

# 2018 Activity

*Report*

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## INDEPENDENT AUDITOR'S REPORT ON ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS

To the General Assembly Of Garanti Fleet Services Inc.,

### Opinion

Since we have audited the full set of consolidated financial statements of Garanti Fleet Services Incorporated Company ("Company") and its subsidiary (hereinafter referred to as 'Group' collectively) for the accounting period of December 1-31, 2018, we have also audited the annual activity report for the same accounting period.

In our opinion, the consolidated financial information, contained in the annual activity report of the board of directors and the inspections, made by the Board of Directors making use of the information, included in the financial tables about the status of the group are consistent in all aspects with the full set of consolidated financial statements, audited thereof, as well as the information, obtained during the independent audit and the same reflects the truth.

### Basis of the Opinion

The independent audit, performed by us, was carried out in accordance with the independent audit standards, published by The Capital Markets Board ("CMB") and the independent audit standards, a part of the Turkish Auditing standards ("BDS"), published by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). Our responsibilities within these standards are explained in detail in following the section of the report " Liabilities of the Independent Auditor Regarding the Independent Audit of the Annual Activity Report ". In compliance with the Codes of Conduct for Independent Auditors ("Ethical Rules"), published by " POA " and the code of ethics contained in the legislation on independent auditing, we hereby declare that we are independent of the group. Ethical rules and other ethical responsibilities within the scope of legislation have also been fulfilled by US. We believe that the independent audit evidences, we obtained during the independent audit constitutes a sufficient and appropriate basis for the creation of our opinion.

### Our Auditor's Opinion On Full Set of Consolidated Financial Statements

In our auditing report dated 28 January 2019, regarding the Full Set of Consolidated Financial Statements of the Group for the period 1 December 2018 – 31 December 2018, we have delivered a positive opinion.

According to the provisions of the articles 514 and 516 of the Turkish Commercial Code (“TCC”) no. 6102 and the Communiqué No: II-14.1 of the Capital Markets Board regarding the Guidelines on Financial Reporting in Capital Market Boards (“Communiqué”), the group management is responsible for the following with respect to the annual activity report:

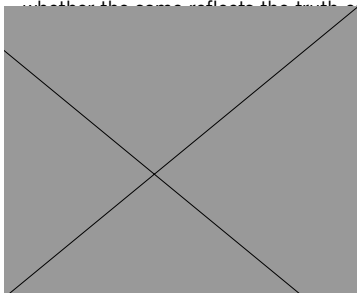
- a) to prepare the annual activity report within the first three months following the balance sheet date and submits the same to the General Assembly.
- b) to prepare the annual report to reflect the group's flow of activity in that year as well as the consolidated financial position in all aspects in an accurate, complete, straightforward, realistic and fair manner. In this report, the financial position is evaluated in accordance with the consolidated financial statements. The report also clearly refers to the development of the group as well as the risks likely to be encountered thereof. The evaluation of the board of directors about these issues is also included in the report.
- c) the annual report further includes the following issues:
  - Events taking place within the group after the end of the year of operation and that have special importance,
  - Research and development activities of the group,
  - Remuneration, paid to the members of the board of directors and senior management, financial benefits such as premiums, bonuses, allowances, travel, accommodation and representation expenses, facilities in kind and in cash, insurance and similar guarantees.

The Board of Directors also takes into consideration the secondary regulations by the Ministry of Commerce and the related institutions when preparing the activity report.

### Responsibility of the Independent Auditor regarding the Independent Audit of the Annual Activity Report

In accordance with the provisions of TCC and the Communiqué, our objective is to deliver an opinion about whether or not the consolidated financial information, contained in the annual report as well as the inspections, made by the board of directors making use of the information, included in the audited financial statements regarding the status of the group, are consistent with the audited consolidated financial statements of the Group and the information obtained by us during the independent audit, if the same reflects the truth and to prepare a report, containing our opinion.

Independent audit, performed by us was carried out in accordance with IAS and the independent audit standards, published by the CMB and BDS. These standards require ensuring compliance with ethical provisions and that the independent audit should be carried out by planning so that reasonable assurance would be obtained about whether or not the consolidated financial information as well as the inspections about the status of the group, performed by the Board of Directors making use of the information, included in the audited consolidated financial statements, are consistent with the financial tables and the information, obtained during audit and whether the same reflects the truth or not.



Orhan AKOVA, IAFA  
Responsible Auditor

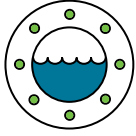
22 February 2019

Istanbul, Turkey



Garanti Fleet is one of the most reliable companies in the sector that has the most powerful financial facilities with a total asset size of 1.7 billion TL and a storage park of 20.450 active vehicles by the end of 2018.

"OUR STRONG FINANCIAL STRUCTURE, THE IMPORTANCE WE ATTACH TO TECHNOLOGY AND OUR INVESTMENTS IN OUR HUMAN RESOURCES ARE THE BUILDING BLOCKS OF OUR SERVICE CONCEPT THAT MAKES A DIFFERENCE."



## Vision

To be the most creditable fleet company in Turkey.



## Mission

To add constant value to the customers, employees, society and the environment with its strong financial structure and service concept that differentiates from its competitors.



## Strategies

To be a leader in the fleet sector thanks to its expert staff and service quality that exceeds expectations of its customers. Garanti fleet is building its guarantee strategy on the principles of continuous improvement of customer experience by providing services that meet their needs with a 'transparent' , 'comprehensible' and 'responsible' approach for its customers at any time. It sets sight on unconditional and sustainable customer satisfaction with its mission to add permanent value to its customers.





## Values

Garanti fleet prepares its strategies, which are determined to realize its vision and mission in line with the corporate values that all employees will comply with. These values are also essential and indispensable rules in business and life for Garanti fleet employees at all levels.

### Customer

We take responsibility for ensuring the satisfaction and loyalty of our customers, and we aim to add value and happiness to our customers and the environment with our high energy, agility and sincerity.

### Quality

We always set sight on offering the highest quality in our services.

### Gentlemanship

Respect, trust and honesty are essential in our relations with our customers and the environment.

### Innovation

We determine the requirements of the customers very well and develop new products and services that to add value. We become leader in the industry.

### Accessibility

We make sure that our products and services are easily accessible.

### Environmental Sensitivity

We avoid damaging the environment. We follow and support environmentally-friendly projects and technological developments.

## CORPORATE PROFILE

With its strong and competent staff members, Garanti fleet has been offering fleet management services to its customers since 2007 for all passenger vehicles in any brand and model, sold in Turkey. In addition to sales teams, it provides leasing services to cover a wide range of customers by making use of the advantage of guidance by the branches of Garanti Bank. Since its establishment, Garanti Fleet is one of the most reliable companies in the sector that has the most powerful financial facilities with a total asset size of 1.7 billion TL and a storage park that has more than 20 thousand vehicles.

Garanti fleet offers fast, reliable fleet management services throughout Turkey thanks to its robust financial structure and the strength of Garanti brand. Fully applying the maintenance and repair standards, determined by the vehicle brands, Garanti fleet has planned every detail in advance from the tires to be used, to the service point where maintenance and repair services will be provided, and it takes as a mission, unconditional and sustainable customer satisfaction as well as adding permanent value to its customers with high service quality that never changes throughout leasing cycle. Garanti fleet differentiates from its competitors in the sector thanks to its competent and dynamic human resources, unique technological infrastructure, advanced risk management systems, customer-oriented service approach adopted, and the innovative products and services it offers without compromising on quality.

As well as sales teams, Garanti fleet uses Garanti Bank branches and many digital media as an alternative distribution channel, mainly [www.garantifilo.com.tr](http://www.garantifilo.com.tr). Reaching more than 5,000 customers thanks to its diversified distribution channels, Garanti fleet also provides second hand passenger car sales services as well as fleet management services to its wide customer portfolio in line with their needs.

## ACCOUNTING PERIOD

Annual Activity Report was prepared in accordance with information of Garanti fleet for the accounting period between 1 January 2018-31 December 2018.

## ANNUAL ACTIVITY REPORT CONFIRMATION

The annual report was unanimously approved by the Board of Directors upon decision no.005, dated 22.02.2019.

