

## Corporate Credit & Issue Rating

☐ New ☒ Update

Sector: Operational Leasing

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## RATINGS

|               | LT                     | ST        |
|---------------|------------------------|-----------|
| International | Foreign Currency BBB-  | A-3       |
|               | Local Currency BBB-    | A-3       |
|               | Outlook FC Negative    | Negative  |
|               | LC Negative            | Negative  |
| National      | Issue Rating -         | -         |
|               | Local Rating BBB (Trk) | A-3 (Trk) |
|               | Outlook Stable         | Stable    |
|               | Issue Rating BBB (Trk) | A-3 (Trk) |
| Sovereign*    | Sponsor Support 3      | -         |
|               | Stand-Alone BC         | -         |
|               | Foreign Currency BBB-  | -         |
|               | Local Currency BBB-    | -         |
|               | Outlook FC Negative    | -         |
|               | LC Negative            | -         |

\*Affirmed by JCR on November 27, 2018

## LDR TURIZM A.Ş.

| Financial Data                      | 1H2019  | 2018*   | 2017*   | 2016*   | 2015*   |
|-------------------------------------|---------|---------|---------|---------|---------|
| Total Assets (000 USD)              | 80,074  | 82,398  | 111,988 | 85,103  | 68,735  |
| Total Assets (000 TRY)              | 460,836 | 433,486 | 422,409 | 299,496 | 199,854 |
| Equity (000 TRY)                    | 87,137  | 65,936  | 53,816  | 50,331  | 43,692  |
| Net Profit (000 TRY)                | 4,101   | -8,887  | 3,552   | 6,639   | 1,649   |
| Sales (000 TRY)**                   | 63,915  | 122,351 | 76,735  | 49,488  | 36,693  |
| Vehicle Sales Revenue               | 48,959  | 100,008 | 56,460  | 47,388  | 37,500  |
| Net Profit Margin (%)               | 6.42    | -7.26   | 4.63    | 13.42   | 4.49    |
| ROAA (%)                            | n.a     | -2.62   | 1.37    | 3.35    | 1.26    |
| ROAE (%)                            | n.a     | -18.72  | 9.51    | 17.78   | 4.94    |
| Equity / Total Assets (%)           | 18.91   | 15.21   | 12.74   | 16.81   | 21.86   |
| Net Working Capital / T. Assets (%) | 44.36   | 40.56   | 39.33   | 46.87   | 49.81   |
| Asset Growth Rate (%)               | 6.31    | 2.62    | 41.04   | 49.86   | 43.64   |
| Fleet Market Share (%)              | 1.37    | 1.26    | 1.2     | 1.08    | 1.03    |

\*End of year \*\*Including only rental revenues

## Company Overview

LDR Turizm A.Ş. (hereinafter referred to as **Lider Filo** or the **Company**) was founded in 2010 under the name "LDR Turizm Dış Ticaret LTD. ŞTİ" before changing its title to "LDR Turizm A.Ş." in 2012. The brand 'LİDER FİLO' was registered by the Turkish Patent Institute in 2011 to LDR Turizm A.Ş.

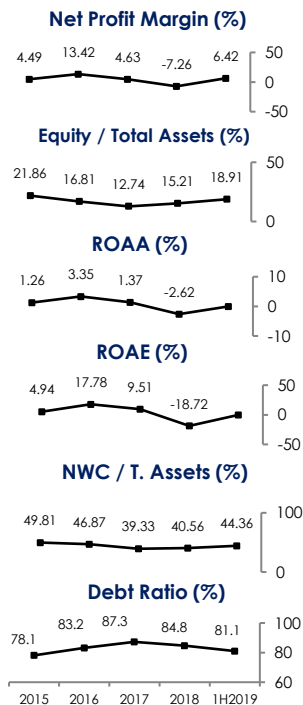
The sole owner of LDR Turizm A.Ş. is Metin Barokas over the six-year period. The Company mainly operates in the field of operational leasing under the brand name **Lider Filo** with a fleet of 4,095 vehicles as of October 31, 2019. The Company, currently sustains its country-wide operations with a workforce of 36 as of September 30, 2019 (FYE2018:41) through its head office in Istanbul .

## Strengths

- Realized capital increase strengthened equity level
- Lower leverage compared to the sector
- Boutique service concept that differs from the sector.
- Heightened funding profile and resource mix through new bond issuances and other type of external funds
- Asset quality supported by customer base that minimizes collection risk with an effective pricing strategy
- Effective functioning of internal process including technological development

## Constraints

- Deterioration in profitability indicators during FY2018
- Adversities on the sector to be generated by the macroeconomic indicators, growth dynamics of which are depressed by cyclical and global circumstances
- Absence of sector-specific laws, regulations and supervisory public authorities to provide the Company and the sector in general with financial relief and to eliminate the possible systemic risks to arise
- Fluctuating vehicle prices deteriorate the cost structure of the companies operating in the sector



## 1. Rating Rationale

JCR Eurasia Rating's rating assignment process for LDR Turizm A.Ş. was based on consolidated independent auditors' reports and interim unaudited financial statements prepared in conformity with International Financial Reporting Standards (IFRS) and JCR Eurasia Rating's own studies, specific methodologies and records for analysis purposes. Moreover, information and clarification provided by the Company itself and statistics provided by TOKKDER (Association of Car Rental Institutions) and the Corporate Vehicle Observatory were also drawn upon for further assessments.

The key assessments among a number of quantitative and qualitative assessments carried out during the rating process of Lider Filo were on growth strategy and market shares, profitability indicators, funding mix and adequacy of capital, liquidity profile, asset quality and efficiency and risk management practices.

The main considerations were budget and projections submitted by Lider Filo for the periods to come regarding sources of growth; risk appetite level particularly with regard to volume orientation; market influence level regarding changes in market shares; and penetration level and growth potential of the sector throughout the assessments regarding growth strategy and market shares of the Company.

In the assessment of profitability indicators, analyses of gross profitability indicators in terms of their contribution to the sustainability of business activities and net profitability indicators in terms of their contribution to the internal equity generation capacity of the Company; resiliency level of revenues regarding cash generating capabilities of its client portfolio; effectiveness of second-hand sale channels; current and expected impact of financial expenses on profitability; fleet efficiency regarding returns and operating expenditures of the vehicles and thorough estimations of residual values were taken into account.

The main considerations in the evaluation of funding mix and adequacy of capital were changes in the Company's leverage stance; convenience level regarding accession to

external resources and efforts to generate alternative funding channels; compatibility of the funding terms as to function as natural hedging instruments with those of its receivables; and equity level and its generation dynamics.

Liquidity profile of the Company was assessed by evaluating constituents and terms of liabilities; maturity structure of future lease receivables; asset turnovers; working capital indicators; and level of free cash flows.

In the assessment of asset quality and efficiency, the evaluations included the granularity level of lease receivables based on non-cancellable contracts from a well-diversified client portfolio; over-collateralization issue prevalent in the sector through the dual collateral structure mainly consisting of assignment of lease receivables and pledges on assets used in operational leasing activities (though the share of the former having had a declining trend); receivables turnover and impairments; fleet efficiency; and level of non-earning assets.

The Company's risk management organization, implementations and procedures as well as such factors as utilization level of natural and derivative hedges; monitoring and elimination of the risk exposures particularly the ones exerted by foreign currency positions; observance of covenants set by creditors; the diversification level of the Company's portfolio on the sector and client bases; absence of public regulatory and supervisory authorities to eliminate possible systemic risks and risk appetite of the Company in view of the operational lease business environment were effective in the evaluation of risk management practices of the Company.

### **Main Rating Considerations are as follows:**

#### ***Consistently Growing Asset Size***

Over the reviewed period, Lider Filo maintained its strong assets base growth performance, climbing to TRY 460.83 mn as of FYE1H2019 from TRY 199.85 mn in FY2015. The Company performed a maintainable growth during the previous four years and this growth has the potential to be sustained for the following periods.

### ***Tailormade service with a broad customer base concept***

Lider Filo with its substantial experience in the operational leasing sector realizes its projects under the framework of a boutique service. Moreover, Lider Filo focuses on profitable customers with an effective pricing policy provided boutique service concept.

### ***Client Structure and Ongoing Improvement in Concentration Levels***

Lider Filo continued to record further improvements in granularity of its portfolio regarding concentration levels on both sectorial and client bases. Additionally, thanks to the attributes of its client portfolio consisting of mostly reputable companies.

### ***Paid – in Capital Increase***

The Company increased its paid-in capital in December 12, 2018 and June 27, 2019 to TRY 40.00mn and TRY 45.00mn and this cash injections positively affected the Company's funding structure. As of June 30, 2019, all shares (9.000) are registered and there are no privileges on shares. The type of the capital increase is decided to be in cash-basis so that the aforementioned increase will directly contribute to the paid-in capital a positively affect the total equity level of the Company. Additionally, On July 10 2019, decision is taken in extraordinary general meeting about increasing paid-in capital from TRY 45.00mn to TRY 50.00mn.

### ***Regrowth potential in the operational leasing sector in target markets such as small and mid-size enterprises***

Operational leasing sector will close 2019 with a vehicle park of around 295 thousand units without shrinking further due to the recent decline in loan interest rates. The demand for operational leasing, which offers many benefits to businesses and individuals, will increase by 2020 with the effect of shifting vehicle needs of companies and individuals and the expected recovery in the economy.

### ***Investment in developed and integrated IT systems***

Lider Filo also initiated a system to allow payments via credit cards in addition to effective utilization of DDS (Direct Debiting System). These are also assessed as factors to curb its credit risks to a certain extent with regard to collection & monitoring difficulties as also evidenced by declining average collection period. Moreover, Lider Filo Mobile Services (Smartphone), provides instant access to the roadside assistance to its customers in the case of meeting any trouble while travelling around Turkey. Additionally, the company continuously improves the applications offered to the customers and in this way increases the quality of the service received by the customers.

