FINANSLEASING

Annual Report 2011

Contents

Corporate Profile

Strong reputation backed up by wide experience, robust financial and corporate structure...

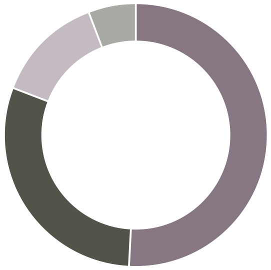
- Finans Leasing was established in 1990 as the 5th leasing company in Turkey.
- In 1993, 20% of Finans Leasing's share capital was offered to public through an IPO.
- In 2002, the Company merged with Finans Deniz Leasing.
- In 2006, Finansbank sold its share of 46% to NBG and Finans Leasing became a member of NBG Group which is constituted of 8 banks and 60 companies in 12 countries, as of 31.12.2011.
- Total assets are TRY 1,303 million as of December 2011.
- Finans Leasing commands a 4.9% market share in the Turkish leasing market as of December 2011.
- The Company is a member of the Turkish Leasing Association (FİDER).
- Finans Leasing has a strong geographical coverage with a branch in Istanbul and 10 regional offices all around Turkey.
- Finans Leasing provides fair and flexible options to best suit changing business needs of its clients operating in a number of different business lines.
- Finans Leasing stocks are traded in the Istanbul Stock Exchange under the FFKRL ticker.

ISTANBUL STOCK EXCHANGE

Fulfilled 22 years in service, Finans Leasing today is one of the most respected and leading brands of the Turkish leasing sector thanks to its robust financial and corporate structure, strategies focused on quality and customer, wide experience and professional management, transparency and accountability.

Finans Leasing will further cultivate long-term partnerships and innovative industry expertise, and will continue to offer a wide range of value-added solutions to its clientele and all other stakeholders.

Shareholding Structure as of 31 December 2011



Finansbank A.Ş.	51.06%
National Bank of Greece	29.87%
Finans Invest	13.32%
Traded on the ISE and Other	5.75%

prestigious

As a significant and steadfast supporter of the real economy, the Company has carved out a distinct place for itself in domestic and international markets, thanks to its unique credit prestige.

Message from the Management

Adnan Menderes Yayla
Chairman

A. Murat Alacakaptan
General Manager

2011 was a difficult period for the global economy, burdened by the crisis caused by the public debt concerns in Europe, while emerging markets further strengthened their position as driving forces of the global economy. As one of the first countries to emerge from the crisis, the Turkish economy notched up another strong performance after its 9.2% growth in 2010, to grow by 8.5% in 2011, becoming one of a select few economies in the world to record rapid growth.

Economic growth reflected to the performance of the leasing industry.

With economic growth mostly driven by domestic demand in 2011, the real sector's increasing investments had a positive impact on growth in the leasing industry. Having grown by 45% in 2010 and maintained such a trend, the industry's transaction volume rose by 54% to USD 4.9 billion in 2011. The number of leasing contracts during the year increased by 44% to reach 14,648.

The penetration rate, the primary criterion used to measure the sector's performance and potential, fell from its peak of 9.8% in 2007 to 3.94% in 2010. In 2011, the penetration rate stood at 4.71%.

At the end of 2011 a legislative amendment was introduced covering the leasing sector, that has gained importance in recent years, particularly for SMEs. The amendment encouraged SME's to undertake long-term machinery investments by cutting the rate of VAT in some goods and equipment which are subject to financial leasing, and the rate of VAT of incentivized transactions to 1%.

The amendment of the current Leasing Law is one of the important concerns on the agenda in the sector. Within this framework, we have completed all our preparations awaiting the new regulations, which would deepen the shallow structure of the sector and pave the way for considerable threshold. The regulations in question are expected to allow leasing companies to perform operational leasing, to be subject software and their principal rights to financial leasing, and to ensure the performance of such transactions as "sale and lease back", which cannot be currently performed because of adjudication.

In 2011 we successfully focused on improving the quality of our portfolio.

In 2011, Finans Leasing increased its financial leasing receivables by 10% to more than TRY 1 billion, attaining a total volume of USD 241 million in new transactions and a 4.9% market share.

Finans Leasing's strategy in 2011 was to increase the share of the transactions of small- and mid-scaled enterprises in its total portfolio. The Company reached this target by entering 1,086 new contracts, marking a 23% YoY increase.

Working to a business model with proven success

Finans Leasing's business model is shaped on the following tenets:

- To establish customer relations based on efficiency and trust and to ensure sustainability
- To reflect technological facilities to the platform of rapid and high-quality services
- To make effective use of delivery channels

Pursuing a strategy of establishing sustainable balance between profitability and growth, Finans Leasing goes to great lengths to ensure a well-balanced distribution of its portfolio and aims to spread risks to the base through marketing activities intended for mid-scaled commercial firms and small enterprises and by making funds available to a high number of companies.

In line with the aims set forth in its corporate strategies of facilitating growth and development of the SMEs - which comprise its primary customer segment - Finans Leasing designs its products and services according to this target.

By analyzing the needs of SMEs in various sectors in a multidirectional manner, Finans Leasing aims to offer optimum benefits to its customers through its product packages. Producing tailored solutions based on the evaluations it conducts on a project-basis, our Company not only provides finance, but also consultancy services, based on its wealth of knowledge.

Impacts of the crisis to lower growth rates in 2012

The uncertainty generated by the crisis environment has brought a number of different scenarios to the agenda for 2012. The only point of agreement appears to be low growth rates in all economies, particularly in the Eurozone.

During 2012, Turkey will increasingly feel the impacts of global recession, which became increasingly apparent towards the end of 2011, while the Turkish real sector will suffer from the economic contraction originating from Europe. On the other hand, Turkey looks set to maintain its steady and sustainable growth in 2012, but at a slower pace.

The stimulating effect of new legislation is expected to go some way towards easing some of the negative impacts of the global crisis. We hope and predict that the transaction volume of the industry, which exceeded USD 8 billion in 2007, gains momentum in parallel with the industry's strong growth that started in 2010 after a long period of recession.

Finans Leasing will continue to be an important player in Turkey's leasing sector.

Accurately interpreting the market, determining risk factors and reaching the right decisions will be more crucial than ever in 2012, while the most experienced, professional and strongest companies will lead the competition in the industry. With its competencies, knowledge and vision, Finans Leasing will set forth its strength in this time as a company that has succeeded in passing a variety of tests under all economic circumstances.

Our Company's important competitive advantages include our customer-oriented approach, capital adequacy, strong funding structure and experienced staff.

We would like to reiterate our belief that Finans Leasing, which has successfully completed another operating year, will continue to generate added value for its stakeholders and the Turkish economy in the years to come. We would like to take this opportunity to extend our gratitude to Finansbank, which continues to provide tremendously valuable support with its strong client base and the synergy that it has created, as well as our customers for their trust in our Company, our shareholders and business associates for their support and all of our employees for their successful hard work.

Yours sincerely,

Board of Directors and Management

Board of Directors

Adnan Menderes Yayla
Chairman

Sinan Şahinbaş
Member

Metin Karabiber
Member

Filiz Sonat
Vice-Chairman

E. Özlem Cinemre
Member

A. Murat Alacakaptan
Member and General Manager

Management

A. Murat Alacakaptan
General Manager and Board Member
Born in 1963, Mr. Alacakaptan holds a BA degree in Business Administration Department of the Istanbul University. Mr. Alacakaptan began his career as an Independent Auditor and worked at Peat Marwick, Touche-Ross and Coopers & Lybrand. He served as a Finance Manager in Aktif Finans Factoring between 1990-1994. Following his position in Finans Leasing as an Assistant General Manager between 1994-1998, he joined Finans Deniz Leasing as an Assistant General Manager and was promoted as General Manager and Board Member in 1999. In July 2001, Mr. Alacakaptan re-joined Finans Leasing as General Manager and Board Member. He held the Board Member positions between December 2007 - March 2011 at Turkish Leasing Association (FİDER) and between June 2009 - November 2010 at Finans Factoring.