## DECLARATION OF RESPONSIBILITY

Stating that annual activity report and periodical financial statements fully reflects the financial situation of the company and that the company complies with the legislation, declaration of responsibility was signed by the General Director and Deputy General Director of the Company (Periodical Financial Statements 28.01.2019; Annual Activity Report 22.02.2019)

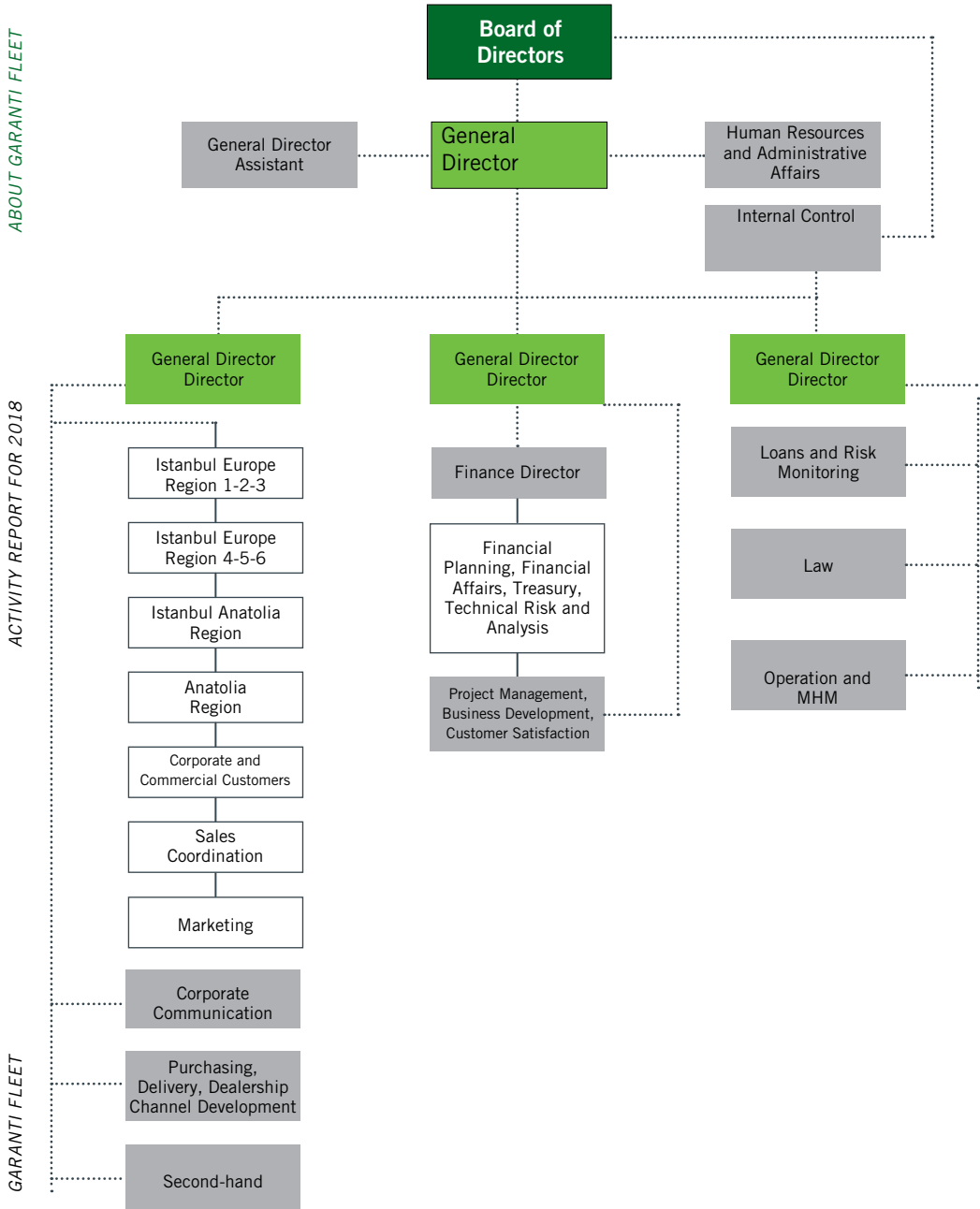
## PARTNERSHIP STRUCTURE

Founded in 2007 with a capital of TL 1 million, Garanti fleet increased its capital to 10 million TL by increasing the same TL 9 million in 2008. Ownership rate of Garanti Financial Leasing Incorporation is 100%.

No amendment took place in the structure of the partnership during the period. There are no privileged shares. There are no actions, taken by the members of the Board of Directors with the Company on behalf of themselves or the others as part of the authorization, granted by the General Assembly of the company and/or any actions within the scope of competition prohibition.

## ORGANIZATIONAL STRUCTURE

Garanti fleet completed 2018 with a personnel strength, consisting of 90 people. (including Garanti Fleet Insurance Services Incorporation.)



## FINANCIAL RIGHTS, PROVIDED TO BOARD MEMBERS AND SENIOR EXECUTIVES

The total amount of financial rights granted to senior executives during the accounting period of the Garanti Fleet is TL 3.169.177, 46.

The company does not provide loans under debt, credit and personal loans whatsoever to any board members or directors as well as warranties such as bill of guarantee for the benefit of the same.

## BOARD OF DIRECTORS

Board of Directors of Garanti Fleet consists of 5 members. The members, assigned in Board of Directors of Garanti Fleet and their terms of office are as follows;



### CEMAL ONARAN

Chairman of The Board Of Directors

*Assignment Starting Date: 23.03.2017*

*Assignment Termination Date: -*

Graduated from Middle East Technical University, Department of Public Administration, Cemal Onaran started his career as an assistant inspector in Garanti Bank's Inspection Board in 1990. Between 2000 and 2007, he served as a regional director in various regional offices of Garanti Bank in Istanbul. Upon establishment of Garanti mortgage, a subsidiary of Garanti Bank engaged in mortgage loans, he was appointed as the General Director of the company in October 2007. He was appointed as a General Director in Garanti Pension and Life Inc. by August 2012. As of 1 January 2017, he was appointed as a Deputy General Director for SME Banking. Having a business experience of 26 years in the fields of banking and business management, Onaran is a Board Member in Garanti Pension, Life Inc. and Garanti Financial Leasing Inc.



## AYDIN GÜLER

Vice Chairman of the Board

Assignment Starting Date: 31.03.2017

Assignment Termination Date: -

Graduated from Istanbul Technical University, Department of Mechanical Engineering, Aydın Güler started his career in Garanti Bank Fund Management in 1990. After serving in various Head Office units for 10 years, he was appointed as Risk Management and Management Reporting Department Director in 2000. Having served as Department Director of Financial Planning & Analysis Directorate between 2001 and 2013, Güler was appointed as a coordinator within the department in 2013. Mr. Güler, who was appointed in T. Garanti Bank in 21 December 2015 as Deputy General Director responsible for Finance and General Accounting, is at the same time a Board Member of Garanti Bank Inc. for 9 years Foundation of Retirement and Charity Fund for Officials and Employees. With 26 years of experience in Banking and Business Administration, Güler is responsible for Asset / Liability Management, Financial Planning and Analysis, expense Management and Productivity, Investor Relations, General Ledger, Consolidation and International Accounting, Tax Operations Management and BBVA Finance Coordination. Güler still maintains his task as a Board Member of Garanti Financial Leasing Inc.



## OSMAN BAHRİ TURGUT

Board Member

*Assignment Starting Date: 17.03.2014*

*Assignment Termination Date: -*

In 1990 he completed his undergraduate study, which had started in Marmara University, Department of Economics in 1986. Having started his career in T. Garanti Bank Inc. in the same year as an Assistant Inspector, Osman Bahri Turgut served as Branch Manager, Deputy Chairman of the Board of Inspectors, Department Director of Commercial Loans, Director of Internal Control Center and Head of Internal Audit and Control. Currently he maintains his task in T. Garanti Bank Inc. for 9 years as the Head of Board of Inspectors. He still serves as a Board and Auditing Committee member in Garanti Financial Leasing Inc., Garanti Fleet Management Services Inc.; a board member in T. Garanti Bank Inc. for 9 years Pension and Charity Fund Foundation and Garanti Culture Inc. and as a member of Auditing Committee in Garanti Financial Leasing Inc., Garanti Housing Finance and Consultancy Services Inc. and Garanti Payment Systems Inc.



## SELAHATTIN GÜLDÜ

Board Member

*Assignment Starting Date: 18.03.2018*

*Assignment Termination Date: -*

Graduated from Middle East Technical University, Department of Public Administration, Selahattin Güldü started his career as an Assistant Inspector in Garanti Bank's Inspection Board in 1990. He worked as a branch manager during 1997-1999. Between 1999-2018, he worked as a regional manager in various regions in Istanbul. Having 28 years of business experience in banking, Selahattin Güldü was appointed as Deputy General Director responsible for Commercial Banking since April 05, 2018. Güldü also serves as a Board Member at Garanti leasing.





### AYŞEGÜL GÜLGÖR

Member Of The Board Of Directors, General Director

Assignment Starting Date: 09.02.2016

Assignment Termination Date: -

Graduated from Middle East Technical University, Ayşegül Gülgör started her banking career in 1987. Gülgör, who worked in different banks in the sector, assigned in Garanti Bank in 1999. Gülgör, who performed several duties within Garanti Bank and has been a regional director for 17 years lastly, maintains her assignment as a general director in Garanti Fleet as of February 2016.



### RECEP BAŞTUĞ

Vice Chairman of the Board

Assignment Starting Date: 08.12.2015

Assignment Termination Date: -

Recep Baştuğ is a graduate of Çukurova University, Department of Economics. He started his career at Garanti Bank's Internal Audit Committee in 1989. He worked as corporate branch manager between 1995 and 1999 and as a commercial regional director between 1999 and 2004. From 2004 to 2013, he served as a coordinator at the Commercial Banking Marketing Department. He has been working as a Deputy General Director in Garanti Bank since 2013. As of 08.12.2015, He serves as the Vice Chairman of the Board of Directors of Garanti Fleet.