### ***Highly qualified administration team***

The sole shareholder of Lider Filo, Metin Barokas has diversified experience and a reliable reputation in the sector. The experience and background senior management team in the operational lease sector contribute to the Company's portfolio value. The Company benefits from a highly experienced team and presence of a well-functioning control organization compatible with its size.

### ***Sharp increase in Financial Expenses***

As of FYE2018, Lider Filo pursues the sector-wide strategy of tackling foreign currency risks resulting from its foreign currency denominated loans which makes up 55.38% of all bank loans. As of FYE2018, the Company's financial expenses almost doubled due to increase in currency rates in 2018. In addition, rise in interest rates also creates increasing effect on the company's cost of borrowings and financial expenses along with increasing currency rates.

### ***Deterioration in Profitability Ratios***

The Company's 'Return of Average Assets (ROAA) and Return on Average Equity (ROAE)', the main profitability indicators, recorded a decrease as of FYE2018.

### ***Growing Uncertainties through Aggravating Geopolitical Tension & Persisting Adversities on Debt-servicing:***

Unrest with bordering countries has still been accompanied by the persisting and aggravating geopolitical tension in international politics.

In addition to the fact that emerging countries are becoming more and more vulnerable through pressures exerted by their large external financing needs in a broader perspective in view of the changing funding dynamics in developed countries, Turkey, in its peculiar position with its widening current account deficit, faces ongoing high volatility and recent rapid depreciation of TRY - weighing further on inflationary measures and corporate private sector financials that have been exposed to a significant level of foreign currency short position and over-leveraging.

In this regard, JCR Eurasia Rating affirms Lider Filo's long-term national local rating at **'BBB (Trk)'** and its short-term national local rating at **'A-3 (Trk)'** in JCR Eurasia's notation system, which denotes an investment grade.

No separate rating report has been compiled as the resources obtained from the debt issues will be carried in the Company's balance sheet and has been subject to analysis in the corporate credit rating report. The debt instruments to be issued carry no difference in comparison to the Company's other liabilities with respect to its legal standing and collateralization. As such, the notations outlined in the corporate credit rating report also reflect the issue rating taking into account aggregated exposure of the issues. The issue ratings do not cover any structured finance instruments. Issue ratings are assigned for both outstanding and prospective debt instruments and incorporate assessments until their maturities.

## 2. Outlook

A **'Stable'** outlook has been assigned for the short and long term outlooks of the Company due to the resilient and predictable revenue streams supported by the clientele structure, asset quality, economic prospects in the domestic and international markets, foreign currency position, term structure of financial liabilities and the efforts of diversifying the access channels to the financial markets via bond issuances in the relief of short and medium term liquidity management and implementation of boutique

services in order to expand its customer base and satisfaction.

On the other hand, outlooks regarding the grades may be downgraded due to the following factors: limited access to financial market and narrowing loan channels, deterioration in debt and interest payment capacity, possible insufficient capacity for revenue generation to meet the liabilities, narrower profit margins through deceleration of operations, decreasing appetite, downgrade of the sovereign rating of Turkey and growing turmoil in the domestic and international markets. The growth potential of the operational lease sector through increasing awareness and tendency regarding the outsourcing of fleet management operations by the large-scale institutions and expected-to-increase demand by SMEs as also evidenced by the declining vehicle per client indicators during the recent years, which would add more lanes for growth of the currently underpenetrated industry.

Developments in the Company's debt level, net working capital level, adequacy of cash flows, improvements in revenue, resolution of the political uncertainties and tensions, restoration of the economic performance to potential levels, improvement in the profit margin, economic growth in the domestic and international markets, development of macroeconomic indicators regarding revised moderate GDP growth period and increased funding channels are the factors that will continue to be closely monitored by JCR Eurasia Rating and can contribute to any future positive changes in ratings and outlook status.

Moreover, the possible effects on the Company of the risk and opportunities to arise out of macroeconomic conditions together with realization level of budgeted profits and ultimate effects of a bond issue on the Company's financial statements are other issues to be monitored for further assessments in the following periods.

## 3. Sponsor Support and Stand-Alone Assessment

The Sponsor Support notes and risk assessments carried out reflect the financial and nonfinancial standings and expected supportive potential of the sole shareholder Metin

Barokas. It is considered that the main controlling shareholder has the willingness and propensity to supply long term liquidity or equity to the Company as and when financial needs arise and the adequate experience to provide efficient operational support. However, JCR Eurasia Rating was unable to obtain the adequate knowledge and conviction on whether the Barokas family has the sufficient funds to support the Company when financial needs arise.

The Stand-Alone Note is formed regarding the Company's internal resource generating capacity, core profitability indicators, debt level and maturity profile, assets quality, equity structure, market share, sustained growth rates, organizational structure, management perspective, existing risk situation and the risks associated with the environment and financial markets. Therefore, JCR Eurasia Rating believes that the Company has enough experience and infrastructure to manage the risks individually as long as it maintains its existing customers, sustainability of revenue.

On the other hand, in addition to the absence of sector-specific laws and regulations, no public authority or professional organization exist to provide the Company and the sector in general with financial relief and to eliminate the possible systemic risks to arise therein. After assessing all factors stated above, the Sponsor Support and Stand Alone Notes of the Company have been determined as "3" and "BC", respectively. A Sponsor Support Note of "3" denotes a situation depending on economic conditions.

## 4. Company Profile

### a) History & Activities

The Company was established in 2010 to operate in the fleet leasing sector under the name "LDR Turizm Dış Ticaret LTD. ŞTİ" and changed its commercial title and status to 'Lider Filo (LDR Turizm A.Ş.)' in 2012. The Company sustained a steady growth since its establishment and mainly operates in the field of long and short-term car rental with an experienced staff and customer-focused service approach.

### b) Organization & Employees

Lider Filo's head office is located in Istanbul. The organizational chart of the Company consists of units of sales & marketing, finance, accounting, purchase, second hand sale and insurance. All units report directly to the General Manager and Vice General Manager.

The Senior Management of the Company is comprised of the CEO and sole shareholder Metin Barokas, the General Manager Bülent Çoşkunarda, and the Vice General Manager Burçin Baybatur Kök. It is concluded that the senior management have the adequate qualifications to administer their duties and that the Board successfully performs its duties of leading, supervising, and inspecting.

### c) Shareholders, Subsidiaries & Affiliates

The shareholding structure of LDR Turizm A.Ş. is exhibited in the following table. The shares totally belong to Metin Barokas who is also the chairman:

| Shareholder Structure   | Metin Barokas |                  |                    |
|-------------------------|---------------|------------------|--------------------|
|                         | Share (%)     | Number of Shares | Paid Capital (TRY) |
| As of June 30, 2019     | 100,00%       | 9,000            | 45.000.000         |
| As of December 31, 2018 | 100,00%       | 8,000            | 40.000.000         |
| As of June 30, 2018     | 100,00%       | 6,000            | 30.000.000         |
| As of December 31, 2017 | 100,00%       | 6,000            | 30.000.000         |

The Company increased its paid-in capital in December 12, 2018 and June 27, 2019 to TRY 40.00mn and TRY 45.00mn and this cash injections positively affected the Company's funding structure. As of June 30, 2019, all shares (9.000) are registered and there are no privileges on shares.

### d) Corporate Governance

Regarding the fact that Lider Filo is not a publicly traded company, the corporate governance discipline is not a field that is required to be taken legally into consideration with regard to the Capital Market Law. No special law has been enacted and no regulatory or supervisory public authority

has been established yet to regulate the activities of the firms in the sector.

The webpage of the Company is well organized and provides information about its history, vision and mission, senior management, disclosure of shareholders general assembly, audit reports, credit rating reports and bond issuances under investor relations department. The Board of Directors holds its meetings regularly and in necessary and urgent conditions. The lack of a risk management division and functional committees within the Board independent board members, and dividend policy is evaluated as a constraining factor for the overall transparency.

In the field of social responsibility, the Company takes part in charitable events. We, as JCR Eurasia Rating, are of the opinion that the senior management of the Company is adequate in terms of education, experience, and managerial skills.

#### **e) The Company Strategies**

The Company aims to strength its position in the operational leasing sector by increasing its brand reputation and meet customers' needs through a strong, dynamic, and experienced staff. The main principle of Company is to follow a sustainable growth via profitable projects, rather than focusing on increasing fleet size.

Main operating in the field of short and long term rent-a-car, Lider Filo has an ambitious yet feasible strategy of becoming a strong player in the sector and extending its reach to a wide range of regions. The main goals of the Company are:

- To provide its customers with boutique service
- To increase brand awareness
- To develop solution partnerships
- To offer customized services in financial and technological advances

The fleet leasing operation includes damage management, vehicle financing, replacement vehicles, tire management, and maintenance management. Lider Filo has also maintained its focus on customer satisfaction through web-based facilities and offering a mobile access of failure

reporting, accident notification, theft notification, tire operations, key operations, and vehicle replacement.

## **5. Sector Overview & Operational Environment**

Tokkder reports that about 20% of all new cars in Turkey are estimated to be operational leasing company cars. This is up from roughly 17% in 2014, and 10% in 2010. Meanwhile, the number of purchased vehicles in 2018 dropped by almost half over compared to 2017 figures. The fundamental reasons for the decrease are the high financing cost incurred as a result of rental contracts in Turkish Lira, limited Access to financial sources and decrease in demand due to the company cutbacks as a result of the economic crisis.

According to the estimations by Tokkder (Association of Car Rental Institutions), new passenger car sales in Turkey decreased by 35% compared to 2017 the Turkish operational leasing sector also decreased by 11.5%. This is the first time the sector has decreased over the past 10 years. As of 1H2019, the vehicle fleet of the Turkish operational leasing sector now stands at approximately 295,000.

Additionally, with the Turkish economy and currency prone to fluctuation, residual value risks of leased vehicles are greater than in Europe. The problem boils down to the fact that leasing companies purchase new cars in foreign currency but sell them off-lease in Turkish Lira. When the latter devaluates, the resale value of the car evaporates. The impact of last year's crisis extended from the market's borrowing power all the way down to RV setting and vehicle remarketing. Leasing contracts suddenly became much more expensive as the cost of money increased and residual values were adapted downward.