Semra Karsu
Assistant General Manager, CFO
Born in 1967, Mrs. Karsu holds a BA in Business Administration and MBA from Istanbul University. Mrs. Karsu started her business career in 1990 in Garanti Leasing and joined Finans Leasing in 1996 as Manager responsible for Financial Control and Accounting. In 1999, she became Group Manager and in 2002, she was appointed as Assistant General Manager responsible for Operations, Financial Control, Accounting, Finance, Credit Follow-up and Legal Departments.

Fatih Kızıltan
Assistant General Manager
Born in 1957, Mr. Kızıltan holds a BA in Business Administration from Marmara University. Following his position in Yapı Kredi Bank as Credit Risk Control Specialist, he joined Finans Leasing in 1990. He became Group Manager in Credit Department in 2000 and in March 2008 he was promoted as the Assistant General Manager responsible from the Credit Department.

Oğuz Çaneri
Assistant General Manager
Born in 1973, Mr. Çaneri holds a BA in Industrial Engineering and MBA degree from Bilkent University. After working in the same university as an academician for one year, he started his business career in BNP Ak Dresdner Leasing and then worked for İktisat Leasing and Finans Deniz Leasing. Mr. Çaneri joined Finans Leasing in 2001. He became Marketing Manager in 2003, Marketing Group Manager in 2006 and was promoted as the Assistant General Manager responsible from Marketing Department in 2007.

The Leasing Sector in 2011

The leasing industry enhanced its growth momentum during 2011 and achieved a 54% increase in its new transaction volume to USD 4.9 billion. In the sector, which is home to 33 companies, while the total number of contracts increased by 44% to 14,648. Penetration rates also increased with respect to their 2010 levels.

Important steps in the growth of the industry

At the end of 2011, Government decreased VAT rate to 1% in the leasing of the certain kinds of machinery and equipment and regardless of the equipment type in all transactions with investment incentive certificates, therefore renewed the VAT advantage of the leasing sector.

In fact, leasing is widely used for purchasing domestically produced or imported machines . Therefore, the new legislation will be crucial especially for those companies seeking to invest in machinery but which lack accumulated capital.

With the enactment of the "Draft Law on Financial Leasing, Factoring and Finance Companies", Turkey's legislation concerning financial leasing will be harmonized with the legislation in USA and EU countries, while many transactions that cannot be performed in line with the law currently in effect will be performed with an expansion in the sector's service and product spectrum. With the enactment of the new law:

Operational leasing will be able to be performed. As such, necessary financing will be provided to enterprises to cover their short-term machinery and equipment needs.

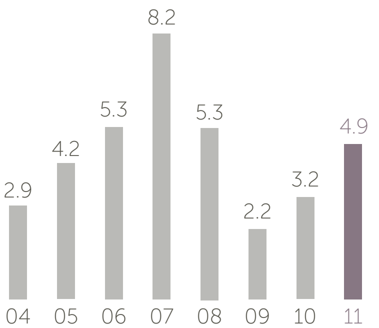
Sale and leaseback transactions will be able to be performed. As such, companies with deficits in their operating capital will make their balance sheets liquid by selling the buildings and machines in their assets to financial leasing companies and will lease them back.

Softwares could be subject to leasing. By software leasing, business owners can overcome the challenge of coming up with the capital they need to acquire the software to grow their business.

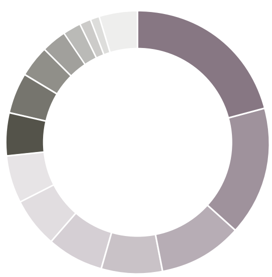
Subleasing will be able to be performed. Sublease enables the lease of all or a portion of premises by a tenant who has leased the premises from the owner.

2011 Penetration Rates	
Leasing Transaction Volume (Excluding Buildings) / Private Sector Fixed Investments (Excluding Buildings)	4.71%
Leasing Transaction Volume / Private Sector Fixed Investments	3.60%
Leasing Transaction Volume / GDP	0.65%
Private Sector Machine Investments / GDP	12.20%

Turkish Leasing Industry Volumes (USD billion)



Breakdown of Leasing Industry Transactions in Turkey by Sector in 2011



Building and Construction	21.00%
Manufacturing	15.80%
Textile	10.40%
Services	7.40%
Mining and Quarrying	7.10%
Transportation, Storage and Communication	6.10%
Metal	5.80%
Health & Social Activities	5.20%
Printing	4.90%
Food	3.90%
Agriculture, Hunting and Forestry	3.30%
Banking & Financial Institutions	2.10%
Chemical	1.50%
Wood and Wood Product	1.10%
Other	4.50%

Finans Leasing's Strategy

Key competitive advantages of Finans Leasing

- Customer-oriented approach
- An advanced technological infrastructure
- Competent delivery channel strategy
- Strong brand and reputation in the leasing industry
- Sound capitalization and strong funding base
- A leading position, constantly building on its market shares in its business line
- A young, dynamic and highly-experienced team

Finans Leasing's strategy

To achieve long-term, sustainable growth and strong market share in the leasing industry by continuously creating value for all its stakeholders.

The foundations of Finans Leasing's strategy

Customer focus
- Product and service quality and innovation
- Competency, experience, and skill

A focus on human resources
- Continuous development of HR competencies

A focus on disciplined growth
- Sustainable and profitable balance sheet growth
- Improved asset quality
- Portfolio diversification

A focus on risk management and control
- Risk measurement at international standards
- Proactive risk control systems

A focus on corporate governance
- Commitment to corporate governance ethical conduct, and core values

Group synergy
- A multi-layered and efficiency oriented group synergy

professional

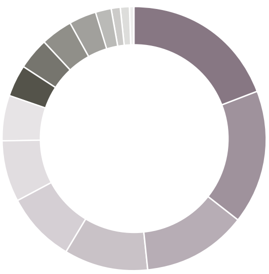
Professional management, transparency, accountability, and commitment to ethical values that are the cornerstones of its past successes are also the driving forces that will power Finans Leasing's growth in the future.

Operations in 2011

Finans Leasing applied a successful strategy in terms of raising customer loyalty and effective risk control and management during 2011. Aiming to increase its support to the real sector by expanding its SME client base, the Company continued to stand by its customers under all conjunctures, thanks to its robust equity structure and funding facilities.

The number of contracts rose by 23% from 883 in 2010 to 1,086 in 2011. The Company's transaction volume was realized USD 240.8 million in 2011, with the market share being 4.9% for the same period.

Breakdown of Net Lease Receivables on Industry Basis as of 31 December 2011



Textile	19.4%
Building and Construction	16.3%
Manufacturing	12.8%
Health & Social Activities	10.2%
Metal	8.7%
Printing	7.4%
Mining and Quarrying	5.6%
Agriculture, Hunting and Forestry	4.0%
Transportation, Storage and Communication	3.8%
Services	3.8%
Food	3.5%
Chemical	1.9%
Wood and Wood product	1.2%
Financial Institutions	0.9%
Other	0.5%

Effective strategies, high service quality

Serving its customers by establishing close relations with them, Finans Leasing reinforces its customer approach – which it has developed by focusing on relations management and business partnership based on trust – with a "perfectionist service" privilege, thus increasing customer loyalty.