## SENIOR MANAGEMENT

Garanti Fleet's top management consists of 3 members. Members of Garanti Fleet Senior management in 2018 and their terms of office are as follows:



### AYŞEGÜL GÜLGÖR

Member Of The Board Of Directors, General Director

Assignment Starting Date: 09.02.2016

Assignment Termination Date: -

Graduated from Middle East Technical University, Ayşegül Gülgör started her banking career in 1987. Gülgör, who worked in different banks in the sector, assigned in Garanti Bank in 1999. Gülgör, who performed several duties within Garanti Bank and has been a regional director for 17 years lastly, maintains her assignment as a general director in Garanti Fleet as of February 2016.



### SINAN PANAYIRCI

Deputy General Director

Assignment Starting Date: 01.04.2016

Assignment Termination Date: -

He was born in Izmir in 1979. He completed his undergraduate studies at Istanbul University, Department of International Relations and his master's studies at Istanbul Technical University, Department of Business Administration. He started to work in T. Garanti Bank Inc., in 2003. He served in various positions and, finally, served as the Director of Commercial Banking Sales Coordination in Istanbul and Ankara. As of April 2016, he still works as a Deputy General Director responsible for Sales, Marketing and Corporate Brand, Purchasing - Vehicle Registration, Second Hand Sales and Delivery Departments in Garanti Fleet Management Services Inc.



## GÖZDE MIDILIOĞLU

Deputy General Director

*Assignment Starting Date: 01.05.2012*

*Assignment Termination Date: -*

He was born in Istanbul in 1974. She graduated from St. George Austrian High School and Marmara University, Department of Business Administration. Having started her career in 1997 in T. Garanti Bank Inc., Midillioğlu was assigned as Department Director of Information Systems and Process Development in Garanti Leasing in 2004 after she had been appointed in several positions. As of 2012, she still serves as a Deputy General Director responsible for Department of Loans and Risk Monitoring, Operations and Customer Service - Documentation in Garanti Fleet.



## ZIYA TOLGA ÖZKUL

Deputy General Director

*Assignment Starting Date: 01.05.2012*

*Assignment Termination Date: -*

He was born in Ankara in 1974. He graduated from Eyuboglu College and Istanbul University, Department of Business Administration. Having started his career as a financial analyst in 1997, Özkul worked in Treasury Department of T. Garanti Bank Inc. for 9 years after he had worked in Turkish Industrial Bank and Treasury Departments of several banks. In 2011, he started to work as Treasury Department Director in Garanti leasing. He has worked as a Deputy General Director responsible for Treasury, Technical Risk and Analysis, Financial Affairs, Financial Planning and International Accounting, Information Systems and Customer Satisfaction in Garanti Fleet since 2012.

## CHAIRMAN'S MESSAGE



2018, was an economically active year. Fluctuations in foreign exchange rates, rising interest rates and thus contractions in some sectors in the middle of the year also affected the automotive sector considerably. According to figures published by the Association of Automotive Distributors, the car market fell by 33% in 2018 compared to the previous year. The fleet leasing sector also closed down 2018 with a contraction as it was affected by the same.

Displaying an effective management concept in 2018, Garanti fleet quickly adapted to changing market conditions and completed the year in a profitable manner. During this period, in which total car parking in fleet sector downsized, Garanti fleet maintained its active vehicle park, customer portfolio and asset size at the same levels. I am happy to see once again that the strategies followed by Garanti Fleet are based on so strong and solid basis.

I believe Garanti fleet will continue to add value to all of its stakeholders and the country thanks to its strong values, corporate management structure, expert staff, technological infrastructure and financial strength. With the Corporate Management Compliance Rating Score, it has proved once again that it continues to increase its strong corporate management structure in 2018.

Garanti Fleet was re-rated in 2018 by Kobirate, a rating agency that is authorized by The Capital Markets Board about Corporate Management Compliance Rating and Credit Rating Transactions

in our country. As a result of this assessment, Garanti Fleet increased its score from 8,03 to 8,53. I would like to thank all Garanti Fleet employees who moved Garanti Fleet to this strong position.

As Garanti Fleet, we will continue to add value in fleet leasing sector and all our stakeholders with our achievements in the new period. With the new products and services we plan to carry out in 2019, I have no doubt that we will continue to deliver superior service quality to our customers and will make new achievements.

I would like to thank our employees, participants and stakeholders for all the achievements we made through our effective business management in 2018.

Kind regards,

**CEMAL ONARAN**  
Chairman of The Board Of Directors



## GENERAL MANAGER'S MESSAGE



The year 2018 started with the foresight that the fleet leasing sector will increase its share in the automobile market. As a result of the private consumption taxes, which increased in the previous year, it was estimated that the long-run rental tendency would increase instead of buying. From this point of view, it was thought that the high growth rates recorded by the fleet leasing sector for the last 10 years would continue in the same way. However, the mobility in foreign exchange rates in the second half of the year, and therefore increasing vehicle purchase costs, caused the contraction in the automotive sector to have been reflected in the fleet rental sector.

As Garanti fleet, we completed the first half of 2018 by growing in line with our planned sustainable and profitable growth strategy in parallel with our planned targets in the beginning of the year. In the second half of 2018, we reorganized our targets as a result of changing economic conditions, and closed the year with 5.180 customers and storage parks with 20.450 active vehicles. As a result of this data, we were able to maintain our asset size at the level of TL 1.7 billion.

Despite mobility in the economy and recession in the fleet leasing sector, Garanti fleet continued to increase its share in the sector in terms of both the number of customers it renders service to and the size of the active car park. According to the quarterly report in 2018, issued by the Association of All Car Rental Agencies, Garanti Fleet managed to increase the number of leased vehicles by 5,2% in the 3rd quarter of 2018 in which storage park of fleet rental sector downsized by 3,4% based on

the foregoing report.

I believe that the most important reason why we could maintain our assets and continue to increase our share in the sector without compromising on profitability in 2018 is our strong financial structure. The reason why we could achieve our goals even in these difficult economic conditions is our strategies, business processes we carry out effectively, as well as our productivity that we were able to increase accordingly.

However, the importance we attach to unconditional customer satisfaction at the point where we come today is great. Behind our successful performance in 2018, is our ability to accurately identify the needs of our customers and provide products and services to make their lives easier and add value in their business.

I would like to thank our employees and all our stakeholders for all the achievements we made in 2018.

As a result of our strength, values and the importance we attach to our business, I believe that Garanti Fleet will approach one step further to its vision of being the “Most Admired Fleet Company in Turkey” in 2019.

Kind regards,

**AYŞEGÜL GÜLGÖR**  
General Director







HUMAN RESOURCES AND  
TRAINING

High performance of those,  
engaged in Garanti Fleet, a  
team of 90 people, is supported  
with tailor-made development  
solutions.

'OUR VALUES ARE ESSENTIAL AND  
INDISPENSABLE RULES, INTERNALIZED  
IN THEIR LIVES AND BUSINESS BY THE  
EMPLOYEES OF GARANTI FLEET ANY  
STAGE.'

## HUMAN RESOURCES

### NUMBER OF EMPLOYEES



### EMPLOYEE RIGHTS



### TRAINING POLICY

Training and development activities in Garanti Fleet are designed within the framework of business requirements. Training needs of employees are determined by training needs analysis meetings where planning, strategies and development areas of the next year are discussed with managers in the beginning of the year.

#### Orientation Training

As part of an orientation program, our employees become familiar with both the operation of the departments and the product packages when they start their employment in Garanti Fleet.

#### Vision of Continuous Development

Training activities in Garanti Fleet are carried out with the following vision to perpetuate development and consider the same as an investment instrument. High performance of those, engaged in Garanti Fleet, is supported with tailor-made development solutions.

#### E-trainings and Sector-Specific Field Trainings

As well as in-class trainings, development of Garanti Fleet's employees is supported by educational channels, which are diversified through the integration of the same into development and learning methods such as various training technologies, current trainings on the products, test drives, factory trips etc.