As of 1H2019, While Turkey new car sales decreased 43.31% compared to the same period of 2018, operational leasing sector purchases 17,900 new vehicles which is approximately 11.4 percent new cars sold in Turkey in 1H2019.

| Client Structure   | 1H2019 | 2018   | 2017   | 2016   |
|--------------------|--------|--------|--------|--------|
| Number of Clients  | 49,000 | 56,048 | 64,181 | 56,701 |
| Vehicle Per Client | 5.6    | 5.3    | 5.2    | 5.3    |

Source: TOKKDER

Despite the decreasing trend, the segment 'C' still ranks 1st - covering more than half of the vehicles utilized by the sector:

| Segment Distribution of Vehicles (%) | 1H2019 | 2018 | 2017 | 2016 | 2015 |
|--------------------------------------|--------|------|------|------|------|
| B                                    | 28.7   | 25.8 | 27   | 28.6 | 28.3 |
| C                                    | 49.4   | 52.3 | 51.4 | 51.1 | 52.8 |
| D                                    | 13.8   | 14.3 | 13.4 | 12.9 | 12.5 |
| E- F (SUV)                           | 4.9    | 4.7  | 5.1  | 4.4  | 3.7  |
| LCV                                  | 3.2    | 2.9  | 3.1  | 3.1  | 2.7  |

Source: TOKKDER

The table below exhibits maturity distribution of lease contracts:

| Maturity Distribution of Lease Contracts (%) | 1H2019 | 2018 | 2017 | 2016 |
|----------------------------------------------|--------|------|------|------|
| < 18 months                                  | 7.1    | 5.4  | 5.3  | 6.3  |
| 18 – 30 months                               | 18.3   | 20.3 | 26.1 | 27.3 |
| 30 – 42 months                               | 61.1   | 61.9 | 59   | 56.9 |
| >42 months                                   | 13.5   | 12.4 | 9.7  | 9.5  |

Source: TOKKDER

Most of the contracts in the sector are still denominated in EURO currency. However, the contracts in TRY have increased their share significantly during the previous years while USD denominations have continued to follow a downward trend:

| CU Distribution of Lease Contracts (%) | 1H2019 | 2018 | 2017 | 2016 |
|----------------------------------------|--------|------|------|------|
| EURO                                   | 61.6   | 72.1 | 79   | 81.5 |
| USD                                    | 0.8    | 1.2  | 1.9  | 2    |
| TRY                                    | 37.6   | 26.7 | 19.1 | 16.5 |

Source: TOKKDER

As the fact that the person per vehicle figures in Turkey is much higher than in Europe and other developed countries

is taken into consideration, the automotive sector in Turkey has much room for growth, which in turn will contribute to the growth momentum of operational leasing sector.

Widespread use of commercial fleet leasing in European and US markets became driving forces of high business volume of the sector. In Turkey, these forces could not be put into effect due to regulative impediments in general, Road Transportation Law in particular, and imbalances in macroeconomic dynamics in the overall economy. Especially the amendment in 2009 in the Road Transportation Law caused difficulties and contraction in commercial fleet car rental sector.

Absence of national standardization, lack of supervision, widespread unregistered business volume and ambiguity of regulating authority issue among ministries continue to remain important issues of the sector. During the recent years, the sector has been adversely affected by the rapidly rising and fluctuating exchange rates and financing expenses and increases in special consumption tax.

Contracts in the operational leasing business are of a specific time period, generally 3 years and non-cancellable. However, providing that the lessee abides by the penal clause stipulated by the contract, the lease contract may be terminated before the end of the lease period by notification in the pre-determined notice period.

As for the second-hand sales of the vehicles following their leasing period, the companies utilize several second-hand sales channels, mainly with a focus on wholesale.

Apart from the absence of any regulatory and supervisory authority, no specific law and regulations to arrange the operational leasing business activities have been enacted yet.

Prediction of the vehicle values at the end of the lease period is one of the corner stones of the operational leasing business for the 'residual value' (RV) largely affect the transaction's profitability.

In estimating the RVs, a number of variables are taken into consideration; how and where the vehicle is going to be used (mileage, probability of accidents, etc.), development

of general macroeconomic conditions, predictability of amendments in relevant regulations particularly tax laws, volatility of exchange rates and competition level in the sector. With regard to the latter, irrational estimation of residual value by the urge of fierce competition is one of the most significant risks for the sector.

On the other hand, prediction of second-hand prices of the vehicles at the end of the lease period is much easier compared to that of machinery and equipment owing to the second-hand market depth.

The costs of such services as insurance, servicing, repair and the replacement of parts and vehicles are also carried by the lessor and correct estimations of these are also significant for appropriate pricing at the initial price offering stage.

Throughout the lease period, the companies become exposed to a number of risks including credit risks, interest and currency risks, operational risks and price risks.

As exchange profits/losses generated by F/X position exert significant pressure on profitability through the floating exchange rate regime in Turkey, the companies generally utilize natural hedges on a transaction basis by matching of borrowings in foreign currency denominations with lease receivables and second-hand sale proceeds of the similar terms.

The periodicity of revenues is deteriorated to an extent by acceleration of profits/losses into early periods because lease receivables of future periods in foreign currency denominations are not included in the balance sheet – thus causing dislocation of actual performance levels across the periods.

Vehicle purchases include VAT payments while the deduction of the VAT from the relevant tax base requires a certain period through accruals over monthly lease payments and outstanding payments at the end of the lease period through the sale of the vehicles in second-hand market. These elapsed times involve cash outflows and need to be financed by the companies.

An association titled TOKKDER was founded in Istanbul, Turkey in 1996 to represent rent-a-car and fleet leasing companies. Having 125 members in Turkey as at the end of June, 2019, it covers nearly 80% of the sector. Lider Filo is also a member of this association. TOKKDER has been a member of LEASEEUROPE since 2011, a federation of financial leasing, daily rental and operational leasing associations in Europe with 45 members in 33 countries.

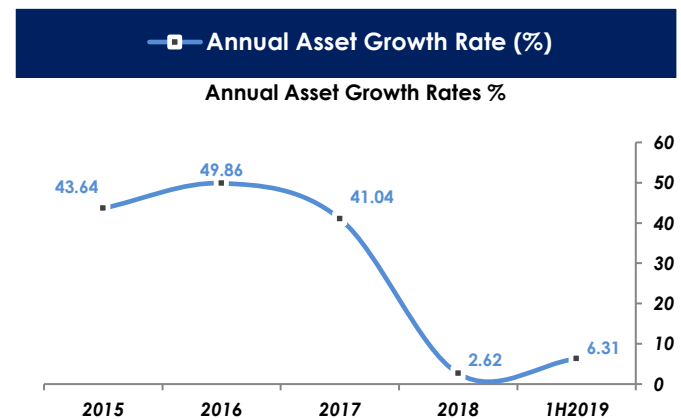
TOKKDER published a code of ethical rules in 2011 for its members in its website including a principle authorizing its Board to supervise its members with regard to compliance with these rules.

## 6. Financial Foundation

### a) Financial Indicators & Performance

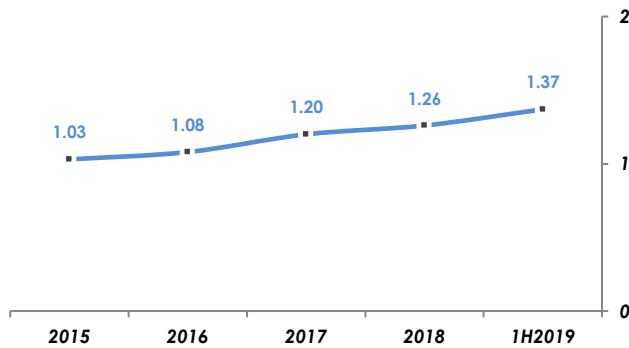
#### i. Indices relating to size

Lider Filo maintained its strong assets base growth performance, climbing to TRY 460.83 mn as of FYE1H2019 from TRY 199.85 mn in FY2015. The Company performed a maintainable growth during the previous four years and this growth has the potential to be sustained for the following periods.



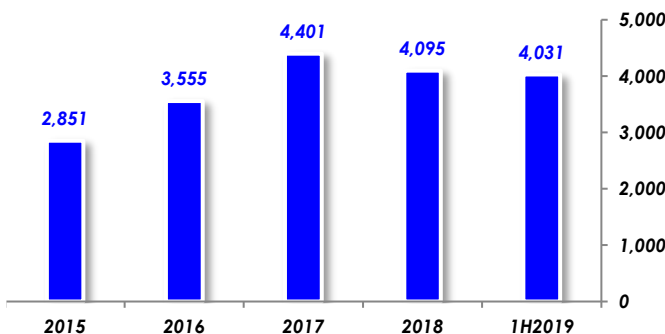
Although Lider Filo's market share is low, the company's market share figures exhibited continuous growth trend between FYE2015 and 1H2019. The company increased its market share from 1.2% to 1.37% as of 1H2019.

—■— Fleet Market Share (%)



Although Lider Filo's fleet size decreased to 4,031 at the end of 1H2019 from 4,401 at the end of 2017 due to sector shrinkage, the Company succeeded to increase its market share. As of 1H2019, while the sector shrank by 19.03%, the company shrank by 13.85% compared to same period of 2018 in terms of fleet size.

■ Fleet-LDR

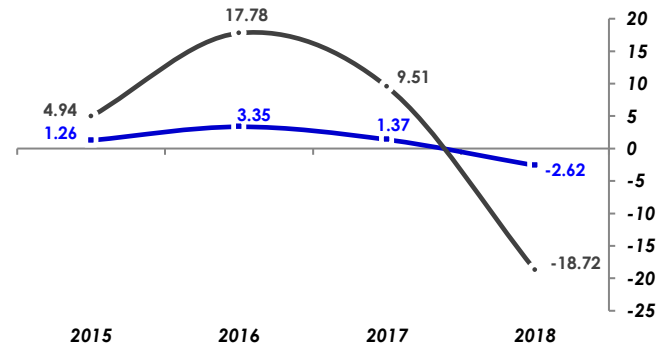


## ii. Indices relating to profitability

The main profitability indicators of Lider Filo have continued to follow decreasing trend since FYE2016. As of FYE2018, the fundamental reasons for deterioration in net profitability indicators was the swell in foreign exchange losses on borrowings and sector shrinkage.