Standing for trust with its respected brand and strong capital structure, Finans Leasing continued to improve its quality standards during 2011 and introduce its quality to broader masses, thanks to its competent staff and technological infrastructure.

The Company offers various short-term and long-term payment plans to sellers and its customers, while considering their financial structures and cash flows.

Projects that will further contribute to sustainability

In parallel with Turkey's growth pace, investments will continue to expand, not only in the traditional manufacturing industry, but in areas such as renewable energy, logistics, environment, health and education.

In this context, Finans Leasing's selection for the IFC's first Sustainable Energy program in Turkey in 2010 represented an important step. Within the framework of this program, the Company signed a senior loan agreement worth USD 50 million for the financing of energy efficiency projects.

Always going to great lengths to offer services and solutions that generate added value, Finans Leasing plans to participate more actively in projects that aim to support sustainability, both in 2012 and beyond.

A widely distributed and less risky portfolio structure

Finans Leasing has established a strong structure by making use of internationally accepted methods in the management of risks associated with functional activities as credit, liquidity, market and FX risks.

Finans Leasing has configured its risk management system not only in managerial and operational processes, but also in information technologies. The Company has built its information technology infrastructure in a manner that allows it to measure, to monitor and to control risks.

Finans Leasing makes no compromise on its meticulous approach in establishing a balanced customer portfolio and goes to great lengths to prevent its portfolio from over-concentration on a sectoral, geographical or customer basis.

Increasing synergy with Finansbank

Finans Leasing performed 44% of its total transaction volume through Finansbank, its parent company, in 2011. The Company enhances its service efficiency by gaining access to Finansbank's wide client base and branch network, as well as the bank's technological infrastructure. Within the synergic cooperation conducted effectively with Finansbank, Finans Leasing products and services are provided to its customers through Finansbank's 522 branches which are located throughout the country.

Joint marketing and product offering campaigns play a key role in the growth of Finans Leasing's client base, contributing significantly to the growth in transaction volumes and the number of active clients.

Fast-moving, solution-oriented and competent human resources

Finans Leasing's human resources constitute a homogenous community that reflects Finans Leasing's corporate culture, which has been shaped based on its ethics and values. A professional team of employees, backed by expertise and the ability to make proper use of information, to come out with the right predictions and to manage risks, is Finans Leasing's most important asset that will allow the Company to progress.

In its Human Resources practices, Finans Leasing, in parallel with its corporate strategy, drafts various plans in the area of professional and personal development to ensure the individual development of its employees and increase their contributions to the Company. In the light of these plans, Finans Leasing also develops training programs that aim to cover any arising needs.

In order to ensure the satisfaction of its employees, who numbered 85 at the end of 2011, Finans Leasing is determined to continuously raise its service quality by offering training programs, dynamic career opportunities and a contemporary working environment to its employees.

Geographical Breakdown	2009	2010	2011
Marmara	13%	13%	12%
Aegean and Mediterranean	11%	11%	14%
Eastern and Southeastern Anatolia	12%	19%	21%
Central Anatolia and Black Sea	13%	13%	10%
Istanbul	44%	32%	34%
Çukurova	7%	13%	9%

Operations in 2011

In 2012...
In 2012, the competitive environment and falling profit margins will remain the determinant factors affecting the growth performance of financial leasing companies.

As a reliable solution partner, Finans Leasing's long-term approach to customer satisfaction will remain one of its most important competitive advantages.

In line with its fundamental strategy defined as "to finance the real sector in a healthy manner", Finans Leasing will unstintingly continue to offer attractive financing facilities to its client base, which is predominantly comprised of small- and mid-scaled enterprises, and to design and develop innovative products and services in order to contribute to economic growth - which is what Turkey really needs.

Credit Opinion by Moody's Investors Service
(as of 27 January 2011)

Finans Finansal Kiralama A.Ş.

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Ba1

Risk Breakdown	2009	2010	2011
Top-10 customers in the portfolio			
Turnover (TRY million)	106.7	116.7	105.7
Share in total	11%	13%	10%
Top-20 customers in the portfolio			
Turnover (TRY million)	170.3	178.1	173.8
Share in total	18%	19%	17%
Top-50 customers in the portfolio			
Turnover (TRY million)	308.3	307.6	312.5
Share in total	32%	33%	31%

Service Network

* Operative regional offices

Finans Leasing owns a strong geographical coverage that allows it to reach many SMEs particularly in Anatolia.

Parent Companies

Finansbank

Owned by National Bank of Greece (NBG) in August 2006, Finansbank is one of the leading banks in Turkey. Subsidiaries of Finansbank are Finans Leasing, Finansinvest, Finans Portfolio Management, IBTech, Finans Emeklilik, Finans Factoring and Finans Tüketici Finansmanı.

As of December 2011 the Bank had total consolidated assets of TRY 47.2 billion, total loans of TRY 30.8 billion, shareholders' equity of TRY 5.9 billion, and consolidated net operating profit of TRY 896 million. The Capital Adequacy Ratio (CAR) realized at 17.61% for the year–end 2011. At year-end 2011, Finansbank had 522 branches.

NBG Group

National Bank of Greece, the oldest Greek commercial bank, heads the largest and strongest financial group in the country (data as at 31.12.2011):

- The NBG Group provides a full range of financial products and services that meet the constantly changing needs of private individuals and corporate customers alike.
- The Bank has 539 branches and 1,400 ATMs in Greece and 1,137 branches overseas. The Group boasts by far the largest network for the distribution of financial products and services in Greece.
- Overseas the NBG Group is active in 12 countries and includes 8 banks and 60 other companies.
- The trust that depositors have in NBG is reflected in the fact that it has gained market share in all deposit categories (savings deposits 34.1%, time deposits 15.6% and sight deposits 22%).
- The Total Capital Adequacy Ratio stands at 8.3% following the state guarantee of a capital injection of EUR 6.9 billion from the Financial Stability Fund in the context of the recapitalization program for Greek banks.
- The NBG Group is the first Greek financial group to successfully float its stock on the New York Stock Exchange, the world's principal capital market.
- By the acquisition of United Bulgarian Bank in Bulgaria (2000), Stopanska Banka in FYROM (2000), Banca Romaneasca in Romania (2003), Finansbank in Turkey (2006) and Vojvodjanska Banka in Serbia (2006), NBG aims to be the leading banking group in a market of 125 million.

Company Directory

	Phone	Fax
Head Office		
Nispetiye Caddesi Akmerkez B Kulesi Kat: 10 Etiler 34620 İstanbul	(90 212) 349 11 11	(90 212) 350 60 00
Branches		
Atatürk Airport Branch		
Atatürk Havalimanı Serbest Bölgesi 2. Kısım A Blok No: 443 Yeşilköy İstanbul	(90 212) 349 11 11	(90 212) 350 60 00
Representative Offices		
Adana Representative Office		
Atatürk Cad. Kemal Özülkü İşhanı No: 7 Kat: 15 Seyhan Adana	(90 322) 457 32 54	(90 322) 457 79 58
Ankara Representative Office		
Atatürk Bulv. No: 140 Kavaklıdere Ankara	(90 312) 457 12 21	(90 312) 457 12 91
Antalya Representative Office		
Tahılpazarı Mah. Adnan Menderes Bulv. No: 9 Kat: 1 Muratpaşa Antalya	(90 242) 311 18 41	(90 242) 311 18 40
Bursa Representative Office		
Davutdede Mah. Ankara Cad. No: 102 Kat: 1 Bursa	(90 224) 362 84 70	(90 224) 363 01 23
Dudullu Representative Office		
Esenşehir Mah. DES Sanayi Sitesi A Blok No: 2 Dudullu İstanbul	(90 216) 526 14 10	(90 212) 527 20 06
Eskişehir Representative Office		
EMKO San. Sit. A-1 Blok No: 1 Eskişehir	(90 222) 228 19 87	(90 222) 228 19 78
Gaziantep Representative Office		
3 Nolu Cad. Akınalan İş Merkezi No 36-37 Kat:3 Şehitkamil Gaziantep	(90 342) 232 11 51	(90 342) 230 46 35
İkitelli Representative Office		
Esenkent Mah. DES Sanayi Sitesi 121 Sok. Banka Binaları B Blok No:28/A İkitelli İstanbul	(90 212) 471 30 33	(90 212) 470 71 03
İzmir Representative Office		
Şehit Nevres Bulv. No: 8/1 Montrö İzmir	(90 232) 488 11 78	(90 232) 488 11 84
İzmit Representative Office		
E-5 Karayolu Üzeri Toyota Kaya Plaza Kat:1 İzmit Kocaeli	(90 262) 335 17 80	(90 262) 335 17 89
NBG Group Leasing Companies		
Ethniki Leasing		
Athens-Greece	(30 210) 5158 060-3	
Interlease		
Sofia-Bulgaria	(359 2) 971 82 82	
NBG Leasing		
Bucharest-Romania	(40 21) 409 10 00	
NBG Leasing		
Belgrade-Serbia	(381 11) 228 80 71	