## TRAININGS, CARRIED OUT WITHIN THE YEAR

- ACCESS
- Analytical Thinking and Decision Making
- Auto King Technical Training
- Basel I-II-2,5-III-IV Regulations and the impacts on the Economy  
Real Sector Banks
- I'm Positive My Client Is Positive
- Individual Motivation
- Bitcoin (Digital Money): What does it promise in Financial  
Sector? What risks does it contain?
- How do We manage the basic feelings that prevent us?  
Fear-Guilt-Anger-Anxiety
- Employee Experience Summit
- Behavioral Psychology
- Changing World Dynamics and Turkish Economy
- To motivate ourselves and find meaning in the conditions, we are  
unable to change
- Digital Analytics Summit
- The Transformative Power Of Emotional Agility
- Recent developments regarding economy and markets in the world  
and Turkey
- Technological Entrepreneurship and Examples of Entrepreneurship in  
the world
- Relationship management with Team
- Current Developments In Economy
- Flexible Leadership
- Financial management and statistical applications in Excel
- How to sell ideas?
- Financial Analysis
- Financial Crises and Risk Management
- Financial Mathematics
- Financial Markets Analysis and Forecasting Methods
- Financial Markets and Financial Instruments
- Corporate Accounting for Financial Statements Analysis
- Financial Derivatives and Risk Management
- Firm Analysis and Credit Assessment
- Garanti Fleet Financial Analysis and Sectorial Overview
- Current Economy Training
- Current Economic Developments
- Safe Behavior: Developing Communicative Performance
- Treasury Products Accounting
- Treasury Products and New Generation Banking

## TRAININGS, CARRIED OUT WITHIN THE YEAR (CONT'D)

- Psychology of Persuasion
- Advanced Excel Training
- Advanced Presentation Skills
- Making Inspirational Speeches (Talking like TED)
- Business Analysis
- First Aid
- Business Excellence
- Personal Leadership Skills
- Influencing and creating influence in corporate life (Create Influence, Gain Trust, Add Value!)
- Interpretation of Macro-Economic Indicators
- Determination of Make-Up Financial Statements, Transfer and Purifications in Financial Analysis Process
- Financial Analysis Techniques and their role in Credit Facility
- What do financial statements want to say, What do they fail to say
- When it comes to Financial Data....
- MCT Human Resources Summit
- Mentorship Training
- MS Project 2016
- Customer and Human Experience
- NLP: Intellectual Power Management
- To be positive, constructive and solutioner
- Gamified-Plain Approach and Kanban
- Workshop with Ozan Kuşçu
- PERYON Human Resources Summit
- Simulation on Interpretation of Markets and Economy
- PMP
- Managing Influence and Conflict in Professional Life
- Project Management
- Introduction to Statistical Programming with R: Basic Concepts and Applications
- Data Analysis with R Programming
- Selection and Placement and Talent Management Summit
- Skoda Technical Training
- Stress Management
- Management Of Stressful Relationships: Effectiveness, Persuasion and Building Reputation in Relationships
- Presentation Preparation Techniques
- Company Valuation (Firm Valuation)
- Team Skills

## TRAININGS, CARRIED OUT WITHIN THE YEAR (CONT'D)

- Active Communication On The Phone
- Basic Bank Accounting
- IFRS
- Applied and Comparative International Financial Reporting Standards (IFRS)
- Data Modeling
- Volkswagen Technical Training
- Creative Idea Workshop
- What we don't realize when we're alive 1 and 2
- Competency Based Interview Techniques
- Understanding Feelings with Facial Reading
- Time Management Realize Plan Workshop Habits, Rule over time
- Get in touch easily with difficult people, Personality traits in the view of a psychologist



4.032 hours of trainings were carried out  
in 2018.  
295 people participated in classroom training.

## TRAINING TYPES

- Internal and external economy
- Finance, treasury management, analysis methods
- Sales and marketing trainings
- Personal development
- Management trainings
- Management processes
- Information management
- Annual journey for MC office trainings
- Coaching and mentorship trainings



Garanti Fleet owned a room in the construction of the Second Family House in support of KAÇUV in 2018.



In 2018, Garanti Fleet internet branch platform was put into production.

Second Hand Car Sales point started to render service in Ataköy and Ataşehir after Istanbul Maslak.

“IT IS OUR PRIMARY DUTY TO DETERMINE THE NEEDS OF OUR CUSTOMERS PROPERLY, DEVELOP PRODUCTS AND SERVICES THAT WILL MAKE THEIR LIVES EASIER AND ADD VALUE TO THEIR BUSINESS.”

## RESEARCH AND DEVELOPMENT STUDIES

Garanti Fleet has carried out various development and investments in its system infrastructure and information technologies, used during the accounting period.

In 2018, Garanti Fleet internet branch platform was put into production. Mobile application, investment of which is still maintained, is planned to be implemented in 2019. With the mobile application, the services provided through the internet branch, will be provided using the features of mobile devices. In this way, access to service requests and information will be easier and more convenient.

It is planned to establish direct collection systems with two new banks in 2019.

### GARANTI FLEET'S ONLINE BRANCH

With its online branch, Garanti fleet provided two different input facilities to the fleet managers of its customers and users. With the online branch, damage notification, demands for new tires or tire replacement requests, claims for replacement vehicles in the event of damage or failure, and requirements of directors to increase mileage have been delivered to the online platform. Process monitoring of the requested services was carried out through this environment.

With the online branch, Garanti fleet facilitates the management of the vehicles rented by the fleet managers. Fleet managers will be able to access a lot of information online about the vehicles they rent, and they will be able to define users and locations collectively and at one time. Fleet managers will be able to access invoice and debt information, vehicle-based mileage exceeding calculation based on current mileage, mileage information recorded by users and last processed mileage information in service, location and user information of the vehicles via the online branch.



Drivers of Garanti fleet's customers will be able to access detailed information about their vehicles and enter up-to-date mileage information of their vehicles.

## DIRECT COLLECTION SYSTEM

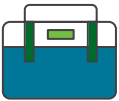
Direct collection system (DCS) is the system in which invoices are automatically collected from customer-defined accounts at maturity or by using product-specific DTS credits in case of lack of sufficient balance.

Garanti Fleet introduced Garanti Bank DTS (direct collection system) to its customers in 2016 in order to diversify payment channels.

It is planned to establish direct collection systems with two new banks in 2019.

## SECOND HAND ONLINE SALES PLATFORM

The individual sales platform, [www.ikinciogaraj.com](http://www.ikinciogaraj.com), provides great convenience to individuals for second-hand purchases. In order to meet the second hand requirements of individuals more rapidly and effectively, Garanti Fleet demerged its individual online sales platform from [www.garantifiloikinci.com](http://www.garantifiloikinci.com) sales platform, utilized in closed circuit corporate sales and it started to render service under the following brand "Second Hand Garage." Now individuals are able to carry out second hand vehicle purchasing operations conveniently via individual sales platform, [www.ikinciogaraj.com](http://www.ikinciogaraj.com). All users can follow Garanti fleet's second-hand opportunities online and find the opportunity to purchase vehicles at attractive prices by auction method.



**Second-hand automobile sales point started to render service in Ataköy and Ataşehir after Maslak.**

With the second-hand Garage brand, another innovation of Garanti Fleet is available. For those, who do not want to deal with the auctions and that want to buy the second-hand cars from a brand, they trust, by seeing, the first second-hand car sales point started to render service in Maslak, Istanbul, and then in Ataköy and Ataşehir. Those customers, who would like to make a decision after seeing physically the vehicles, they decided to buy, can visit the second-hand car sales points in Maslak, Ataköy and Ataşehir.



In the transactions, carried out with the controlling company and the subsidiaries of the controlling company in 2018, Garanti Fleet did not take any action in favor of these companies in defiance of its counterparts. Therefore, the company does not have a measure or loss settlement regarding the transactions, performed controlling company and the subsidiaries of the controlling company within the scope of Article 199 of the Turkish Commercial Code.

“RESPECT, TRUST AND HONESTY IN OUR RELATIONS WITH OUR CUSTOMERS IS THE MOST IMPORTANT PART OF OUR LONG-TERM COOPERATION.”

## COMPANY ACTIVITIES AND SIGNIFICANT DEVELOPMENTS REGARDING THE ACTIVITIES

### LOYALTY INFORMATION

Loyalty Report of Board of Directors for the period between 01.01.2018 / 31.12.2018.

**Report Date: 22.02.2019**

Garanti Fleet Management Services Inc. This is the report, issued by The Board of Directors regarding its relations with the Controlling company and its affiliated companies in accordance with the first paragraph of Article 199 of the Turkish Commercial Code No: 6102. In the transactions, carried out with the controlling company and the subsidiaries of the controlling company in 2018, Garanti Fleet acted in accordance with the rules and arm's length principle regarding transfer pricing, specified in Article 13th of the Corporate Tax Law No. 5520.

According to the foregoing legal legislative regulation, it is considered that the gain has been implicitly distributed through transfer pricing in whole or in part if the institutions perform purchase or sale of goods or services with the related parties on the basis of the price or remuneration, determined in contrary to the arm's length principle. Purchase, sale, manufacturing and construction operations, leasing and renting transactions, borrowing and lending, and transactions requiring bonuses, fees and similar payments are considered to be the purchase or sale of goods or services under any circumstances. Arm's length principle reveals that pricing of goods and services of a company with its subsidiaries and branches should be like that of the other companies, which the company has no relationship.

In order to be able to act in compliance with the rules regarding transfer pricing, specified in Article 13 of Corporate Tax Law No. 5520, Garanti Fleet paid attention to the fact that its transactions with the controlling company and the affiliated companies of the controlling company should comply with arm's length principle and that the transactions, carried out with those companies should be like that of the other companies, which they have no relations. In this respect, Garanti Fleet did not take any action in favor of these companies in defiance of its counterparts in the transactions, carried out with the controlling company and the subsidiaries of the controlling company in 2018. Therefore, the company does not have a measure or loss settlement regarding the transactions, performed controlling company and the subsidiaries of the controlling company within the scope of Article 199 of the Turkish Commercial Code.