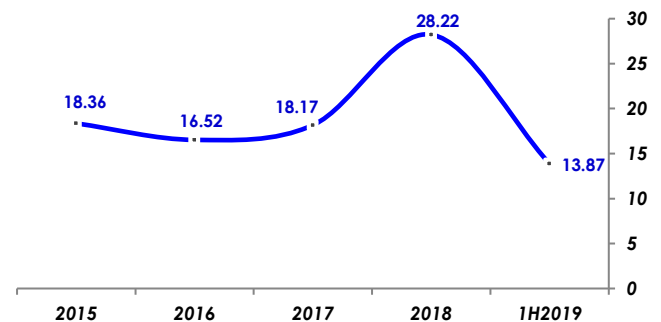
The two of the most important profitability indicators, ROAE and ROAA ratios were -18.72% (FY2017: 9.51%) and -2.62% (FY2017: 1.37%) during FY2018, respectively.

—■— ROAA (%) —●— ROAE (%)



Regarding the Company's nature of business, the financing expenses continued to have the largest share within the expense composition while continuing to fluctuate significantly mainly through exchange gains & losses.

—■— Sales / Asset (%)



## b) Asset quality

The main business of the Company is the operational leasing of passenger vehicles. The future lease payments receivable under non-cancellable contracts are mostly composed of well-reputed and well-diversified clients. The total amount of the receivables from non-cancellable contracts obtained through its operational lease activities, which supports Lider Filo in maintaining its asset quality level.

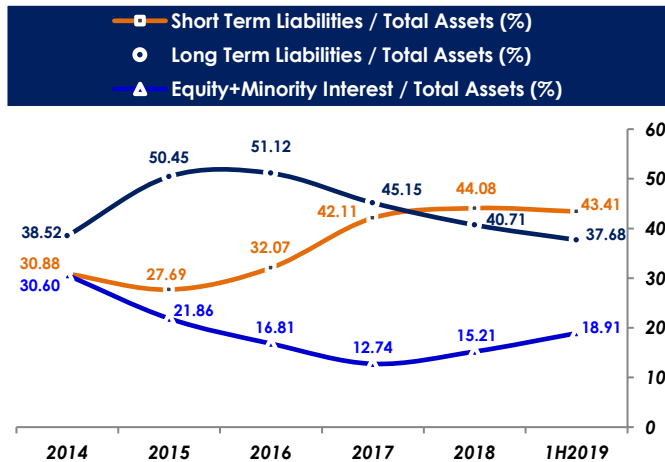
The VAT receivables from tax administration, though only to be deducted from output VAT on second-hand vehicle sales and rents, are expected to provide a liquidity advantage to the Company in the following years.

Assets used in operational leasing are pledged and lease receivables are assigned to creditors as collaterals against borrowings which creates a factor exerting adverse effect on asset quality of the sector through a dual collateralization structure. However, assignment of receivables as collateral has had a declining share during the recent years – partly easing financing processes.

Additionally, As of 31 December 2018, the Company changed its accounting policy regarding the measurement of assets subject to operational leasing and implemented a revaluation model. The company's revaluation gain creates positive effect on its equity. Moreover, the revaluation process will be carried out semi-annual period.

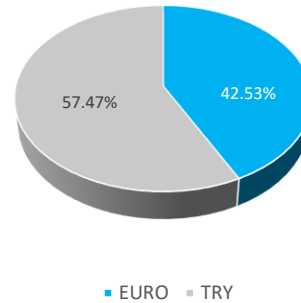
### c) Funding & Adequacy of Capital

In meeting its funding needs growing out of vehicle purchases for its fleet, Lider Filo's funding mix has been mainly composed of short- and long-term external finance from banks and internal equity generation via retained profits in line with the sector dynamics.



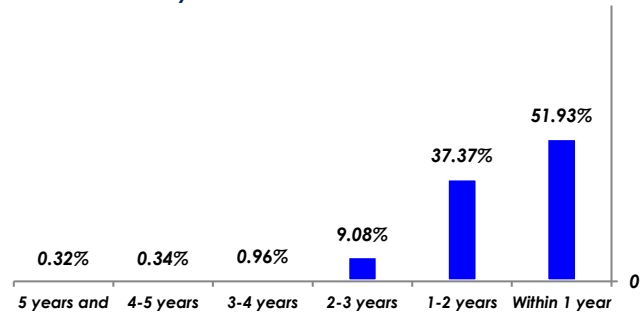
As of 1H2019, Lider Filo acquired loans in 2 different currency denominations, %42.53 of them were in EURO and 57.47% in TRY denominations.

Loan Denomination



As of 1H2019, Lider Filo's total liabilities reached TRY 373.70mn with a tiny increase of 1.67% compared to FYE2018. As of FYE2018, while the Company's ratio of long-term liabilities to total asset followed a decreasing trend, that of short-term liabilities to total assets exhibited an increasing trend. The share of short-term liabilities to the Company's total liabilities was 51.99% as of FYE2018.

Maturity Diversification of Financial Loans



In addition to bank loans, Lider Filo diversified its funding sources in February 12, 15 2018, July 03 2018 and May 15 2018 by issuing bonds totally amounted TRY 35.00mn to qualified investors and all issued bonds paid by the company.

ISSUED BONDS (2018)

| Issue Date   | Amount (TRY)      | Maturity Date | Status |
|--------------|-------------------|---------------|--------|
| 15.02.2018   | 7,000,000         | 13.08.2018    | Paid   |
| 03.07.2018   | 14,000,000        | 25.12.2018    | Paid   |
| 12.02.2018   | 4,000,000         | 12.02.2019    | Paid   |
| 15.05.2018   | 10,000,000        | 14.05.2019    | Paid   |
| <b>Total</b> | <b>35,000,000</b> |               |        |

Additionally, Considering the risk report sent by the Company in November 2019, cash credit lines worth TRY 372.37mn have been extended to Lider Filo by financial institutions. As of November 1, 2019, almost 90% of this line has been drawn upon.

## 7. Risk Profile and Management

### a) Risk Management Organization

Risk management constitutes an integral part of the decision-making process of Lider Filo. Strict risk management challenges for the sector as a whole arise in the operational leasing sector in Turkey in the absence of any sector-specific laws and public authorities to regulate and supervise the sector (e.g.; in setting minimum capital adequacy standards) and to eliminate possible systemic risks. The Company acts proactively in terms of risk management in order to ensure that its business operations are not adversely affected.

The risk policy of the Company maintains the goal of ensuring Lider Filo's expansion, sustainably increasing corporate value and realizing fiscal and planned objectives. The risk management practices focus on the unpredictability of the financial markets and aim to identify, monitor and manage risks through various financial and operational activities and precautions in order to preserve capital and sustain profitability.

Lider Filo has exposure to credit, market, liquidity and operational risks from its use of financial instruments and activities. Lider Filo's risk management program focuses on the unpredictability of financial markets and has the main aim of minimizing the potential negative effects on the financial statements. In addition, the Company's risk management organization, implementations and procedures as well as such factors as utilization level of natural hedges; monitoring and elimination of the risk exposures particularly the ones exerted by foreign currency positions; the diversification level of the Company's portfolio on the sector and client bases; absence of public regulatory and supervisory authorities to eliminate possible systemic risks and risk appetite of the Company in view of the operational lease business environment were effective in the evaluation of risk management practices of the

Company. The Company's risks related to its business are managed at the senior management and Board level who have the adequate qualifications and experience to administer their duties as the entity currently does not have a dedicated risk management department.

### b) Credit Risk

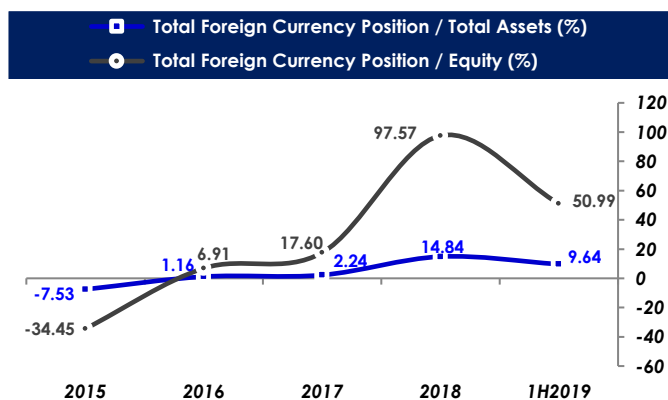
Credit risk concerns the risk that a loss will be suffered by a party due to the reason that the other party to the transaction is unable to meet its obligations. It arises principally from the Company's receivables from customers. These risks are monitored by the management by limiting the aggregate risk to any individual counterparty and coverage by collaterals if necessary. An established credit evaluation process is periodically performed by a credit committee for all new customers and renewals of existing customers.

| Sectoral Customer Distribution (%) |       |
|------------------------------------|-------|
| As of September 30, 2019           |       |
| Consultancy                        | 10.84 |
| Chemical Products and Packaging    | 10.64 |
| Food                               | 10.23 |
| Textile                            | 9.42  |
| Finance                            | 8.19  |
| Automotive                         | 6.80  |
| Medical-Health                     | 5.80  |
| Sales and Marketing                | 5.40  |
| Security Services                  | 3.98  |
| Construction                       | 3.98  |
| Electric and Electronics           | 3.41  |

Lider Filo served 757 clients as at the end of September, 2019. (September 30, 2018: 817) .As of September 2019, the number of clients of the company decreased by 7.34% compared to that of the previous year's same period. The average number of contracts per customer increased to 5.41 as of 3Q2019 from 5.35 in 3Q2018. Additionally, Lider Filo recorded low concentration levels on client basis where 10.84% of customers are constituted of consultancy segment, 10.64% and 10.23% were instituted by chemical products and packaging and food segments, respectively.

