>	<b>427,803</b>	<b>(427,803)</b>	<b>427,803</b>
<b>TOTAL (3+6)</b>	<b>(493,513)</b>	<b>493,513</b>	<b>(493,513)</b>	<b>493,513</b>

<sup>(1)</sup> Equity effect includes the effect of income statement.

## A&T FİNANSAL KİRALAMA A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

#### 18-NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

##### b3. Interest Rate Risk

The Company’s operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities the Company is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company’s business strategies.

According to the analysis calculated by the Company as at 31 December 2020, an increase/(decrease) of 0.5% in foreign currency interest rates, an increase/(decrease) of TL 979,641 in the net present value of variable interest financial liabilities, assuming that all other variables remain constant (31 December 2019: TL 848,486).

	31 December 2020	31 December 2019
<b>Financial assets and liabilities with fixed interest</b>		
Time deposit	69,226,364	78,449,040
Financial leasing receivables, net	313,023,876	282,388,089
Borrowings	54,623,692	88,956,105
<b>Financial assets and liabilities with variable interest</b>		
Borrowings	195,928,197	169,697,101

As at 31 December 2020 and 31 December 2019, the interest rate maturity analysis of the monetary items based on repricing date is as follows:

31 December 2020	0-3 months	3-12 months	1-5 years	Interest free	Total
Cash, cash equivalents and the Central Bank	69,226,364	-	-	4,841,034	74,067,398
Receivables from leasing transactions(net)	43,251,118	101,177,403	167,394,305	-	311,822,826
Investments under leasing	-	-	-	951,468	951,468
Advances given for leasing transactions	-	-	-	962,327	962,327
Other receivables related to leasing transactions	-	-	-	3,616,357	3,616,357
Property, plant and equipment, net	-	-	-	10,362,962	10,362,962
Intangible assets, net	-	-	-	179,153	179,153
Deferred tax assets	-	-	-	339,360	339,360
Other assets	-	-	-	3,834,991	3,834,991
<b>Total assets</b>	<b>112,467,420</b>	<b>101,177,403</b>	<b>167,394,305</b>	<b>25,097,714</b>	<b>406,136,842</b>
Loans borrowed	225,705,831	24,846,058	-	-	250,551,889
Other obligations	-	-	-	9,413,861	9,413,861
Provisions	-	-	-	2,782,663	2,782,663
Current tax debt	-	-	-	2,991,771	2,991,771
Deferred tax liability	-	-	-	-	-
<b>Total liabilities</b>	<b>225,705,831</b>	<b>24,846,058</b>	<b>-</b>	<b>15,188,295</b>	<b>265,740,184</b>
<b>Net reprising position</b>	<b>(113,238,411)</b>	<b>76,331,345</b>	<b>167,394,305</b>	<b>9,909,419</b>	<b>140,396,658</b>

## A&T FİNANSAL KİRALAMA A.Ş. NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

### 18- NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

#### b3. Interest rate risk (continued)

31 December 2019	0-3 months	3-12 months	1-5 years	Interest free	Total
Cash, cash equivalents and the Central Bank	78,449,040	-	-	16,818,609	95,267,649
Receivables from leasing transactions(net)	41,852,745	91,705,532	152,281,030	-	285,839,307
Investments under leasing	-	-	-	1,302,498	1,302,498
Other receivables related to leasing transactions	-	-	-	1,009,939	1,009,939
Advances given for leasing transactions	-	-	-	3,076,470	3,076,470
Property, plant and equipment, net	-	-	-	10,523,199	10,523,199
Intangible assets, net	-	-	-	196,846	196,846
Deferred tax assets	-	-	-	-	-
Other assets	-	-	-	2,908,969	2,908,969
<b>Total assets</b>	<b>120,301,785</b>	<b>91,705,532</b>	<b>152,281,030</b>	<b>35,836,530</b>	<b>400,124,877</b>
Loans received	132,065,496	91,088,516	35,499,194	-	258,653,206
Other obligations	-	-	-	9,124,085	9,124,085
Provisions	-	-	-	2,660,742	2,660,742
Current tax debt	-	-	-	1,297,053	1,297,053
Deferred tax liabilities	-	-	-	130,289	130,289
<b>Total liabilities</b>	<b>132,065,496</b>	<b>91,088,516</b>	<b>35,499,194</b>	<b>13,212,169</b>	<b>271,865,375</b>
<b>Net reprising position</b>	<b>(11,763,711)</b>	<b>617,016</b>	<b>116,781,836</b>	<b>22,624,361</b>	<b>128,259,502</b>

#### Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid except compulsory sales and Non-performing loans to transfer a liability in an orderly transaction between market participants at the measurement date.

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 estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The fair values of certain financial assets and liabilities excluding finance lease receivables and borrowings are considered to approximate their respective carrying values due to their short-term nature.

Fair value of financial assets is measured according to the assumptions based on quoted bid prices of similar assets, or amounts derived from cash flow models.



## A&T FİNANSAL KİRALAMA A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed Turkish lira (“TL”) unless otherwise indicated.)

#### 18 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

##### *Fair value of financial instruments (continued)*

The table below indicates the fair value of the financial assets which are stated at amortized cost in the statement of financial position:

	<u>Carrying Amount</u>		<u>Fair Value</u>		Level
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	
Finance lease receivables	311,822,826	285,826,383	305,911,572	287,357,088	3
Borrowings	250,551,889	258,653,206	240,610,121	246,664,447	3

Fair values of financial assets and liabilities that are carried with their fair values on the balance sheet are determined as follows:

- First Level: Financial assets and liabilities are valued at the quoted prices (unadjusted) in an active market for identical assets and liabilities.
- Second Level: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the quoted market price of the relevant asset or liability mentioned in Level 1.
- Third Level: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability.

As at 31 December 2020 and 2019, the Company does not have any financial assets and liabilities that are reflected in the financial statements at fair value.

##### *c. Capital Management*

In Accordance with Article 12 of the “Regulation on Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies” published in the Official Gazette dated April 24, 2013, the Company is required to keep min 3% standards ratio calculated by dividing equity to total assets. The rate of Company is thirty five percent according to calculation made as at 31 December 2020.

#### 19- OTHER MATTERS

None (31 December 2019: None).

#### 20- SUBSEQUENT EVENTS

None (31 December 2019: None).

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