## INFORMATION ABOUT THE DIRECT OR INDIRECT SUBSIDIARIES OF THE ENTERPRISE AND THEIR SHARE RATES

With a share rate of 1.33 per ten thousand, Garanti Fleet is the partner of Garanti Housing Financing Inc., and the owner of Garanti Fleet Insurance Brokerage Services Inc., with its one hundred percent shares, and it has paid all of the amount of the subscribed capital.

	Trade Name of the Subsidiary	Paid Capital (TL)	Rate (%) of Shares in the Capital	Rate (%) of Shares in the Capital
1	Garanti Housing Financing Inc.	750,000	1.00	0.013
2	Garanti Fleet Management Services Inc.	300,000	300,000	100

## INFORMATION ABOUT THE COMPANY'S OWN ACQUIRED SHARES.

There are no amounts, acquired by Garanti Fleet regarding its own shares.

## RISK MANAGEMENT, INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT STRUCTURE

Garanti fleet considers the establishment of an effective risk management system and a strong internal control environment as one of the most important pillars of sustainable growth and development. Developments in finance and fleet leasing sectors in the world and increasingly complex operations, have made internal audit and internal control functions indispensable complements of adding value, risk reduction, corporate governance and risk management.

Risks in the company are managed by the structure of the triple line of defense. The first level consists of the control officers in the units carrying out the activities and the second level consists of internal control official. As for the third level, it is the Internal Audit Unit and the unit conducts its independent audits throughout the year. Internal audit and internal controls are performed independently of executive functions and being connected to the Board of Directors through the Audit Committee. Within the scope of internal audit activities, the effectiveness and efficiency of the internal control and risk management systems of the company are audited with a risk-oriented and process-based approach within the annual audit plan, prepared in accordance with risk assessments. Within the scope of internal control activities, risk-involved processes have been identified and control points related to them have been defined. The designated controls are carried out by the first level control officers. As well as performing process analyses regarding the company's business processes in order to identify additional control needs, the internal control officer is responsible for monitoring the controls, carried out by the first level.



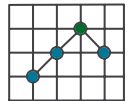
In Turkey, the fleet leasing sector added 76.877 new vehicles to its fleet in 2018. The sector's asset size reached 30 billion Turkish Liras.

Garanti fleet managed to maintain its car park at the same level in 2018 and closed the year with 20,450 active car parks.

'WE OFFER FLEET LEASING SERVICES FROM LARGE COMMERCIAL ENTERPRISES TO SMES, FROM PRIVATE COMPANIES TO INDIVIDUALS, AND CONTINUE TO PROVIDE HIGH QUALITY SERVICES WITH SPECIFIED STANDARDS TO OUR WIDER RANGE OF CUSTOMER PORTFOLIO.'

## OUTSTANDING DEVELOPMENTS IN WORLD ECONOMY

The U.S. economy continues to maintain its strong outlook with protective trade policies and supporting financial conditions and fiscal expansion despite interest rate increases by American Central Bank (FED). In 2017, the US economy grew by 2.2% and FED set its growth prospect at 3% for 2018 and 2.3% for 2019. While unemployment rates fell below the level of natural unemployment in the US economy, the policy rate was increased by 25 base points in parallel with expectations in the last meeting of 2018, and the interest rate band was raised from the level of 1.25% -1.50% to the range of 2.25% to 2.50% by increasing the interest rates four times in total in a year. If we look at the changes in the FED's projections for the coming years, FED, which had foreseen 3 increases in interest rates previously for the year 2019, withdrew its interest rate expectations to 2. At the same time, median interest rate expectations for 2020 declined from 3.4% to 3.1%. On the other hand, growth performance in Euro zone continues despite the loss of power. The recovery in the labour market, appropriate financing conditions and domestic demand move along so as to support economic growth. However, uncertainties related to trade policies of USA, and the geopolitical risks are the factors, we encounter, that will negatively affect the growth of Euro Zone in the following period.



**Growth performance in Euro zone still continues despite the loss of power.**

In the last meeting of European Central Bank, it was pointed out that the data announced has been weaker than what is expected and that foreign demand has lost power. The European Central Bank (ECB) left policy interest at 0% and deposit interest, which is paid for the surplus cash of the banks, at the level of -0.4%. In December 2018, the ECB decided to terminate the asset purchase program in the amount of 2.6 trillion Euros and stated that it would continue to buy assets if need be. While the 2018 inflation forecast for the Euro Zone, was increased from 1.7% to 1.8%, the inflation forecast for 2019 was reduced from 1.7% to 1.6%. In addition, the growth forecast for 2018 was revised from 2% to 1.9% and the growth forecast for 2019 was revised downward from 1.8% to 1.7%.



On the part of the Bank of Japan (BOJ), an expansionary monetary policy is expected to be continued. BOJ has been implementing negative policy interest rates since 2016 to stimulate economic activity and achieve an inflation target by 2%. That inflation rate is well below the inflation target indicates that that BOJ will also maintain its expansionary monetary policy in the coming period, it is estimated that Japanese economy, which grew by 1.7% in 2017, will grow by 1.1% in 2018 and by 0.9% in 2019.

The Bank of England (BoE) left policy interest at the level of 0.75% in the last meeting of 2018 this year, in which uncertainties about Brexit were quite high. Whereas it was stated that economic outlook continued to decline since the November meeting, inflation has also eased below the 2% target.

Qatar announced in January 2019 that it would abandon its membership in OPEC. As from the beginning of 2019, OPEC member countries will reduce oil production by 3% and non-member countries will do so by 2%. At the end of 2018, Brent-type price per barrel of crude oil fell back to USD 53.8 by decreasing 10%.

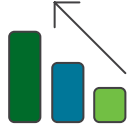
## OUTSTANDING DEVELOPMENTS IN TURKISH ECONOMY

The strong disvaluation of TL in 2018 and the high course of inflation caused the need for strong tightening in the monetary policy. It seems likely that the balance in economic activity, which has become more noticeable in the second half of 2018, will be moved to the first half of 2019. Monetary tightening policy of TRCB, which started in January 2017, continued in January 2018 as well and the policy interest rate, which was 8% in January 2018, was increased to 24% within the year.

According to The New Economic Program (NEP), announced by the Minister of Treasury and Finance on September 20, it is anticipated that the economy would cover macroeconomic targets for the period 2018-2021, and the Turkish economy, which grew by 7.3% in 2017, slow down gradually until by 2021. According to NEP, the inflation target for 2019 is 15.9% and the growth target was stated to be

2.3%.

According to the CPI data issued by Turkish Statistical Institute, an increase of 20,30% took place in December of 2018, compared to the same month of the previous year and an increase of 16.33% took place based on the average of twelve months.



According to NEP, the targeted growth rate for 2019 was stated to be 2.3%.

Short Term	Outlook	Long-Term	Outlook	Description
(Tr) A1+	Negative	(TR) AA-	Stable	The highest credit quality. Rather High Capacity of Fulfilling financial obligations. And the personal assets have more risks than risk-free government bonds

The Turkish economy grew by 1.6% in the third quarter of 2018 compared to the same period of the previous year and by 5.3% in the second quarter in comparison to the second quarter of 2017. It is seen that economy has declined by 1.1% in the third quarter, when it considered in terms of calendar and seasonally adjusted. Capacity utilization rate, which was 78.8% in the third quarter of last year, fell to 77% in the third quarter of this year and this indicates a serious decline in production.

USD/TL, which saw a record level with 7.22 in August, dropped back to the levels of 5,15 in December after the interest rate hike by the Central Bank of the Republic of Turkey in September and the recovery in US-Turkish relations. Following a 60% increase in August 2018, it closed the year-end at the level of 5,28. Accordingly, the risk premium increased by 100% compared to the end of 2017 and completed the end of 2018 from 358 points. On the other hand, the 10-year bond yield, which is more sensitive to global movements, completed the year at the level of 15,83% while the 2-year bond yield fluctuated between 19-19,30% throughout December.

## CREDIT RATING SCORE

In order to meet the funding requirements, Garanti Fleet Management Services Inc., also carries out bond and bond issues as well as bank loans. Accordingly, issue operations were evaluated by Field Corporate Governance and Credit Rating Services Inc., prior to issuance.

## AUTOMOTIVE INDUSTRY IN TURKEY

Decreasing by 35,06% in comparison to the previous year, the automobile and light commercial vehicle market in Turkey declined to 620,937 vehicles in 2018. In 2017, it 956.194 vehicles were sold in total. Automobile sales decreased by 32,71% in 2018 in comparison to the previous year and 486,321cars wer sold in total. In the same period last year, 722.759 cars were sold. Decreasing by 42,33% in comparison to the previous year, light commercial vehicle sales declined to 134.616 vehicles in 2018. In 2017, 233.435 vehicles had been sold in the same period.