### c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices as well as residual values of the vehicles that will affect the Company's income or the value of its holdings of financial instruments. Market risks arise from interest rates of funds that the Company has used as loans from local banks and other financial institutions. Additionally, the Company is also subject to currency risks from the funds that the Company has borrowed from the financial institutions. The experienced management team monitors the global economy and watches for opportunities to mitigate the risks of volatility in the markets.



Interest rate risk is managed on a portfolio basis by using natural hedges that arise from offsetting non-cancellable operational lease receivables with bank borrowings. Lider Filo borrows with fixed interest rates for the whole term of vehicle financing, which interest costs are factored into its fixed lease revenues. Therefore, the Company does not take any significant interest risk. Special emphasis is given to provide a balance between the duration of assets and liabilities.

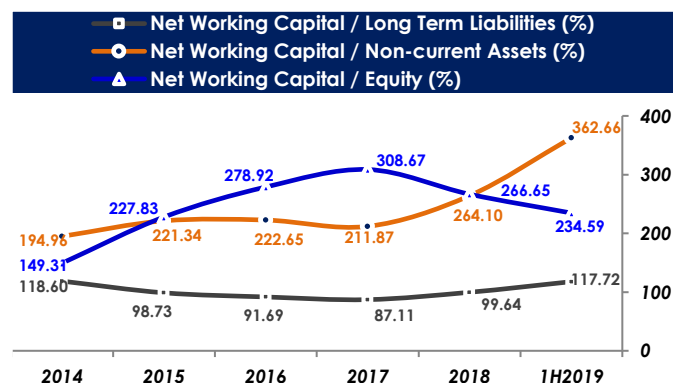
Foreign currency denominated assets and liabilities give rise to foreign currency exposure. The companies operating in the operational leasing sector tackle foreign currency risks resulting from foreign currency denominated transactions under the floating exchange rate regime in Turkey through natural hedges where borrowings in foreign currency denominations are matched with lease receivables of the similar terms. When a full lease cycle is considered, the business of the Company is well covered against foreign currency risks, as the Company funds its leases with the

underlying currency of the lease contracts. Although Lider Filo adopts the same strategy, it has been exposed to partial currency risk.

### d) Liquidity Risk

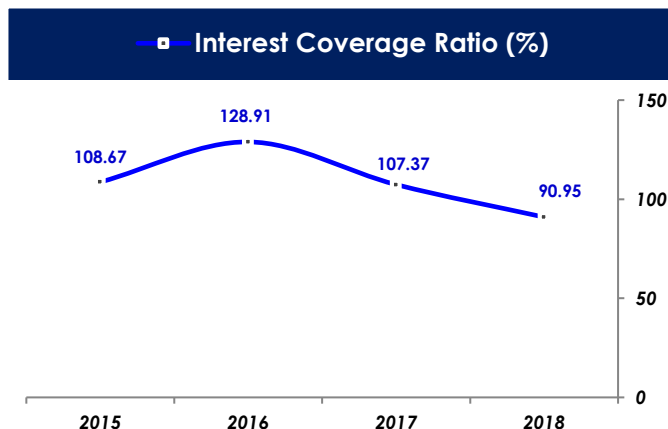
Liquidity risk comprises the risk of a company becoming unable to finance its payment requirements. It arises in the general funding of the Company's activities and in the management of positions. The Company manages its liquidity needs by carefully monitoring scheduled debt servicing.

Market risks arise from interest rates of funds that the Company has used as loans from local banks and other financial institutions. As the Company's financial debt was totally comprised of fixed rate financial liabilities of TRY 334.10mn as of 1H2019, this helped the Company to avoid bearing interest rate risk. Therefore, fluctuations in the interest rates did not directly affect the Company's current interest payment obligations. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments. Additionally, the Company is also subject to currency risks from the funds that the Company has borrowed from the financial institutions. The companies operating in the sector tackle foreign currency risks resulting from foreign currency denominated transactions under the floating exchange rates in Turkey through natural hedges where borrowings in foreign currency denominations are matched with lease receivables of the similar terms. The experienced management team monitors the global economy and follows for opportunities to mitigate the risks of volatility in the markets.



The levels of Lider Filo's liquidity indicators regarding the net working capital (including inventories and assets used in operational lease) indicated increasing figures over the reporting period except NWC/Equity.

The Company's interest coverage ratio exhibiting decreasing path as of FYE2017 and as of FYE2018, commensurate with its net profitability indicators wherein this indicator has not reached the reference values yet.



### e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure. Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

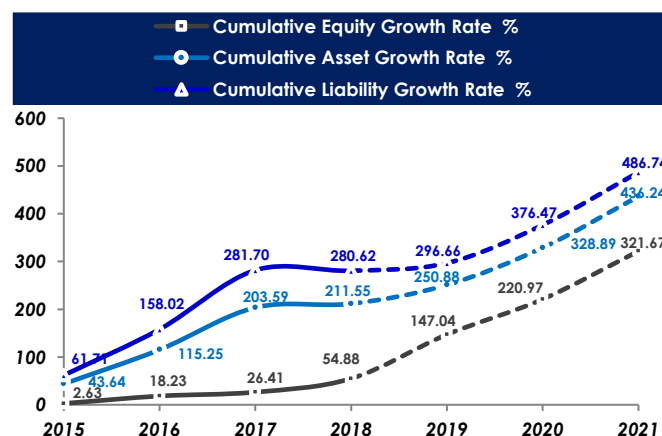
In the scope of operational risk, Lider Filo reported no losses from transactions, system and human errors in FYE2018 along with absence of penalties brought against the Company by regulatory and supervisory authorities.

## 8. Budget & Debt Issue

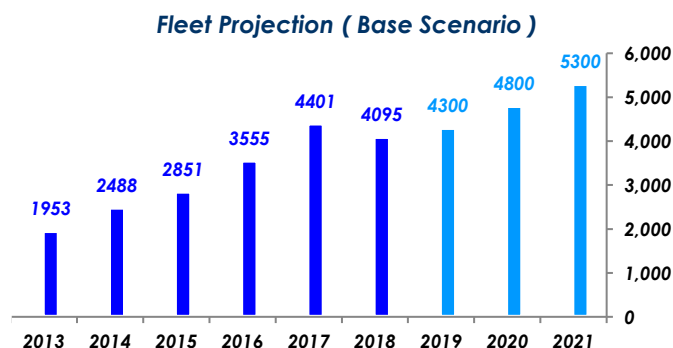
The Company's projections for the year of 2018 were stated in the previous credit rating report. The realized figures of the 2018 is compared with the aforementioned projections below:

| TRY          | 2018 Projected | 2018 Realized |
|--------------|----------------|---------------|
| Total Assets | 556,161,266    | 433,486,434   |
| Liabilities  | 460,321,030    | 367,550,933   |
| Equity       | 95,840,236     | 65,935,501    |
| Net Profit   | 13,978,545     | -8,886,963    |

After the sector shrinkage, Lider Filo's projections were modified compared to previous year figures. The company projected a year-end asset size of TRY 488.20mn with a modest annual growth rate of 12.62% in FY2019 while the equity is expected to increase by 59.50% in FY2019. Moreover, The Company aims to grow and increase its market share in the sector and the company focused on long term operations as a part of its modified growth strategy.



As of 1H2019, while the sector shrank by 19.03%, the company shrank by 13.85% compared to same period of 2018 in terms of fleet size. In addition, Lider Filo estimates to reach 5,300 vehicles at the end of FYE2021 by maintaining its limited share. The table below displays the Company's fleet projection by years:



Lider Filo's borrowings are diversified with bond issuances. Along with bank loans, the Company diversified its funding sources in February 12, 15 2018, July 03 2018 and May 15 2018 by issuing bonds totally amounted TRY 35.00mn to qualified investors and all issued bonds paid by the company. Additionally, Lider Filo received approval from the Capital Market Board to issue bonds with an amount of TRY 60.00mn for qualified investors in May, 2019.

The table below exhibits issued bonds by the company:

| <b>ISSUED BONDS (2018)</b> |                     |                      |               |
|----------------------------|---------------------|----------------------|---------------|
| <b>Issue Date</b>          | <b>Amount (TRY)</b> | <b>Maturity Date</b> | <b>Status</b> |
| 15.02.2018                 | 7,000,000           | 13.08.2018           | Paid          |
| 03.07.2018                 | 14,000,000          | 25.12.2018           | Paid          |
| 12.02.2018                 | 4,000,000           | 12.02.2019           | Paid          |
| 15.05.2018                 | 10,000,000          | 14.05.2019           | Paid          |
| <b>Total</b>               | <b>35,000,000</b>   |                      |               |