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Tel: (90 212) 227 04 36
www.tayburnkurumsal.com

Corporate Governance Principles Compliance Report

1. Statement of Compliance with Corporate Governance Principles

The Company deems it extremely useful to implement Corporate Governance Principles with respect to the improvement of national and international capital markets, as well as to the Company's best interests. The Company drew up the Statement of Compliance with Corporate Governance Principles within the frame of Corporate Governance Principles published by the Capital Markets Board (CMB).

The Company aims to achieve maximum compliance with the said principles and spends its best efforts to this end:

Work is in progress to bring the Company into compliance with principles that are of exceptional nature and that are not being implemented by the Company as yet. Detailed information about the activities currently in progress and the corporate governance principles with which compliance have been achieved are presented below under the separate headings of "Shareholders", "Public disclosure and transparency", "Stakeholders", and "Board of Directors".

SECTION I: SHAREHOLDERS

2. Shareholders' Relations Unit

An Investor Relations Division has been set up under the Corporate Governance Committee, in order to facilitate exercising of shareholding rights and to provide communication between the Board of Directors and the shareholders.

In essence, the Investor Relations Division works to;

a) ensure maintenance of the records about shareholders in a healthy, secure and up-to-date manner,
b) respond to the shareholders' written information requests about the Company, apart from those that are not publicly disclosed, are of a confidential and/or trade secret nature,
c) ensure that the general assembly meetings are convened in accordance with the applicable legislation, the articles of incorporation and other internal regulations,
d) prepare the documents the shareholders could make use of in the general assembly meeting,
e) ensure that the results of the voting are recorded and the reports thereon are sent to the shareholders,
f) observe and comply with all considerations related to public disclosure, including the legislation and the Company's disclosure policy.

Contact information for the individuals assigned to these units are given below:

Name	Tel	Email
İ. Emre Ödemiş	(90 212) 349 11 44	emre.odemis@finansleasing.com.tr
Sunay Cambaz	(90 212) 349 11 80	sunay.cambaz@finansleasing.com.tr

3. Shareholders' Exercise of Their Right to Obtain Information

It is certain that shareholders and stakeholders need to have regular access to reliable information about the Company's management and its financial and legal standing. In line with the principle of public disclosure and transparency, all information except for trade secrets is to be revealed to the public impartially. Such disclosure is made by means of audited annual and interim financial statements and footnotes and by means of public announcements. This information is also posted on the Company's corporate website.

No written request for information had been received from the shareholders during the reporting period.

There had been no requests from shareholders during the reporting period for the appointment of a special auditor. Based on the concern that the appointment of a special auditor might lead to problems in practice with respect to maintaining the confidentiality of trade secrets or undisclosed information, it is intended to consider in the future to provide for demanding the appointment of a special auditor as an individual right in our Company's articles of incorporation depending on the developments.

4. Information About General Assembly Meetings

Ordinary General Assembly Meeting convened on 23 March 2011:

Finans Finansal Kiralama A.Ş.'s ordinary general assembly meeting for the fiscal year 2010 was held on 23 March 2011 at 14:30 hours in the Conference Room at the address Finansbank A.Ş. Büyükdere Caddesi No: 129 Mecidiyeköy-İstanbul under the supervision of Ömer KURTLAR, a commissioner of the Ministry of Industry and Trade, who was assigned with this task by letter 15960, dated 22 March 2011 from the İstanbul Provincial Directorate of Industry and Trade.

As required by law and by the Company's articles of incorporation, the meeting and its agenda were duly announced in issue 7767 dated 08 March 2011 of the Turkish Trade Registry Gazette and in issue 11713 dated 07 March 2011 of the newspaper Hürses. Invitations announcing the date and agenda of the meeting were also sent out in due time by registered and reply-paid mail to shareholders who own privately-held shares that are not traded on the ISE.

It is revealed from the examination of the attendance roster that out of 11,500,000,000 shares corresponding to the Company's total share capital of TRY 115,000,000.00, 10,837,769,495 shares corresponding to TRY 108,377,694.95 were represented at the meeting. Therefore it was ascertained that the minimum meeting quorum required both by law and by the articles of incorporation had been satisfied. Board member Ahmet Murat Alacakaptan opened the meeting, upon which discussions were commenced on the meeting agenda.

During the ordinary general assembly meeting, no shareholders made any suggestions or exercised their right to ask questions. The minutes of the ordinary general assembly meeting are kept available for the examination of shareholders at the Company's headquarters and on the Company's website.

5. Voting Rights and Minority Rights

Our Company's articles of incorporation contain no provisions pertaining to privileged voting rights. Minority shares are not represented in the Company's management and the cumulative voting method is not employed.

6. Dividend Distribution Policy and Timing

There are no privileges appropriated to any shareholders in case of dividend distribution. According to the Company's articles of incorporation, a dividend shall be set aside at the ratios and in the amounts to be determined by the Capital Markets Board. This provision constitutes the policy of the Company with respect to minimum dividend distribution requirement. Shareholders have been made aware of this policy by virtue of its inclusion in the articles of incorporation.

In accord with the CMB letter dated 27 January 2006 and numbered B.02.1.SPK.0.13-124, dividend distribution policies were set as follows taking into consideration the probability that the obligation to distribute profits can be abolished.

a) The amount and source of attributable profit shall be determined in accordance with the provisions of applicable legislation and CMB.
b) The Board of Directors shall draw up its proposal for profit distribution by observing the balance between the interests of shareholders and those of the Company, and in a manner to contain no contradictions with the provisions of applicable legislation and the CMB.
c) Dividend per share shall be computed by dividing the amount of profit decided to be distributed at the general assembly by the number of shares. No shares are privileged in terms of getting share from the profit.
d) Distribution of dividends to the members of the Board of Directors and employees are set forth by the articles of incorporation.
e) Dividend payments shall be effected within due time as stipulated by the CMB at three locations at a minimum, which shall be easily accessible by a majority of the shareholders and one of which shall be the Company's headquarters, as well as at Takasbank (ISE Settlement and Custody Bank, Inc.).
f) The articles of incorporation contain no provisions stipulating payment of advances on dividends.
g) The General Assembly shall be informed on the donations and grants made by the Company during the reporting period.