In December in 2018, 77.706 cars and light commercial vehicles were sold in the market. This indicates a decrease by 42,96% in comparison to total sale of 136,240 vehicles in market in December in 2017. Automobile sales decreased by 38,97% in comparison to the same month of the previous year and 60,843 vehicles were sold. Last year, 99.694 vehicles had been sold. In December in 2018, the light commercial vehicle market decreased by 53.86% and 16,863 vehicles were sold in comparison to December in 2017. Last year 36,546 vehicles had been sold.

In 2018, the sales of cars under 1600cc, those, with an engine volume within the range of 1600-2000cc and the automobiles above 2000cc respectively decreased by 32.7%, 38.5%, and 34.6%.

In 2018, 155 electric and 3.899 hybrid cars were sold. In 2018, cars between 100-120 GR/km had the highest share with a rate of 39,84% according to the average emissions in the car market with a number of 193,733 vehicles. While the the share of diesel car sales fell back to 58.09% in 2018, the share of auto-transmission cars increased to 65.15%.

In 2018, 83.4% of the car market segment consisted of vehicles in the A, B and C segments with low tax rates. When the sales are considered in terms of segmens, C segment had the highest sales number with a share of 56,7% (275,576 vehicles)

According to the chassis types, the most preferred body type was once again the sedan cars (a share of 50.7%, 246.414 vehicles).

### FLEET LEASING SECTOR IN TURKEY

In the light of the report for third quarter in 2018, issued by the Association of All Car Rental Organizations (AACRO),

In Turkey, the fleet leasing sector added 76.877 new vehicles to its fleet in 2018.

The total size of car park of fleet leasing industry by the end of 3rd Quarter in 2018, decreased to 343.287 vehicles following a decrease of 10% in comparison to the end of the 3rd quarter in 2017.

According to the data released by AACRO, the year 2018 is 3. at the end of the quarter, asset size of fleet leasing sector, which made new vehicle investment in the amount of 9 million Turkish Liras at the end of 3rd quarter in 2018, reached up to 30 billion Turkish Liras.

According to AACRO's report, while Renault continues to be the most preferred brand in the vehicle park of the Turkish operational leasing sector with a share of 26.2%, Volkswagen was ranked in the second place with 14.5%, Fiat was ranked third with 12.5% and Ford was ranked as fourth with 12.5%.

While approximately half of the vehicle park of the sector (52.3%) consisted of C segment vehicles, B segment vehicles had a share of 26.4% and D segment vehicles had a share of 13.7%.

While 93.5% of the sector's vehicle park consisted of diesel vehicles, manual gear vehicles had a share of 48%.

75.1%, 1,1% and 23,8% of the vehicle park respectively consists of EURO, USD and TL contracts.

### DEVELOPMENT OF THE NUMBER OF GARANTI FLEET'S SALES AND CUSTOMERS

Many developments, encountered in 2018 directly affected the number of sales in the sector and Garanti Fleet. Increase in passenger car purchase costs due to the increase in foreign exchange rates as well as the obligation to execute leasing contracts only in Turkish Liras, caused an impact that reduced the long-term demand for car rental. Especially the decrease in the demand by the individual and SME-

segment users caused the current vehicle park of fleet rental sector to shrink in 2018. Despite mobility in the economy and recession in the fleet leasing sector, Garanti fleet continued to increase its share in the sector in terms of both the number of customers it renders service to and the size of the active car park. According to the report, issued by the Association of All Car Rental Agencies, for the 3rd quarter in 2018, Garanti Fleet managed to increase the number of its rented vehicles by 5,2% in the 3rd quarter of 2018 in which vehicle park of fleet leasing sector shrank by 3,4%, and closed the year with 20,450 active vehicles. And the number of customers, who actively get service from Garanti Fleets 5.180 by the end of 2018.

## EVALUATION REGARDING THE FINANCIAL SITUATION

The Consolidated Financial Statements of Garanti Fleet, which were prepared in accordance with the Turkish Financial Reporting Standards (TFRs) and that were subject to Independent Audit in 2018 are as follows:

ASSETS	Notes	Current Period audited Independently 31 December 2018	Previous Period Audited Independently 31 December 2018
<b>Current Assets</b>		<b>223.711.906</b>	<b>219.100.331</b>
Cash and cash equivalents	3	5.894.977	2.190.100
Trade Receivables	4	40.360.313	31.161.116
Trade Receivables From Related Parties	4-25	508,325	739,273
Trade Receivables From Unrelated Parties	4	39.851.988	30.421.843
Other Receivables	5	68.861	77.104
Other Receivables From Unrelated Parties	5	68.861	77.104
Derivative Financial Instruments	27	660	23.853
Stocks	8	47.531.115	149.938.757
Prepaid Expenses	9	25.659.278	15.810.287
Assets Related To Current Period Tax	10	26.093	1.330
Guaranteed Commitment - Hedging	16	104.170.609	19.897.784
<b>Fixed Assets</b>		<b>1.460.970.204</b>	<b>1.507.874.334</b>
Tangible Assets		1.386.870.607	1.371.089.476
Assets Subject To Operational Leasing	11	1.364.873.855	1.364.615.271
Other Tangible Fixed Assets	12	21.996.752	6.474.205
Intangible Fixed Assets	13	6.893.875	4.806.151
Other Intangible Assets	13	6.893.875	4.806.151
Prepaid Expenses	9	93.953	121,801
Guaranteed Commitment - Hedging	16	53.812.817	16.686.437
Other Fixed Assets	16	13.298.952	115.170.469
<b>TOTAL ASSETS</b>		<b>1.684.682.110</b>	<b>1.726.974.665</b>

SOURCES OF FUNDS	Notes	Current Period audited Independently 31 December 2018	Previous Period Audited Independently 31 December 2018
<b>Short-Term Liabilities</b>		<b>728.029.599</b>	<b>1.114.585.876</b>
Short-Term Borrowings	6	303.758.726	444.785.976
Short-Term Portions Of Long-Term Borrowings	6	251.849.723	437.357.914
Other Financial Liabilities	7	91.160.445	13.045.781
Trade Payables	4	43.014.644	184.021.803
Trade Payables To Related Parties	4-25	879,045	80.579.851
Trade Payables to Unrelated Parties	4	42.135.599	103.441.952
Liabilities Under Benefits Provided To Employees	15	2.355.891	1.791.508
Derivative Financial Instruments	27	8.319.263	13.821.999
Deferred Revenues	9	25.339.337	18.218.794
Short Term Provisions For Employee Benefits	15	1.386.490	1.063.318
Other Short-Term Liabilities	16	845,080	478,783
<b>Long-Term Liabilities</b>		<b>945.751.820</b>	<b>580.863.068</b>
Long-Term Borrowings	6	914.101.097	475.086.163
Other Financial Liabilities	7	-	77.464.792
Other Payables	5	1.571.500	1.431.000
Other Payables to Unrelated Parties	5	1.571.500	1.431.000
Long Term Provisions For Employee Benefits	15	1.024.325	940,013
Deferred Tax Liability	23	29.054.898	25.941.100
<b>SHAREHOLDERS' EQUITY</b>	<b>17</b>	<b>10.900.691</b>	<b>31.525.721</b>
Shareholders' Equity that belong to the Parent Company		10.900.691	31.525.721
Issued Capital		10.000.000	10.000.000
Legal Reserve Fund		165,126	165,126
Other Accumulated Comprehensive Income or Expenses that will not be reclassified in profit or loss		(123.011)	(140.559)
- Re-Measurement Of Defined Benefit Plans		(123.011)	(140.559)
Other Accumulated Comprehensive Income or Expenses, Gains or (losses) of which will be reclassified			
In profit or loss		(130.852.975)	(100.487.082)
-Hedging Losses		(130.852.975)	(100.487.082)
Accumulated Profit		122.051.645	93.174.992
Net Profit For The Period		9.659.906	28.813.244
<b>TOTAL SOURCES OF FUNDS</b>		<b>1.684.682.110</b>	<b>1.726.974.665</b>

INCOME STATEMENT FOR THE PERIOD BETWEEN 01.01.2018 /  
31.12.2018 (TFRS))