| LDR Turizm A.Ş.<br>BALANCE SHEET - ASSET<br>TRY                | (1H)<br>2019<br>USD<br>(Converted) | (1H)<br>2019<br>TRY<br>(Original) | (1H)<br>2019<br>TRY<br>(Average) | (Year end)<br>2018<br>TRY<br>(Original) | (Year end)<br>2018<br>TRY<br>(Average) | (Year end)<br>2017<br>TRY<br>(Original) | (Year end)<br>2017<br>TRY<br>(Average) | (Year end)<br>2016<br>TRY<br>(Original) | As % of (1H)<br>2019<br>Assets<br>(Original) | As % of<br>2018<br>Assets<br>(Original) | As % of<br>2017<br>Assets<br>(Original) | (1H)<br>2019<br>Growth<br>Rate | 2018<br>Growth<br>Rate | 2017<br>Growth<br>Rate |
|----------------------------------------------------------------|------------------------------------|-----------------------------------|----------------------------------|-----------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------------|-----------------------------------------|-----------------------------------------|--------------------------------|------------------------|------------------------|
| <b>I. CURRENT ASSETS</b>                                       | 70,280,300                         | 404,470,152                       | 385,692,637                      | 366,915,122                             | 355,459,629                            | 344,004,136                             | 290,223,774                            | 236,443,411                             | 87.77                                        | 84.64                                   | 81.44                                   | 10.24                          | 6.66                   | 45.49                  |
| <b>A. Liquid Assets</b>                                        | 640,608                            | 3,686,764                         | 4,328,728                        | 4,970,692                               | 15,072,596                             | 25,174,500                              | 16,857,109                             | 8,539,717                               | 0.80                                         | 1.15                                    | 5.96                                    | -25.83                         | -80.26                 | 194.79                 |
| <b>B. Marketable Securities</b>                                | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | 0.00                                         | 0.00                                    | 0.00                                    | 0.00                           | 0.00                   | n.a                    |
| 1.Bond                                                         | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 2.Share Certificates                                           | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 3.Other                                                        | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 4.Provision for Decrease in Value of Marketable Securities (-) | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>C. Trade Receivables &amp; Leasing</b>                      | 849,739                            | 4,890,335                         | 4,377,361                        | 3,864,386                               | 3,736,972                              | 3,609,557                               | 3,638,325                              | 3,667,093                               | 1.06                                         | 0.89                                    | 0.85                                    | 26.55                          | 7.06                   | -1.57                  |
| 1.Customers & Notes Receivables                                | 72,973                             | 419,967                           | 756,904                          | 1,093,840                               | 780,844                                | 467,847                                 | 724,042                                | 980,236                                 | 0.09                                         | 0.25                                    | 0.11                                    | -61.61                         | 133.80                 | -52.27                 |
| 2.Other Receivables                                            | 776,766                            | 4,470,368                         | 3,620,457                        | 2,770,546                               | 2,956,128                              | 3,141,710                               | 2,914,284                              | 2,686,857                               | 0.97                                         | 0.64                                    | 0.74                                    | 61.35                          | -11.81                 | 16.93                  |
| 3.Doubtful Trade Receivables                                   | 523,092                            | 3,010,448                         | 2,811,262                        | 2,612,076                               | 2,113,335                              | 1,614,593                               | 1,385,550                              | 1,156,506                               | 0.65                                         | 0.60                                    | 0.38                                    | 15.25                          | 61.78                  | 39.61                  |
| 4.Provision for Doubtful Trade Receivables (-)                 | -523,092                           | -3,010,448                        | -2,811,262                       | -2,612,076                              | -2,113,335                             | -1,614,593                              | -1,385,550                             | -1,156,506                              | -0.65                                        | -0.60                                   | -0.38                                   | 15.25                          | 61.78                  | 39.61                  |
| 5.Rediscout on Notes Receivables (-)                           | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>D. Due From Related Parties (net)</b>                       | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 11,055                                 | 22,109                                  | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | -100.00                |
| <b>E. Other Receivables</b>                                    | 646                                | 3,716                             | 7,255                            | 10,793                                  | 13,125                                 | 15,456                                  | 25,506                                 | 35,556                                  | 0.00                                         | 0.00                                    | 0.00                                    | -65.57                         | -30.17                 | -56.53                 |
| 1.Other Receivables                                            | 646                                | 3,716                             | 7,255                            | 10,793                                  | 13,125                                 | 15,456                                  | 25,506                                 | 35,556                                  | 0.00                                         | 0.00                                    | 0.00                                    | -65.57                         | -30.17                 | -56.53                 |
| 2.Other Doubtful Receivables                                   | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 3.Rediscouts on Other Notes Receivables (-)                    | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 4.Provision for Other Doubtful Receivables (-)                 | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>F. Live Assets (net)</b>                                    | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>G. Inventories (net)</b>                                    | 63,852,513                         | 367,477,596                       | 348,978,096                      | 330,478,595                             | 315,544,626                            | 300,610,657                             | 258,399,969                            | 216,189,281                             | 79.74                                        | 76.24                                   | 71.17                                   | 11.20                          | 9.94                   | 39.05                  |
| <b>H. Contract Progress Income (net)</b>                       | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>I. Deferred Tax</b>                                         | 16,413                             | 94,458                            | 47,229                           | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | 0.02                                         | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>J. Other Current Assets</b>                                 | 4,920,381                          | 28,317,283                        | 27,953,970                       | 27,590,656                              | 21,092,311                             | 14,593,966                              | 11,291,811                             | 7,989,655                               | 6.14                                         | 6.36                                    | 3.45                                    | 2.63                           | 89.06                  | 82.66                  |
| 1.Other Current Assets                                         | 4,920,381                          | 28,317,283                        | 27,953,970                       | 27,590,656                              | 21,092,311                             | 14,593,966                              | 11,291,811                             | 7,989,655                               | 6.14                                         | 6.36                                    | 3.45                                    | 2.63                           | 89.06                  | 82.66                  |
| 2.Provision for Other Current Assets (-)                       | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>II. NON-CURRENT ASSETS</b>                                  | 9,794,077                          | 56,365,890                        | 61,468,601                       | 66,571,312                              | 72,487,880                             | 78,404,448                              | 70,728,552                             | 63,052,656                              | 12.23                                        | 15.36                                   | 18.56                                   | -15.33                         | -15.09                 | 24.35                  |
| <b>A. Trade Receivables &amp; Leasing</b>                      | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 1. Customers & Notes Receivables & Leasing                     | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 2. Other Receivables                                           | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 3. Doubtful Trade Receivables                                  | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 4. Provision for Doubtful Trade Receivables (-)                | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 5. Rediscout on Notes Receivables (-)                          | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>B. Due From Related Parties (net)</b>                       | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>C. Other Receivables</b>                                    | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 1. Other Receivables                                           | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 2.Other Doubtful Receivables                                   | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 3.Rediscouts on Other Notes Receivable (-)                     | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 4.Provision for Other Doubtful Receivables (-)                 | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>D. Financial Fixed Assets (net)</b>                         | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 1. Long Term Securities (net)                                  | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 2. Affiliates (net)                                            | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 3. Subsidiaries (net)                                          | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| 4.Other Financial Fixed Assets (net)                           | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>E. Tangible Assets</b>                                      | 8,325,138                          | 47,911,999                        | 47,933,469                       | 47,954,939                              | 47,279,493                             | 46,604,046                              | 43,068,119                             | 39,532,192                              | 10.40                                        | 11.06                                   | 11.03                                   | -0.09                          | 2.90                   | 17.89                  |
| <b>F. Other Fixed Assets</b>                                   | 1,468,939                          | 8,453,891                         | 13,535,132                       | 18,616,373                              | 25,208,388                             | 31,800,402                              | 27,660,433                             | 23,520,464                              | 1.83                                         | 4.29                                    | 7.53                                    | -54.59                         | -41.46                 | 35.20                  |
| <b>TOTAL ASSETS</b>                                            | 80,074,376                         | 460,836,042                       | 447,161,238                      | 433,486,434                             | 427,947,509                            | 422,408,584                             | 360,952,326                            | 299,496,067                             | 100.00                                       | 100.00                                  | 100.00                                  | 6.31                           | 2.62                   | 41.04                  |