Corporate Governance Principles Compliance Report

7. Transfer of Shares

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

SECTION II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company Disclosure Policy

The Company's disclosure policy is intended to make sure that the necessary information other than trade secrets are disclosed to shareholders, investors, employees, customers, creditors and other related parties on a timely manner and on the principles of completeness, accuracy, and intelligibility, and that they are conveniently accessible at low cost and equally available to all. The disclosure policy is posted on the corporate website.

Under the Disclosure Policy devised by Finans Finansal Kiralama A.Ş., information is made available to the public via the Public Disclosure Platform (in Turkish: KAP) in accordance with the CMB Communiqué Serial: VIII No: 54 on the Principles Regarding the Public Disclosure of Material Events. The Company's independently audited financial statements are publicly disclosed at quarterly intervals.

Work is ongoing to further improve the Disclosure Policy within the frame of Corporate Governance Principles

9. Disclosure of Material Events

A total of five material event disclosures were made during as at 31 December 2011 in compliance with the CMB regulations. Neither the CMB nor the ISE requested any additional information concerning these material event disclosures. Because all material event disclosures were made in due time, no sanctions were imposed by the CMB on their account. The Company's shares are not quoted on stock exchanges outside Turkey.

10. Company Internet Site and its Content

Our Company has a corporate website accessible at www.finansleasing.com.tr. The corporate website is actively used for information provision and public disclosure purposes. The website contains the information and data as stipulated by the Corporate Governance Principles.

11. Disclosure of Non-Corporate Ultimate Shareholders Who Have a Controlling Interest

There are no non-corporate ultimate shareholders who have a controlling interest in the Company. The Company's current shareholding structure is posted on the corporate website, and in the footnotes to the financial statements for the period ended on 31 December 2011.

12. Public Disclosure of Individuals Who May Have Access to Insider Information

This is addressed under the Codes of Ethics in Corporate Governance Principles.

Pursuant to the CMB Communiqué Serial: VIII No: 54 on the Principles Regarding the Public Disclosure of Material Events, a list has been drawn up at the Company which names the individuals who work for the Company and have regular access to insider information, and a letter of undertaking has been obtained from each of these individuals whereby they commit to protect insider information. The said list is regularly updated and notifications are provided to related institutions within the scope of the Capital Market legislation.

SECTION III: STAKEHOLDERS

13. Informing Stakeholders

A “stakeholder” is any private individual, corporate entity, or interest group that may be involved in the Company’s achieving its goals or have interest in its activities. Stakeholders include shareholders, employees, creditors, customers, suppliers, various non-governmental organizations, the government, and even potential investors.

Our Company conducts its activities honestly, trustworthily, and transparently within the framework of its public disclosure principles in order to keep its stakeholders aware of the same. The Company’s independently audited financial statements are publicly disclosed quarterly. Similarly, important developments concerning the Company’s activities are publicly announced by means of material event disclosure forms in line with the Company’s public disclosure principles. In addition, in-house meetings are conducted to ensure that the Company’s employees are kept informed about developments that take place and may be of concern to them.

14. Stakeholder Participation in Management

While no model providing for stakeholder participation in management has yet been developed, employees are involved in the Company management through meetings and by using their powers and responsibilities in line with their job descriptions. Detailed studies are carried out on matters related to promotions and performance measurement to ensure that employees receive equal treatment and that promotions take place in line with performance. Employees are given training opportunities to enhance their knowledge, skills, and experience. Explanatory information concerning the Company is also provided to interested parties upon demand.

15. Human Resources Policy

Based on the awareness that the human resource represents the key element for the optimum execution of the Company’s activities and for its development, the basic principles of our Company’s human resources policy are spelled out as follows:

- Employing personnel with high personal and professional qualifications.
- Enhancing work productivity by providing a modern and healthy work environment.
- Fostering a participatory approach to management within the Company.
- Ensuring that employees receive the necessary training they need to develop their professional knowledge and that they are inculcated in the Company’s corporate culture.
- Providing performance-based career planning.

Relations with employees are handled by the Human Resources Assistant Manager and the Assistant General Manager to whom he reports. During the reporting period, no complaints were received from the employees concerning discrimination.

16. Relations with Customers and Suppliers

Customer satisfaction is an important component of our Company policies and for that reason, any demands that customers may have concerning goods and services that they have leased are quickly addressed. Customers and suppliers are visited on a regular basis. Maximizing customer focus and customer satisfaction is a fundamental principle of those standards.

Our Company adheres strictly to agreements that it enters into with its suppliers. The Company gives utmost importance to establishing sound and arm’s-length relationships with suppliers.

17. Social Responsibility

No lawsuits were lodged against our Company during the reporting period on account of any harm caused to the environment.

Utmost care is paid to ensure that the projects financed are in compliance with the legislation governing the environment and public health.

Corporate Governance Principles Compliance Report

18. Structure and Formation of the Board of Directors and Independent Board Members the Board of Directors

- Adnan Menderes Yayla, Chairman (non-executive)
- Filiz Sonat, Vice-Chairman (executive)
- Sinan Şahinbaş, Member (executive)
- Ahmet Murat Alacakaptan, Member (executive) and General Manager
- Emine Özlem Cinemre, Member (non-executive)
- Metin Karabiber, Member (non-executive)

There are three non-executive members on the Board of Directors; however there are no independent members. The positions of the Chairman of the Board and the General Manager are held by different individuals.

Up-to-date information on the members of the Board of Directors and General Manager are presented in the Annual Report.

19. Qualifications of Board Members

Members of the Company's Board of Directors possess the qualifications set out in the Banking Regulation and Supervision Agency's Regulation on the Incorporation and Operating Principles of Leasing, Factoring and Finance Companies. Provisions in our Company's articles of incorporation concerning the minimum qualifications required to be elected to a seat on the Board of Directors coincide with the ones spelled out in the CMB's Corporate Governance Principles. The CMB's Corporate Governance Principles are taken into account in the election of Board members.

20. The Company's Mission, Vision, and Strategic Goals

Our Company's mission is to be the sector's leader in terms of productivity and profitability. The strategic goals identified to realize this mission are; being customer-focused, working with qualified personnel, responding quickly to customer demands, increasing transaction speed by means of advanced technological infrastructure, focusing on the investment needs of small to medium-sized enterprises, and structuring regional, sectoral, and client-based credit risk concentrations optimally. In addition to engaging in marketing and information activities to encourage ever greater use of leasing as an investment financing tool, the Company's strategic goals also include recruiting and training the personnel that will enable the Company to achieve its aims.

The Board of Directors examines and approves the strategic goals identified by the management and the degree to which those objectives are being met at monthly performance meetings at which the Company's activities are reviewed and discussed. At these meetings, the Company's performance is measured and targets are revised when necessary in the light of changing market conditions.

21. Risk Management and Internal Control Mechanisms

Our Company is exposed to credit risk, interest rate risk, exchange rate risk, liquidity risk, market risk, and operational risks due to its transactions. Assessments of these risks and necessary actions in order to manage them are included in annual budget studies as well as in monthly performance reports. These are presented to the Board of Directors for review. At meetings of the assets-liabilities, credit monitoring, marketing, operations, and legal affairs committees, the risks that the Company is exposed to are assessed. At the monthly performance meetings of the Board of Directors, the Company's risk management activities are reviewed and assessed, and risk factors are revised as and when deemed necessary. In 2005, the Internal Audit Department was set up. The mission of the Department is to provide independent and objective assurance and consultancy service that will add value and further improve the Company's operations. The Department's functions include helping the Company in achieving its goals based on a systematic and disciplined approach in order to assess and improve the efficiency of risk management, control and corporate governance. The Department reports to the Audit Committee which reports to the Board of Directors.

Furthermore, a Risk Committee was set up to monitor, assess and manage the Company's credit portfolio, to decide on lending practices, and to develop strategies.