<b>PROFIT OR LOSS SECTION</b>	<b>Notes</b>	<b>Current Period audited Independently January 1- 31 December 2018</b>	<b>Previous Period Audited Independently January 1- 31 December 2017</b>
Revenue	18	966.900.815	693.943.412
Cost Of Sales (-)	18	(652.553.221)	(467.608.953)
<b>GROSS PROFIT</b>		<b>314.347.594</b>	<b>226.334.459</b>
Marketing, Sales and Distribution Expenses (-)	19	(1.519.166)	(3.034.571)
General Administrative Expenses (-)	19	(36.001.941)	(31.172.692)
Other Operating Income	20	25.955.325	19.955.903
Other Operating Expense (-)	20	(13.078.984)	(7.364.026)
<b>REAL OPERATING PROFIT</b>		<b>289.702.828</b>	<b>204.719.073</b>
Income From Investment Activities	21	1.437.597	231,012
<b>OPERATING INCOME BEFORE FINANCIAL INCOME / (EXPENSES)</b>		<b>291.140.425</b>	<b>204.950.085</b>
Income From Financing Activities	22	5.479.543	-
Expenses From Financing Activities (-)	22	(274.803.098)	(163.612.373)
<b>PRE-TAX PROFIT FROM CONTINUING OPERATIONS</b>		<b>21.816.870</b>	<b>41.337.712</b>
Tax Expense/Income from Continuing Operations			
Tax Expense For The Period	23	(501.261)	(284.210)
Deferred Tax Expense	23	(11.655.703)	(12.240.258)
<b>PROFIT/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>9.659.906</b>	<b>28.813.244</b>
<b>PROFIT FOR THE PERIOD</b>		<b>9.659.906</b>	<b>28.813.244</b>
Earnings Per Share	24	0.97	2.88
Earnings Per Share From Continuing Operations		0.97	2.88
<b>Not to be reclassified in profit or loss</b>		<b>17.548</b>	<b>(119.096)</b>
Remeasurement Gains of Defined Benefit Plans		22.497	(152.687)
Deferred Tax Impact		(4.949)	33.591
<b>To be reclassified in Profit or Loss</b>		<b>(30.365.893)</b>	<b>(27.745.278)</b>
Other Comprehensive Expenses Related To Cash Flow Hedging		(38.930.632)	(35.570.870)
-Hedging Losses		(38.930.632)	(35.570.870)
Deferred Tax Impact		8.564.739	7.825.592
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>		<b>(30.348.345)</b>	<b>(27.864.374)</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE)</b>		<b>(20.688.439)</b>	<b>948,870</b>





The fleet leasing sector also has the opportunities along with many risks from the sector, internal and external sources. Garanti Fleet evaluates all risks in detail with its experience and expertise in the sector, organizes measures and strategies by taking into account the same, and updates them as necessary.

"WE BELIEVE THAT WE WILL ACHIEVE OUR FOLLOWING VISION OF BEING "TURKEY'S MOST ADMIRABLE FLEET COMPANY" IN A VERY SHORT PERIOD AS A RESULT OF OUR STRENGTH, VALUES AND THE IMPORTANCE WE ATTACH TO OUR BUSINESS"

## INDUSTRIAL RISKS

In 2018, a new regulation was introduced for the special consumption tax (SCT) on automobile sales. With the Regulation, the rate of SCT began to vary depending on the volume of the engine cylinder as well as the vehicle's SCT basis. With the Regulation, the increased SCT rate in some brands and models may lead the customers to turn towards the vehicles with smaller engine volumes and purchase prices. However, it is likely that the interest in second-hand cars will increase instead of leasing or buying new vehicles.

## PRODUCT AND SERVICE BASED RISKS

Due to the fact that customer profile, having long-term vehicle rental service has expanded and started to vary, instabilities have also been observed in the demand for leasing. In addition to long-term rental operations, the demand for renting between 0-12 months is increasing day by day. As different demands and needs become a current issue, it further becomes a necessity to develop new and innovative rental models in the sector. In this respect, fleet rental companies that can offer alternative rental models can gain a significant advantage in the competition.

Price competition in the sector creates a risk of competition in the short term for corporate companies, which set sights on providing service without compromising service quality and customer satisfaction. However, this risk is an opportunity for Garanti Fleet to demonstrate its service quality and service diversity in the long run. However, our affordable solutions and narrow-scoped service packages, prepared for the customers who do not prefer us due to price differences, will enable us to offer competitive prices as from 2017 and offer our service quality to a wider customer group.

The distribution of brand penetration during the vehicle purchase process is another important issue. Concentration of transactions in the same brands and models in the same period may give rise to second hand value (RV) risk in return of the vehicles at the end of the period, due to the fact that those brands and models were offered too much in the second hand

market. To carry out periodical vehicle purchases as balanced and with more alternatives will reduce such risk.

## RISKS ASSOCIATED WITH THE DETERMINATION OF THE SECOND HAND VEHICLE PRICE (RV)

In determining the second hand value before leasing, Garanti Fleet analyses the sales data, realized in more than one channel, taking into account the financial parameters and it further takes into consideration the brand, model, age, mileage, damage status of the vehicles. As a result of the analyses carried out using parameters related to financial variables and instruments, the second hand value is determined and the second hand values, determined in this respect are compared with the market prices, taking place in the market, on a monthly basis. All these data are presented to the RV Committee and monitored regularly. When the prices are determined, price analysis based on contract profitability are also conducted and price determination process is carried out. In the process of RV determination, periodical financial variables, periodical fluctuations in sales of second-hand vehicles, positive and negative impacts of tax changes on sales of second-hand vehicles and possible errors in the analyzed second-hand sales data may be considered as a risk for the number of second-hand sales.

## RISKS ASSOCIATED WITH THE SALE OF SECOND-HAND VEHICLES

At the stage of determining the second hand value in Fleet Leasing, there arises the risk of second-hand vehicle sale. Foregoing risk refers to the fact that the value of the second hand (RV), which is anticipated when the vehicles are leased, remains above the sale of the second hand and money is lost from the actual sale. Another risk is possible tax changes in legislation. Just as tax changes can increase the fair value of vehicles sold in the second-hand market, they may also cause a decrease in value.

In determining the second hand value before leasing, Garanti Fleet analyses the sales data, realized in more than one channel, taking into account the financial parameters and it further takes into consideration the brand, model, age, mileage, damage status of the vehicles. As a result

of the analyses carried out using parameters related to financial variables and instruments, the second hand value is determined and the second hand values, determined in this respect are compared with the market prices, taking place in the market, on a monthly basis. All these data are presented to the Second-Hand Sales Committee and monitored regularly.

## OUTSOURCED RISKS

In 2018, there was a very dramatic agenda in the world economy. The whole world closely followed the global economic developments. The U.S. policies and interest rate hikes by FED have led to the exchange rates of developing countries, and therefore to the global economy. In Turkey, fluctuations in foreign exchange rates have had a negative impact. The decline in global growth will affect the global economy as a chain. Therefore, all these effects can be reflected globally in the automotive sector. It is observed that growth in the world's total passenger car market has slowed down step by step in recent years. The passenger car market, estimated to grow by 3.7% in 2015, achieved a growth rate of 2.9% in 2016 and 2.0% in 2017.

With a market size parallel to the previous year in the first half of 2018, the Turkish automotive market experienced a significant contraction especially in the second half of 2018. Sales of automobiles fell by 33% compared to the previous year. It is thought that it will take time for sales to recover in the market. It is estimated that 2019 will be a balancing period for passenger car sales. The sector seems to have a performance expectation in parallel to 2018.

## RISKS ASSOCIATED WITH HUMAN RESOURCES

Considering the development potential of the operational leasing sector in our country and the fact that financial leasing companies can now perform operational leasing, transfer of trained company personnel to firms that will enter the sector recently constitutes this risk factor.

## FINANCIAL RISKS

### Liquidity Risk

Garanti Fleet is protected by diversified domestic borrowing

resources from the negative effects likely to be created by liquidity risk. Funding needs are supported by short-and long-term bond, bond issuance and TL borrowing instruments.

#### Receivables Risk

Credit risk refers to the risk on the part of the other party to fulfill their contractual liabilities to which Garanti Fleet is a party. In order that credit risk would be subjected to a risk limitation in credit facilities to the companies, credit limits are determined for the counterparties and it is not allowed to allocate credit beyond these limits. Credit limits are determined separately for each individual customer, company, group of companies and risk groups.

While determining credit limits, many criteria such as financial strength, commercial capacities, sectors, geographical regions, capital structures of the customers are evaluated together. Examination of the financial structure of the customers is based on the account status documents and other information received in accordance with the relevant legislation. As a result of the evaluation of general economic developments and the monitoring of changes in financial information and operations of customers, the credit limits, specified in advance, are constantly revised. Credit transactions are based on the limits, identified on the basis of product and customer. The financial situation of the customers, risk and limit information, payment performance and commercial activities of the existing customers are continuously analyzed and it is monitored by the relevant departments whether they make principal and interest payments.

#### Market Risk

Changes in prices and changes in interest rates due to the economic expectations, developments related to the sector of operation and regulations regarding the respective legislations reveal the risk of the market.

### Interest Rate Risk

Garanti Fleet prepares durations/gap and sensitivity analysis reports to manage interest rate risk. The analyses, conducted in this respect, are used in the management of balance sheet interest rate risk and liquidity.

### Currency Risk

The difference between Garanti Fleet's assets denominated in foreign currency and foreign currency liabilities is identified as "FX net general position" and constitutes the basis for foreign currency risk. Garanti Fleet ensures hedging by using forward transaction contracts such as swap and forward to manage foreign currency position risk in-balance sheet.