| LDR Turizm A.Ş.<br>BALANCE SHEET-LIABILITIES+EQUITY<br>TRY               | (1H)<br>2019<br>USD<br>(Converted) | (1H)<br>2019<br>TRY<br>(Original) | (1H)<br>2019<br>TRY<br>(Average) | (Year end)<br>2018<br>TRY<br>(Original) | (Year end)<br>2018<br>TRY<br>(Average) | (Year end)<br>2017<br>TRY<br>(Original) | (Year end)<br>2017<br>TRY<br>(Average) | (Year end)<br>2016<br>TRY<br>(Original) | As % of (1H)<br>2019<br>Assets<br>(Original) | As % of<br>2018<br>Assets<br>(Original) | As % of<br>2017<br>Assets<br>(Original) | (1H)<br>2019<br>Growth<br>Rate | 2018<br>Growth<br>Rate | 2017<br>Growth<br>Rate |
|--------------------------------------------------------------------------|------------------------------------|-----------------------------------|----------------------------------|-----------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------------|-----------------------------------------|-----------------------------------------|--------------------------------|------------------------|------------------------|
| <b>I. SHORT TERM LIABILITIES</b>                                         | <b>34,761,539</b>                  | <b>200,056,135</b>                | <b>195,576,883</b>               | <b>191,097,630</b>                      | <b>184,494,265</b>                     | <b>177,890,899</b>                      | <b>136,974,091</b>                     | <b>96,057,283</b>                       | <b>43.41</b>                                 | <b>44.08</b>                            | <b>42.11</b>                            | <b>4.69</b>                    | <b>7.42</b>            | <b>85.19</b>           |
| A. Financial Liabilities                                                 | 31,096,716                         | 178,964,708                       | 179,983,058                      | 181,001,408                             | 175,885,981                            | 170,770,553                             | 126,194,766                            | 81,618,978                              | 38.83                                        | 41.75                                   | 40.43                                   | -1.13                          | 5.99                   | 109.23                 |
| B. Trade Payables                                                        | 3,231,227                          | 18,596,035                        | 13,667,418                       | 8,738,801                               | 7,331,814                              | 5,924,827                               | 9,252,565                              | 12,580,303                              | 4.04                                         | 2.02                                    | 1.40                                    | 112.80                         | 47.49                  | -52.90                 |
| C. Due to Related Parties                                                | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| D. Other Financial Liabilities                                           | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| E. Advances Received                                                     | 325,638                            | 1,874,082                         | 1,106,735                        | 339,387                                 | 279,206                                | 219,025                                 | 460,053                                | 701,081                                 | 0.41                                         | 0.08                                    | 0.05                                    | 452.20                         | 54.95                  | -68.76                 |
| F. Contract Progress Ongoing Construction Contracts (net)                | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| G. Deferred Tax Liabilities                                              | 32,632                             | 187,802                           | 93,901                           | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | 0.04                                         | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| H. Provisions for Liabilities                                            | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| I. Other Liabilities                                                     | 75,326                             | 433,508                           | 725,771                          | 1,018,034                               | 997,264                                | 976,494                                 | 1,066,708                              | 1,156,921                               | 0.09                                         | 0.23                                    | 0.23                                    | -57.42                         | 4.25                   | -15.60                 |
| <b>II. LONG TERM LIABILITIES</b>                                         | <b>30,171,965</b>                  | <b>173,642,674</b>                | <b>175,047,989</b>               | <b>176,453,303</b>                      | <b>183,577,697</b>                     | <b>190,702,090</b>                      | <b>171,904,733</b>                     | <b>153,107,376</b>                      | <b>37.68</b>                                 | <b>40.71</b>                            | <b>45.15</b>                            | <b>-1.59</b>                   | <b>-7.47</b>           | <b>24.55</b>           |
| A. Financial Liabilities                                                 | 28,236,012                         | 162,501,070                       | 166,153,463                      | 169,805,856                             | 177,514,668                            | 185,223,480                             | 166,866,966                            | 148,510,452                             | 35.26                                        | 39.17                                   | 43.85                                   | -4.30                          | -8.32                  | 24.72                  |
| B. Trade Payables                                                        | 0                                  | 0                                 | 0                                | 0                                       | 11,025                                 | 22,050                                  | 66,742                                 | 111,433                                 | n.a                                          | n.a                                     | 0.01                                    | n.a                            | -100.00                | -80.21                 |
| C. Due to Related Parties                                                | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| D. Other Financial Liabilities                                           | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| E. Advances Received                                                     | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| F. Contract Progress Ongoing Construction Contracts (net)                | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| G. Deferred Tax Liabilities                                              | 1,898,379                          | 10,925,359                        | 8,705,466                        | 6,485,573                               | 5,912,192                              | 5,338,811                               | 4,864,429                              | 4,390,047                               | 2.37                                         | 1.50                                    | 1.26                                    | 68.46                          | 21.48                  | 21.61                  |
| H. Provisions for Liabilities                                            | 37,574                             | 216,245                           | 189,060                          | 161,874                                 | 139,812                                | 117,749                                 | 106,597                                | 95,444                                  | 0.05                                         | 0.04                                    | 0.03                                    | 33.59                          | 37.47                  | 23.37                  |
| I. Other Liabilities (net)                                               | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| <b>TOTAL LIABILITIES</b>                                                 | <b>64,933,504</b>                  | <b>373,698,809</b>                | <b>370,624,871</b>               | <b>367,550,933</b>                      | <b>368,071,961</b>                     | <b>368,592,989</b>                      | <b>308,878,824</b>                     | <b>249,164,659</b>                      | <b>81.09</b>                                 | <b>84.79</b>                            | <b>87.26</b>                            | <b>1.67</b>                    | <b>-0.28</b>           | <b>47.93</b>           |
| <b>F. EQUITY</b>                                                         | <b>15,140,872</b>                  | <b>87,137,233</b>                 | <b>76,536,367</b>                | <b>65,935,501</b>                       | <b>59,875,548</b>                      | <b>53,815,595</b>                       | <b>52,073,502</b>                      | <b>50,331,408</b>                       | <b>18.91</b>                                 | <b>15.21</b>                            | <b>12.74</b>                            | <b>32.16</b>                   | <b>22.52</b>           | <b>6.92</b>            |
| a) Prior year's equity                                                   | 11,456,882                         | 65,935,501                        | 59,875,548                       | 53,815,595                              | 52,073,502                             | 50,331,408                              | 47,011,774                             | 43,692,139                              | 14.31                                        | 12.41                                   | 11.92                                   | 22.52                          | 6.92                   | 15.20                  |
| b) Equity (Added from Internal & External Resources in the Current Year) | 2,971,418                          | 17,100,809                        | 19,053,839                       | 21,006,869                              | 10,469,762                             | -67,346                                 | -33,673                                | 0                                       | 3.71                                         | 4.85                                    | -0.02                                   | -18.59                         | -31,292.45             | n.a                    |
| c) Minority Interest                                                     | 0                                  | 0                                 | 0                                | 0                                       | 0                                      | 0                                       | 0                                      | 0                                       | n.a                                          | n.a                                     | n.a                                     | n.a                            | n.a                    | n.a                    |
| h) Profit & Loss                                                         | 712,572                            | 4,100,923                         | -2,393,020                       | -8,886,963                              | -2,667,715                             | 3,551,533                               | 5,095,401                              | 6,639,269                               | 0.89                                         | -2.05                                   | 0.84                                    | -146.15                        | -350.23                | -46.51                 |
| <b>TOTAL LIABILITY</b>                                                   | <b>80,074,376</b>                  | <b>460,836,042</b>                | <b>447,161,238</b>               | <b>433,486,434</b>                      | <b>427,947,509</b>                     | <b>422,408,584</b>                      | <b>360,952,326</b>                     | <b>299,496,067</b>                      | <b>100.00</b>                                | <b>100.00</b>                           | <b>100.00</b>                           | <b>6.31</b>                    | <b>2.62</b>            | <b>41.04</b>           |
| USD Rates 1=TRY                                                          |                                    | 5.7551                            |                                  | 5.2609                                  |                                        | 3.7719                                  |                                        | 3.5192                                  |                                              |                                         |                                         |                                |                        |                        |

| <b>LDR Turizm A.Ş.</b>                                   |                    |                     |                    |
|----------------------------------------------------------|--------------------|---------------------|--------------------|
| <b>INCOME STATEMENT</b>                                  | <b>1H2019</b>      | <b>2018</b>         | <b>2017</b>        |
| <b>TRY</b>                                               |                    |                     |                    |
| <b>I. Principal Activity Revenues</b>                    | <b>53,081,049</b>  | <b>92,121,648</b>   | <b>55,884,193</b>  |
| <b>A. Sales Revenues (Net)</b>                           | <b>63,914,619</b>  | <b>122,350,805</b>  | <b>76,735,177</b>  |
| 1.Domestic Sales                                         | 63,914,619         | 122,350,805         | 76,735,177         |
| 2.Export Sales                                           | 0                  | 0                   | 0                  |
| 3.Sales Deductions (-)                                   | 0                  | 0                   | 0                  |
| <b>B. Cost Of Sales (-)</b>                              | <b>-13,263,505</b> | <b>-34,299,355</b>  | <b>-24,438,265</b> |
| <b>C. Service Revenues (net)</b>                         | <b>2,015,327</b>   | <b>2,421,275</b>    | <b>2,630,090</b>   |
| <b>D. Other Revenues From Principal Activities</b>       | <b>414,608</b>     | <b>1,648,923</b>    | <b>957,191</b>     |
| 1.Interest                                               | 414,608            | 1,648,923           | 957,191            |
| 2.Dividend                                               | 0                  | 0                   | 0                  |
| 3.Rent                                                   |                    |                     |                    |
| 4.Other                                                  | 0                  | 0                   | 0                  |
| <b>GROS PROFIT &amp; LOSS FROM PRINCIPAL ACTIVITIES</b>  | <b>53,081,049</b>  | <b>92,121,648</b>   | <b>55,884,193</b>  |
| Activities Expenses (-)                                  | -3,692,867         | -8,450,796          | -6,750,153         |
| <b>NET PROFIT &amp; LOSS FROM PRINCIPAL ACTIVITIES</b>   | <b>49,388,182</b>  | <b>83,670,852</b>   | <b>49,134,040</b>  |
| Income & Profit From Other Activities                    | 1,125,018          | 2,791,483           | 2,215,095          |
| Expenses & Losses From Other Activities (-)              | -176,991           | -671,909            | -360,791           |
| Financing Income                                         | 0                  | 48,607              | 0                  |
| Financing Expenses (-)                                   | -45,020,746        | -98,235,021         | -48,189,542        |
| <b>OPERATING PROFIT &amp; LOSS</b>                       | <b>5,315,463</b>   | <b>-12,395,988</b>  | <b>2,798,802</b>   |
| Net Monetary Position exc. And Other Profit & Loss (+/-) | 0                  | 1,186,157           | 2,153,013          |
| <b>PRETAX PROFIT &amp; LOSS</b>                          | <b>5,315,463</b>   | <b>-11,209,831</b>  | <b>4,951,815</b>   |
| Taxes (-/+)                                              | -1,214,540         | 2,322,868           | -1,400,282         |
| <b>NET PROFIT FOR THE PERIOD</b>                         | <b>4,100,923</b>   | <b>-8,886,963</b>   | <b>3,551,533</b>   |
| <b>Total Income</b>                                      | <b>67,469,572</b>  | <b>130,447,250</b>  | <b>84,690,566</b>  |
| <b>Total Expense</b>                                     | <b>-62,154,109</b> | <b>-141,657,081</b> | <b>-79,738,751</b> |
| <b>NET INCOMES OR EXPENSES FOR THE PERIOD</b>            | <b>5,315,463</b>   | <b>-11,209,831</b>  | <b>4,951,815</b>   |