22. Authorities and Responsibilities of the Board of Directors and Executives

In the Company's articles of incorporation, the authority to conduct and administer the Company's business is given to a board of directors whose members are elected by the general assembly. The framework of the authorities and responsibilities assigned to the members of the Board of Directors and to Company executives are spelled out in detail in the Company's list of authorized signatures.

23. Operating Principles of the Board of Directors

The Chairman of the Board of Directors sets the agenda for Board meetings after discussions with other Board members and with the General Manager (Chief Executive Officer). 70 Board meetings were held during 2011. While no secretariat has been set up to inform board members and manage communication among them, maximum care is given to ensuring that all information and documents pertaining to matters on meeting agendas are made equally available to all Board members in a timely manner. When differences of opinion are expressed at meetings, reasoned and detailed justifications for dissenting votes are included in the memoranda of resolutions that are passed. Actual attendance is provided at Board meetings on the issues stipulated in the CMB's Corporate Governance Principles. No Board members have preferential voting rights or the right to veto Board decisions.

24. Prohibition on Doing Business or Competing with the Company

During the reporting period no member of the Board of Directors was involved in any business with the Company or was engaged in any activity in competition with it.

25. Code of Ethics

These principles and rules have been discussed by the Company's Corporate Governance Principles Committee that reports to the Board of Directors. Upon adoption of the relevant Board of Directors resolution, the code of ethics has been enforced and shared with the Company employees electronically.

26. Numbers, Structures, and Independence of Committees within the Board of Directors

Based on the Board of Directors resolution dated 15 March 2005 and numbered 442, a Corporate Governance Committee was set up to oversee the Company's compliance with Corporate Governance Principles, to improve and to submit proposals thereon to the Board of Directors. The Committee consists of three members. The Committee members are Adnan Menderes Yayla, Emine Özlem Cinemre and Semra Karsu.

Based on the Board of Directors resolution dated 15 March 2005 and numbered 444, an Audit Committee was set up to ensure healthy monitoring of the Company's financial and operational activities. The Committee consists of two members. The Committee members are Adnan Menderes Yayla and Filiz Sonat.

A Risk Committee was set up to monitor, assess and manage the Company's credit portfolio, to decide on lending practices, and to develop strategies. The members of this Committee are Filiz Sonat, Murat Alacakaptan, Semra Karsu, Fatih Kızıltan and Oğuz Çaneri.

27. Remuneration of the Board of Directors

All rights, benefits, and fees etc provided to the members of the Board of Directors are subject to the authorization and oversight of the general assembly. With the exception of the salary and bonus paid to the managing director in his post as general manager, members of the Board of Directors do not receive any rights, benefits, or fees from the Company.

The Company has not lent any money, extended any credit, or provided any guarantees such as surety etc to any member of the Board of Directors or to any executive.

Independent Auditor's Report

To the Board of Directors of

Finans Finansal Kiralama Anonim Şirketi

Istanbul

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Finans Finansal Kiralama Anonim Şirketi ("the Company") which comprise the balance sheet as at December 31, 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended December 31, 2011, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Finans Finansal Kiralama Anonim Şirketi as of December 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of DELOITTE TOUCHE TOHMATSU LIMITED

İstanbul, April 20, 2012

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Finans Finansal Kiralama Anonim Şirketi

Balance Sheet as at December 31, 2011

(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	December 31, 2011	December 31, 2010
ASSETS			
Cash and cash equivalents	6	261,315	642,569
Finance lease receivables	7	1,008,173	918,427
Available for sale investments	8	140	140
Derivative financial instruments	13	40	15
Property, plant and equipment	9	244	319
Intangible assets	10	388	558
Other assets	11	19,344	19,028
Deferred tax assets	16	12,907	26,300
Total assets		1,302,551	1,607,356
LIABILITIES AND EQUITY			
Funds borrowed	12	848,005	1,107,925
Trade payables		15,019	88,444
Advances from customers		5,928	14,081
Current income tax	16	-	2,492
Derivative financial instruments	13	489	700
Other liabilities and provisions	14	4,367	3,915
Reserve for employee termination benefits	15	510	618
Total liabilities		874,318	1,218,175
Equity			
Share capital	17	159,353	159,353
Share premium		1,211	1,211
Legal reserves	18	20,601	18,810
Retained earnings	18	247,068	209,807
Total equity		428,233	389,181
Total liabilities and equity		1,302,551	1,607,356

The accompanying policies and explanatory notes on pages 24 through 59 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Statement of Comprehensive Income for the year Ended December 31, 2011

(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	January 1 – December 31, 2011	January 1 – December 31, 2010
Interest income from finance leases		73,840	75,528
Total income from finance leases		73,840	75,528
Finance income	21	365,302	278,504
Finance expenses	21	(360,692)	(275,784)
Net finance income/(expenses)		4,610	2,720
(Provision)/recovery for possible lease receivables losses and other receivables	7	(12,442)	(11,214)
Income after finance income/(expenses) and provision for possible lease receivables losses and other receivables		66,008	67,034
Other operating income/(expenses)	23	4,951	4,648
Marketing, general and administrative expenses	22	(9,649)	(9,449)
Salaries and employee benefits	22	(13,954)	(13,428)
Depreciation and amortization	9, 10	(358)	(402)
Profit from operating activities before income taxes		46,998	48,403
Income taxes	16	(7,946)	(11,349)
Net profit for the year		39,052	37,054
Other comprehensive income		-	-
Total comprehensive income for the year		39,052	37,054
Weighted average number of shares (0,01 TRY par value)		11,500,000,000	11,500,000,000
Earnings per 1 TRY (for full TRY)	19	0.340	0.322

The accompanying policies and explanatory notes on pages 24 through 59 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Statement of Changes in Equity for the Year Ended December 31, 2011

(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

	Share Capital	Inflation Adjustment to Share Capital	Share Premium	Legal Reserves	Retained Earnings	Total
At December 31, 2009	115,000	44,353	1,211	16,749	174,814	352,127
Transfer to legal reserves	-	-	-	2,061	(2,061)	-
Total comprehensive income for the year	-	-	-	-	37,054	37,054
At December 31, 2010	115,000	44,353	1,211	18,810	209,807	389,181
Transfer to legal reserves	-	-	-	1,791	(1,791)	-
Total comprehensive income for the year	-	-	-	-	39,052	39,052
At December 31, 2011	115,000	44,353	1,211	20,601	247,068	428,233

The accompanying policies and explanatory notes on pages 24 through 59 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Statement of Cash Flows for the Year Ended December 31, 2011