Possible changes in economic conditions, cash flows of foreign currency debts and receivables related to future periods, and unforeseeable profit or loss risks arising from exchange rate fluctuations can occur while trading activities continue. This is called as exchange rate risk arising from cash flows. The company applies the hedge accounting method to avoid this risk. Thanks to this method, Protection is ensured against exchange rate fluctuations likely to take place. The method applied is also tested by comparing with changes in the cash flows or fair value of the item subject to hedging, or in the previous fair value of the hedging instrument of the changes that took place in the past in cash flows and that may be related to the hedging risk and it is anticipated that the results of this activity should be between 80% and 125%. The results of Garanti Fleet's activity test are also included in this essential range.

## COMMITTEES

Committee Name	Committee Members	Names
Deputy Chairman of	Chairman of The Board Of Directors	Cemal Onaran
	Deputy Chairman of Board of Directors	Aydın Güler
	Member	Osman Bahri Turgut
	Member	Selahattin Güldü
	Member and General Director	Ayşegül Gülgör
Audit Committee	Chairman of The Board Of Directors	Cemal Onaran
	Board Member	Osman Bahri Turgut
	General Director	Ayşegül Gülgör
Ethics and Honesty Committee	Deputy General Directors	Sinan Panayırıcı-Gözde Midillioğlu
	Internal Audit Department Director	Ferhat Dal
	Internal Control Officer	Ceylan Orman
Expense Management and Audit Committee	General Director	Ayşegül Gülgör
	Loans and Operation GMY	Gözde Midillioğlu
	Human Resources Department Director	Neslihan Şahin
	Finance Director	Meltem Aksoy
	Operations Department Manager	Olçay Delibaş
	General Director	Ayşegül Gülgör
New Business and Product Committee	Deputy General Directors	Sinan Panayırıcı-Gözde Midillioğlu
	Information Technology Department Director	Mehmet Sakinç
	Operations Department Manager	Olçay Delibaş
	Internal Audit Department Director	Ferhat Dal
	Internal Control Officer	Ceylan Orman
	Lawyer	Emrah Sarısaltık
	Operation Director	Fikret Gezer
	Business Development Official	Emel Kaya
Corporate Management Committee	Chairman of The Board Of Directors	Cemal Onaran
	Board Member	Osman Bahri Turgut
Risk Management Committee	General Director	Ayşegül Gülgör
	Deputy General Directors	Sinan Panayırıcı-Gözde Midillioğlu
	Second Hand Sales Manager	Onur Sarıcan
	Purchase and Delivery Manager	Zekine Altunhan
	Loans and Collection Department Director	Haydar Uğur
	Lawyer	Emrah Sarısaltık
	Operations Department Manager	Olçay Delibaş
	Customer Service Center Department Manager	Kaan Özgan

Assets and Liabilities Committee	General Director	Ayşegül Gülgör
	Deputy General Directors	Sinan Panayircı- Gözde Midillioğlu
	Department Managers	
	Regional Directors	Bilgen Avcı- Temel Kerimoğlu-Kaan Alpay- İbrahim Levent Öztürk
Disciplinary Committee	General Director	Ayşegül Gülgör
	Deputy General Directors	Sinan Panayircı- Gözde Midillioğlu
	Human Resources Department Manager	Neslihan Şahin
Staff Committee	General Director	Ayşegül Gülgör
	Deputy General Directors	Sinan Panayircı- Gözde Midillioğlu
	Human Resources Department Manager	Neslihan Şahin
RV Committee	General Director	Ayşegül Gülgör
	Deputy General Directors	Sinan Panayircı- Gözde Midillioğlu
	Second Hand Sales Manager	Onur Sarıcan
	Purchase and Delivery Manager	Zekine Altunhan
	Senior Director of Pricing and Technical Risk Analysis	Ferhat Yolay
Purchasing Committee	General Director	Ayşegül Gülgör
	Deputy General Directors	Sinan Panayircı- Gözde Midillioğlu
	Second Hand Sales Department Manager	Onur Sarıcan
	Purchase and Delivery Manager	Zekine Altunhan
Second-hand automobile sales The Evaluation Committee	General Director	Ayşegül Gülgör
	Deputy General Directors	Sinan Panayircı- Gözde Midillioğlu
	Second Hand Sales Manager	Onur Sarıcan
	Purchase and Delivery Manager	Zekine Altunhan
	Second-hand sales director	Muhsin Deniz
	Senior Director of Pricing and Technical Risk Analysis	Ferhat Yolay



Pricing Committee	General Director	Ayşegül Gülgör
	Deputy General Directors	Sinan Panayırıcı- Gözde Midilliioğlu
	Second Hand Sales Department Manager	Onur Sarıcan
	Operations Department Manager	Olca Delibaş
	Purchase and Delivery Manager	Zekine Altunhan
	Senior Director of Pricing and Technical Risk Analysis	Ferhat Yolay
Expense and Bidding Committee	Human Resources Department Manager	Neslihan Şahin
	Finance Director	Meltem Aksoy
Corporate Management Committee	General Director	Ayşegül Gülgör
	Deputy General Directors	Sinan Panayırıcı- Gözde Midilliioğlu
	Internal Control Officer	Ceylan Orman

## MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors had four meetings in the year and all members of the Board of Directors attended those meetings.

## ADMINISTRATIVE SANCTIONS AND PENALTIES

There were no penalties in 2018.

## ASSESSMENT OF FINANCIAL POSITION, PROFITABILITY AND INDEMNIFICATION SOLVENCY

The size of assets of the company at the end of 2018 is TL 1.7 billion (2017: TL 1.7 billion), shareholders' equity is TL 10.9 million (2017: TL 31.5 million) and net profit is TL 9.7 million (2017: TL 28.8 million).

The company's active profitability ratio is 0.57% (2017: 1.66%) and the equity ratio is 88.62% (2017: 91.39%). The company aims to continue to grow with its strong financial structure and sustainable profitability.

## DONATIONS AND AIDS

The total amount of donations and aids, made by the company within the year is TL 1.959.

## LAWSUITS AGAINST THE COMPANY AND POSSIBLE CONSEQUENCES

The amount of TL 412.404 (31 December 2017: TL 105.000) for various lawsuits against the company is recognized in the accompanying financial statements.

## EXPLANATIONS ON INDEPENDENT AUDIT PUBLIC AUDIT

Our company is subject to unlimited independent audit by KPMG Independent Audit and Public Accounting and Financial Consultancy Inc., in six-month periods; fully independent audit in twelve-month periods, and the consolidation auditing by Garanti Bank in three-month and nine-month periods.

## AMENDMENTS IN ARTICLES OF ASSOCIATION

No amendments have been made to the articles of association during the period.

## SIGNIFICANT EVENTS OCCURRING IN THE PERIOD FROM THE DATE OF THE GENERAL ASSEMBLY MEETING IN WHICH THE RELATED FINANCIAL STATEMENTS WILL BE DISCUSSED UNTIL THE END OF THE ACCOUNTING PERIOD.

Not applicable.

## GENERAL ASSEMBLIES WITHIN THE YEAR

The company held the Ordinary General Assembly meeting for 2017 on 26.03.2018. All of the decisions taken in the meeting were carried out.

## SIGNIFICANT AMOUNT OF ASSET PURCHASE/SALES

None.

## UTILIZATION OF INVESTMENT INCENTIVES

No incentives are used.

## PREVENTION OF CONFLICT OF INTEREST WITH THE INSTITUTIONS RENDERING SERVICE

Necessary arrangements are made in mutual agreements to prevent conflicts of interest between Garanti Fleet Management Services Inc. and the investment advisory, Rating and other institutions.

## CONTACT

Garanti Fleet Management Services Inc., was established in Turkey on January 10, 2007, in order to operate in the field of “vehicle fleet rental services”.

Trade registration number of Garanti Fleet, registered with the Istanbul Chamber of Commerce, is 611285. Garanti Fleet has 4 branches in Istanbul, Ankara, Bursa, Izmir, and the contact details are as follows;

### ADDRESS

Maslak Mahallesi Eski Büyükdere Cad. No: 23  
Sarıyer 34485 İstanbul

### Phone

0212 365 31 00

### Fax

0212 328 16 90

### Website

[www.garantifilo.com.tr](http://www.garantifilo.com.tr)

### E-mail address

[info@garantifilo.com.tr](mailto:info@garantifilo.com.tr)

No	Branch	Address Information
1	Ankara	Ankara 1 ve 2 Krediler Müdürlüğü Cinnah Caddesi No: 2 Kavaklıdere Çankaya/Ankara
2	Bursa	Marmara Bölge Müdürlüğü Fevzi Çakmak Caddesi No: 60 K:3 Osman-gazi/Bursa
3	İzmir	Folkart Towers Manas Bulvarı Adalet mah. No:39/1 B Kule Kat:42 Bayraklı/İzmir
4	Istanbul Anatolia	Barbaros Mah. Kardelen Sk. Palladium Tower Apt. No:2/38 Ataşehir/Istanbul

*In Garanti Fleet*  
There is a car  
for everyone

 **Garanti** | **Filo**  
BBVA Grubu