| LDR Turizm A.Ş.<br>FINANCIAL RATIOS %                                                    | 1H<br>2019 | FYE<br>2018 | FYE<br>2017 |
|------------------------------------------------------------------------------------------|------------|-------------|-------------|
| <b>I. PROFITABILITY</b>                                                                  |            |             |             |
| <b>Relationship Between Capital and Profit</b>                                           |            |             |             |
| ROAE - Pre-tax Profit / Equity (avg.)                                                    | n.a        | -18.72      | 9.51        |
| ROAA - Pre-tax Profit / Total Assets (avg.)                                              | n.a        | -2.62       | 1.37        |
| Total Income / Equity (avg.)                                                             | 88.15      | 217.86      | 162.64      |
| Total Income / Total Asset (avg.)                                                        | 15.09      | 30.48       | 23.46       |
| Economic Rentability (( Financing Expenses + Pre-tax Profit)/ (Total Liabilities) (avg.) | 11.26      | 20.34       | 14.72       |
| Operating Profit / Total Assets (avg.)                                                   | 11.04      | 19.55       | 13.61       |
| Financial Expenses / Inventories Ratio (avg.)                                            | 12.90      | 31.13       | 18.65       |
| Return on Avg. Long Term Sources                                                         | 1.63       | -3.65       | 1.59        |
| <b>Relationship Between Sales and Profit</b>                                             |            |             |             |
| Gross Profit Margin of Operating = Ordinary Activities Incomes / Net Sales Income        | 83.05      | 75.29       | 72.83       |
| Operating Margin = Operating Incomes / Net Sales Income                                  | 77.27      | 68.39       | 64.03       |
| Net Profit Margine = Net Profit / Net Sales Income                                       | 6.42       | -7.26       | 4.63        |
| Cost of Sales / Net sales Income                                                         | 20.75      | 28.03       | 31.85       |
| Activities Expenses / Net Sales Income                                                   | 5.78       | 6.91        | 8.80        |
| Financing Expenses / Net Sales Income                                                    | 70.44      | 80.29       | 62.80       |
| EBIT = (Gross Profit + Financing Expenses) / Net Sales Income                            | 78.76      | 71.13       | 69.25       |
| <b>Relationship Between Financing Liabilities and Profit</b>                             |            |             |             |
| Interest Coverage Ratio 1 = Pre Tax Profit + Financing Expenses / Financing Expenses     | 111.81     | 88.59       | 110.28      |
| Interest Coverage Ratio 2 = Net Profit + Financing Expenses / Financing Expenses         | 109.11     | 90.95       | 107.37      |
| <b>Structure of Income and expenditure account</b>                                       |            |             |             |
| Financing Expenses / T. Asset (avg.)                                                     | 10.07      | 22.95       | 13.35       |
| Financial Liabilities / T. Assets                                                        | 74.10      | 80.93       | 84.28       |
| <b>II. LIQUIDITY</b>                                                                     |            |             |             |
| (Liquid Assets + Marketable Securities) / T. Assets                                      | 0.80       | 1.15        | 5.96        |
| (Liquid Assets +Marketable Securities) / T. Liabilities                                  | 0.99       | 1.35        | 6.83        |
| Net Working Capital / Total Assets                                                       | 44.36      | 40.56       | 39.33       |
| Liquid Assets / Equity                                                                   | 4.23       | 7.54        | 46.78       |
| Current Ratio                                                                            | 202.18     | 192.00      | 193.38      |
| Add Test Ratio                                                                           | 4.33       | 4.62        | 16.18       |
| Cash Ratio                                                                               | 1.84       | 2.60        | 14.15       |
| Inventories / Current Asset                                                              | 90.85      | 90.07       | 87.39       |
| Inventories / Total Asset                                                                | 79.74      | 76.24       | 71.17       |
| Inventories Dependency Ratio                                                             | 53.44      | 56.32       | 50.80       |
| Short Term Receivables / Total Current Assets                                            | 1.21       | 1.06        | 1.05        |
| Short Term Receivables / Total Assets                                                    | 1.06       | 0.89        | 0.86        |
| <b>III. CAPITAL and FUNDING</b>                                                          |            |             |             |
| Equity / Total Assets                                                                    | 18.91      | 15.21       | 12.74       |
| Equity / Liabilities                                                                     | 23.32      | 17.94       | 14.60       |
| Net Working Capital/Total Resources                                                      | 44.36      | 40.56       | 39.33       |
| Equity generation/prior year's equity                                                    | 25.94      | 39.03       | -0.13       |
| Internal equity generation/prior year's equity                                           | 6.22       | -16.51      | 7.06        |
| Tangible Assets/Total Asset                                                              | 10.40      | 11.06       | 11.03       |
| Financial Fixed Assets/(Equity +Long Term Liabilities)                                   | 0.00       | 0.00        | 0.00        |
| Minority Interest/Equity                                                                 | 0.00       | 0.00        | 0.00        |
| <b>IV. EFFICIENCY</b>                                                                    |            |             |             |
| Net Profit Margine Growth                                                                | -188.34    | -256.94     | -65.50      |
| Net Sales Growth                                                                         | -47.76     | 59.45       | 55.06       |
| Equity Growth                                                                            | 32.16      | 22.52       | 6.92        |
| Asset Growth                                                                             | 6.31       | 2.62        | 41.04       |
| Inventories Turnover                                                                     | 3.80       | 10.87       | 9.46        |
| Days Inventories Utilization                                                             | 9,603.57   | 3,357.90    | 3,859.36    |
| Receivables Turnover                                                                     | 8,444.22   | 15,669.06   | 10,598.17   |
| Days' Accounts Receivable                                                                | 4.32       | 2.33        | 3.44        |
| Efficiency Period                                                                        | 9,607.89   | 3,360.23    | 3,862.80    |
| Payables Turnover                                                                        | 97.04      | 467.11      | 262.23      |
| Days' Payments In Accounts Payables                                                      | 376.12     | 78.14       | 139.19      |
| Cash Turnover Cycle                                                                      | 9,231.78   | 3,282.09    | 3,723.61    |
| Current Assets Turnover                                                                  | 16.57      | 34.42       | 26.44       |
| Net Working Capital Turnover                                                             | 33.62      | 71.56       | 50.07       |
| Tangible Assets Turnover                                                                 | 133.34     | 258.78      | 178.17      |
| Fix Asset Turnover                                                                       | 103.98     | 168.79      | 108.49      |
| Equity Turnover                                                                          | 83.51      | 204.34      | 147.36      |
| Asset Turnover                                                                           | 14.29      | 28.59       | 21.26       |
| Export sales/Total sales                                                                 | 0.00       | 0.00        | 0.00        |
| <b>V. ASSET QUALITY</b>                                                                  |            |             |             |
| Non-Performing Receivables / Total Receivables                                           | 38.09      | 40.26       | 30.82       |
| Non-Performing Asset / Total Assets                                                      | 90.14      | 87.30       | 82.20       |
| Financial Fixed Assets / Non-Current Assets                                              | 0.00       | 0.00        | 0.00        |
| <b>VI. SENSITIVITY OF FOREIGN CURRENCY</b>                                               |            |             |             |
| Total Foreign Currencies Position/Asset                                                  | 56.39      | 14.84       | 2.24        |
| Total Foreign Currencies Position/Equity                                                 | 298.20     | 97.57       | 17.60       |
| <b>VII. INDEBTEDNESS</b>                                                                 |            |             |             |
| Debt Ratio                                                                               | 81.09      | 84.79       | 87.26       |
| Short Term Liabilities/Total Asset                                                       | 43.41      | 44.08       | 42.11       |
| Long Term Liabilities/Total Asset                                                        | 37.68      | 40.71       | 45.15       |
| Long Term Liabilities/(Equity+ Long term Liabilities)                                    | 66.59      | 72.80       | 77.99       |
| Fixed Asset/Liabilities                                                                  | 15.08      | 18.11       | 21.27       |
| Fixed Asset/(Long Term Liabilities +Equity)                                              | 21.61      | 27.46       | 32.06       |
| Short Term Liabilities/ T. Liabilities                                                   | 53.53      | 51.99       | 48.26       |
| Short Term Financial Liabilities/Short Term Liabilities                                  | 89.46      | 94.72       | 96.00       |
| Tangible Assets/Long Term Liabilities                                                    | 27.59      | 27.18       | 24.44       |
| Financial Liabilities/Total Liabilities                                                  | 91.37      | 95.44       | 96.58       |
| Off Balance Liabilities/(Assets +Off Balance Liabilities)                                | 47.39      | 47.76       | 47.53       |
| Off Balance Liabilities/(Equity +Off Balance Liabilities)                                | 82.65      | 85.74       | 87.67       |

Previous Rating Results Issued by JCR-ER

|  |                  |    | 31-Oct-17                                                                                         |            | 14-Nov-18                                                  |           |
|-----------------------------------------------------------------------------------|------------------|----|---------------------------------------------------------------------------------------------------|------------|------------------------------------------------------------|-----------|
|                                                                                   |                  |    | Long Term                                                                                         | Long Term  | Long Term                                                  | Long Term |
| International                                                                     | Foreign Currency |    | BBB-                                                                                              | A-3        | BBB-                                                       | A-3       |
|                                                                                   | Local Currency   |    | BBB-                                                                                              | A-3        | BBB-                                                       | A-3       |
|                                                                                   | Outlook          | FC | Negative**                                                                                        | Negative** | Negative                                                   | Negative  |
|                                                                                   |                  | LC | Negative**                                                                                        | Negative** | Negative                                                   | Negative  |
| National                                                                          | Local Rating     |    | BBB (Trk)                                                                                         | A-3 (Trk)  | BBB (Trk)                                                  | A-3 (Trk) |
|                                                                                   | Outlook          |    | Stable                                                                                            | Stable     | Stable                                                     | Stable    |
|                                                                                   | Issue Rating     |    | BBB(Trk)                                                                                          | A-3 (Trk)  | BBB(Trk)                                                   | A-3 (Trk) |
| Sponsor Support                                                                   |                  |    | 3                                                                                                 | -          | 3                                                          | -         |
| Stand-Alone                                                                       |                  |    | BC                                                                                                | -          | BC                                                         | -         |
| Sovereign*                                                                        | Foreign Currency |    | BBB-                                                                                              | -          | BBB-                                                       | -         |
|                                                                                   | Local Currency   |    | BBB-                                                                                              | -          | BBB-                                                       | -         |
|                                                                                   | Outlook          | FC | Negative                                                                                          | -          | Negative                                                   | -         |
|                                                                                   |                  | LC | Negative                                                                                          | -          | Negative                                                   | -         |
|                                                                                   |                  |    | (*) Affirmed by Japan Credit Rating Agency, on August 14, 2018<br>(**) Updated on August 17, 2018 |            | Affirmed by Japan Credit Rating Agency, on August 14, 2018 |           |
| Analyst(s)                                                                        |                  |    | Zeki Metin ÇoĖktan<br>Merve Hayat                                                                 |            | Zeki Metin ÇoĖktan<br>Ersin Kılıçkap                       |           |