(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	January 1, December 31, 2011	January 1, December 31, 2010
Cash flows from operating activities			
Net profit for the year		39,052	37,054
Adjustments for			
Depreciation and amortization	9, 10	358	402
Provision for employment termination benefits	15	501	173
Provision for unused vacation pay accrual	14	201	209
Provision and reversal of bonus accruals	14	1,114	947
Fair value (gain)/loss on derivative transactions		(236)	(303)
Reserve for impairment of finance lease receivables	7	12,442	11,214
Unrealized foreign exchange losses		57,998	1,910
Investment revenue recognized in profit and loss	21	(29,967)	(29,286)
(Income)/loss from available for sale investment		-	(75)
Finance cost recognized in profit and loss	21	27,882	25,956
Corporate tax provision	16	7,881	10,620
Deferred tax charge/(benefit)	16	13,393	729
Operating profit before changes in net operating assets and liabilities		130,619	59,550
Purchases of assets to be leased		(370,989)	(383,571)
Principal payments received under leases		430,680	407,232
Net increase in receivables from lease payments outstanding and other receivables		(18,559)	(11,742)
Net decrease/(increase) in other assets		32	(2,711)
Net (decrease)/increase in trade payables		(73,425)	34,597
Net (decrease)/increase in advances from customers		(8,153)	4,383
Net increase in other liabilities and provisions		1,205	360
Income taxes paid		(10,879)	(11,330)
Bonuses paid	14	(1,614)	(1,784)
Unused vacation paid	14	(296)	(20)
Retirement benefits paid	15	(609)	(58)
Net cash generated from operating activities		78,012	94,906
Cash flows from investing activities			
Purchases of furniture and equipment	9	(59)	(124)
Purchases of intangible assets	10	(54)	(241)
Purchases of available for sale investments	8	-	(4)
Interest received from investing activities		30,827	29,755
Net cash generated from investing activities		30,714	29,386
Cash flows from financing activities			
Proceeds from funds borrowed		130,990	1,063,408
Repayments of funds borrowed		(592,249)	(850,648)
Interest paid		(27,861)	(27,365)
Net cash generated from/(used) in financing activities		(489,120)	185,395
Net increase in cash and cash equivalents		(380,394)	309,687
Cash and cash equivalents at the beginning of year	6	640,753	331,066
Cash and cash equivalents at the end of year	6	260,359	640,753

The accompanying policies and explanatory notes on pages 24 through 59 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2011

(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

1. Corporate information

General

Finans Finansal Kiralama Anonim Şirketi (a Turkish Joint Stock Company – "the Company") was established in İstanbul in March 1990, pursuant to the license obtained from the Undersecretariat of the Treasury and Foreign Trade for the purpose of financial leasing as permitted by the law number 3226.

42.13% (2010 – 42.13%) of the shares of the Company are listed on Istanbul Stock Exchange. The address of the registered office of the Company is Nispetiye Caddesi, Akmerkez B Kulesi, Kat: 10, 34620 Etiler, İstanbul – Turkey.

The Company has a branch operating in Atatürk Havalimanı Free Trade Zone ("FTZ").

The parent of the Company is Finansbank A.Ş. ("Finansbank"), and ultimate parent of the Company is National Bank of Greece S.A ("NBG").

The Company's financial statements for the year ended December 31, 2011 have been approved by the Company's management on April 20, 2012.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The Company maintains its books of account and prepares its statutory financial statements in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by Banking Regulation and Supervision Agency ("BRSA"), Turkish Commercial Code, Tax Legislation and Financial Leasing Law.

2.2 Basis of measurement

The financial statements have been prepared on an historical cost convention, except for those assets and liabilities measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.3 Functional and presentation currency

The accompanying financial statements are presented in thousands of Turkish Lira ("TRY"), which is the Company's functional and presentation currency. All financial information presented in TRY is rounded to the nearest digit. Until December 31, 2005, the date at which the Company considers that the qualitative and quantitative characteristics necessitating restatement pursuant to IAS 29 ("Financial Reporting in Hyperinflationary Economies") were no longer applicable, the financial statements of these companies were restated for the changes in the general purchasing power of TRY based on IAS 29, which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms.

2.4 Adoption of new and revised standards

Standards and interpretations that are implemented in the financial statements but had no effect on reported amounts are explained below.

New and revised IFRSs affecting presentation and disclosure only

None

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2011

(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

Standards, amendments and interpretations to existing standards effective in 2011 but not relevant to the Company

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements.

IAS 24, Related Party Disclosures (as revised in 2009)

IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities. The Company is not government-related entity.

Amendments to IFRS 3 Business Combinations

As part of Improvements to IFRSs issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 Share-based Payment at the acquisition date ('market-based measure').

Amendments to IAS 32 Classification of Rights Issues

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.

The application of the amendments has had no effect on the amounts reported in the current and prior years because the Company has not issued instruments of this nature.

Amendments to IFRIC 14, Prepayments of a Minimum Funding Requirement

IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Company's financial statements.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss.

The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Company has not entered into any transactions of this nature.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2011

(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

Improvements to IFRSs issued in 2010

Except for the amendments to IFRS 3 and IAS 1 described earlier in section (a), and (b), the application of Improvements to IFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets; Offsetting of Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12	Deferred Taxes – Recovery of Underlying Assets
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statement
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS 32	Financial Instruments: Presentation – Offsetting of Financial Assets and Financial Liabilities

2.5 Significant accounting judgments and estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the financial statements are discussed in the relevant sections of the note below; where particulars for Impairment of Financial Assets, Finance Lease Receivables, Employee Termination Benefits, Income Taxes are disclosed.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the accompanying financial statements.

3.1 Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into TRY at the exchange rates ruling at balance sheet date with the resulting exchange differences recognized in the income statement as foreign exchange gain or loss. Gains and losses arising from foreign currency transactions are reflected in the income statement as realized during the course of the period.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2011

(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

Foreign currency translation rates used by the Company as of respective year-ends are as follows:

Dates	EUR/TRY (Full TRY)	USD/TRY (Full TRY)
December 31, 2010	2.0491	1.5460
December 31, 2011	2.4438	1.8889

3.2 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, which is 5 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets of cash generating units are written down to their recoverable amount. The recoverable amount is defined as the amount that is the higher of the asset's fair value less costs to sell and value in use. Impairment losses are recognized in the income statement.

An item of tangible is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

3.3 Intangible assets

Intangible assets represent computer software licences and rights. Intangible assets are carried at cost, less accumulated amortisation, and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

3.4 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise financial assets and financial liabilities that are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Cash and cash equivalents comprise cash balances, demand and time deposits with an original maturity of three months or less.

Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

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Financial assets at fair value through profit or loss:

Financial assets are classified as financial assets at fair value through profit or loss where the Company acquires the financial asset principally for the purpose of selling in the near term, the financial asset is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short term profit taking as well as derivatives that are not designated as effective hedging instruments. A gain or loss from valuation of a financial asset classified as at fair value through profit or loss shall be recognized in profit or loss. Net gain/loss recognized in profit or loss includes interest and dividend income earned on the financial asset.

Effective interest rate method:

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate a shorter period.

Held to maturity and available for sale debt instruments and profit from financial assets classified as loans and receivables are recognized in income by using the effective interest rate method.

Held-to-maturity investments:

Policies and bonds with fixed or determinable payments and fixed maturity where the Company both has the intention of and the ability to hold to maturity are classified as held-to-maturity. Held-to-maturity investments are recognized at amortized cost using the effective interest method, less any impairment in value.

As at balance sheet date, the Company has no held-to-maturity investments.

Available for sale financial assets:

The Company has investments in unquoted equity investments that are not traded in an active market but are classified as available-for-sale financial assets and stated at cost since their value cannot be reliably measured. Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available for sale equity instruments are recognized in profit and loss when the Company has the right to receive any payment.

The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the prevailing exchange rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

Finance lease receivables and other receivables are carried at fair value at initial recognition and they are carried at amortized cost subsequent to initial recognition, using the effective interest method. Provision for doubtful finance lease receivables and other receivables are recognized as an expense and written off against the profit for the year. Provision for receivables under follow-up is allocated assessing the Company’s loan portfolio, quality and risk and considering the economic conditions and other factors including the related legislation against the potential losses that may be resulted from the current finance lease receivables.

When the Company annuls overdue foreign currency leasing contracts, it converts foreign currency receivables into TRY using the exchange rate at the annulment date and does not evaluate such amounts starting from the annulment date. Since invoice issuance for such receivables is ceased, the Company also ceases its income accrual calculation starting from the annulment date.

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Bank borrowings

Bank borrowings are recognized initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, bank borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings.

Other

Other non-derivative financial instruments including time deposits are measured at amortized cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Company holds derivative financial instruments to economically hedge its foreign currency risk exposure.

Derivatives are recognized initially at fair value; attributable transaction costs are recognised in income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedge accounting

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in income statement as part of finance (expense)/income.

3.5 Offsetting

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

3.6 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

The Company assesses individually whether objective evidence of impairment exists for loans that are considered individually significant and collectively for loans that are not considered individually significant.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the loans' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the loan's original effective interest rate.

The calculation of the present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for pools of loans by being indicative of the debtors' ability to pay all amounts due and together with historical loss experience for loans with credit risk characteristics similar to those in the pool form the foundation of the loan loss allowance computation. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions.

All impairment losses are recognised in income statement.

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An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets, the reversal is recognised in the income statement.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Employee benefits

Defined benefit plans

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognized in the accompanying financial statements as accrued. The reserve has been calculated by estimating the present value of the future obligation of the Company that may arise from the retirement of the employees.

Defined contribution plans

The Company pays contributions to Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

3.8 Leases

Finance leases

(a) The Company as lessor

The Company classifies leased assets as a receivable equal to the net investment in the lease. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the finance lease receivables and reduce the amount of income recognized over the lease term.

(b) The Company as lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

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Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of branch premises, which are cancelable subject to a period of notice. Related payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.10 Related parties

For the purpose of this report, the shareholders and the ultimate shareholders of the Company, Finansbank and NBG Group of companies, members of the key management personnel of the Company or its parent and the companies controlled by/associated with all of the above are referred to as related parties.

3.11 Income and expense recognition

Interest income and expense are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

3.12 Income tax

Taxes on income comprise current tax and the change in the deferred taxes. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the balance sheet liability method, on all taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefits resulting from the reversal of taxable temporary differences will flow to or from the Company. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Currently enacted tax rates are used to determine deferred taxes on income.

3.13 Earnings per share

Earnings per share presented in the accompanying income statement is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

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

3.14 Statement of Cash Flows

The Company prepares its cash flows to inform financial statement users about the changes in Company's net assets, financial situation and the ability to manage the amount and timing of cash flows in accordance with changes in circumstances.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Company, and where it exists, appropriate valuation methodologies. However, judgement is necessary to interpret market data to determine the estimated fair value. While management has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances. Fair value has been determined by discounting the relevant cash flows using current interest rates for bank borrowings and finance lease receivables. The carrying amounts of the cash at banks-time, and trade payables approximate their fair values due to their short-term maturities.

The Company utilizes currency forward and interest rate swap derivative instruments. "Currency forwards" represent commitments to purchase or to sell foreign and domestic currency, including undelivered spot transactions. An "interest rate swap" is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flows. The Company conducts these transactions in order to hedge foreign currency position and manage the fixed or floating assets and liabilities on the balance sheet. The fair values of derivative instruments held at December 31, 2011 and 2010, are disclosed in note 13.

Set out below is a comparison by category of carrying amounts and fair values of the Company's finance lease receivables and funds borrowed that are carried in the financial statements at other than fair values.

	Carrying amount		Fair value	
	2011	2010	2011	2010
Financial assets				
Finance lease receivables	1,008,173	918,427	966,540	949,008
Financial liabilities				
Funds borrowed	848,005	1,107,925	815,884	1,111,158

The fair values of other financial assets and liabilities approximate their carrying values.

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The interest used to determine the fair values of lease contracts receivables, applied on the balance sheet date to reflect active market price quotations are as follows:

	Interest Rates Applied (%)	
	2011	2010
Turkish Lira	19.28	9.68
USD	9.72	3.62
EURO	9.30	4.18
CHF	-	7.00

Current interest rates are used for each borrowing individually to determine fair values of funds borrowed.

5. Segment information

Since the Company operates only in leasing activities and in a single geographical area, segment information is not provided.

6. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	2011	2010
Cash on hand	1	28
Cash at banks	261,314	642,541
Cash and cash equivalents	261,315	642,569

As of December 31, 2011 and 2010, the average maturity of the time deposits are less than 3 months. The composition of bank deposit is as follows:

	2011			
	Amount		Effective interest rate	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign Currency
Time deposit	171,800	89,138	8.08 – 12.55	0.21 – 5.60
Demand deposit	159	217	-	-
Total	171,959	89,355		

	2010			
	Amount		Effective interest rate	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign Currency
Time deposit	199,279	442,706	2.55 – 9.40	0.34 – 4.15
Demand deposit	135	421	-	-
Total	199,414	443,127		

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

	2011	2010
Cash on hand	1	28
Cash at banks	261,314	642,541
Interest accrual on time deposits	(956)	(1,816)
Cash and cash equivalents as stated in the cash flow statement	260,359	640,753

7. Finance lease receivables

As of December 31, 2011 and 2010 details of gross investments in finance lease receivables, is as follows:

	2011	2010
Minimum lease payments receivable, gross	1,032,621	841,627
Finance lease receivables outstanding	28,036	31,146
Others (*)	5,019	6,009
Less: Unearned interest income	(106,659)	(85,441)
	959,017	793,341
Equipments to be leased (**)	8,338	86,737
Advances given related with finance leases	2,351	9,385
	969,706	889,463
Impaired finance lease receivables	100,757	90,650
Reserve for impairment	(62,290)	(61,686)
Reserve for individual impairment	(57,502)	(56,065)
Reserve for collective impairment	(4,788)	(5,621)
Finance lease receivables	1,008,173	918,427

(*) Other, consist of insurance receivables from lessees and expenses charged to lessees related to finance lease contracts.

(**) The Company purchases machinery and equipment from foreign and domestic vendors in relation to the finance lease agreements signed in the current year for projects in progress of its customers, which will be completed in the subsequent year. As of December 31, 2011 and 2010, the equipment to be leased balance includes cost of the equipment to be leased as described above together with related expenses.

The maturity profile of long-term net finance lease receivables is as follows;

	2011	2010
2012	-	225,599
2013	261,466	116,288
2014	155,571	51,647
2015	79,734	18,609
2016	28,527	8,468
2017	9,883	4,803
2018	2,166	1,413
Total	537,347	426,827

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As of December 31, 2011 effective interest rates for USD, Euro and TRY lease receivables are 6.68%, 5.72% and 15.92%; respectively (2010 – 7.52% for USD, 7.91% for Euro and 16.66% for TRY).

The guarantees received for finance lease receivables are provided in note 24, Financial Risk Management, Credit Risk.

Movements in the reserve for individual impairment, for the year ending December 31, 2011 and 2010 are as follows:

	2011	2010
Reserve at the beginning of the year	56,065	54,692
Provision	15,446	13,470
Recoveries	(2,171)	(2,237)
Receivables written-off (*)	(11,838)	(9,860)
Reserve at the end of year	57,502	56,065

(*) At November 30, 2011 the Company disposed non performing finance lease receivables amounting to 22,630 as of disposal date. TRY 7,152 portion of aforementioned receivables were disposed for TRY 235 in cash and the remaining TRY 15,478 were disposed for TRY 525 in cash and a method of sharing 5% of future collections. TRY 10,325 portion of disposed receivables were composed of previously written off receivables and the remaining non performing lease receivables amounting to TRY 12,305 and their respective impairment reserve of TRY 11,954 were written off with disposal.

Movements in the reserve for collective impairment for the year ending December 31, 2011 and 2010 are as follows:

	2011	2010
Reserve for collective impairment at the beginning of the year	5,621	5,640
Provision/(recovery) for collective impairment	(833)	(19)
Reserve for collective impairment at the end of year	4,788	5,621
Provision/(recovery) of the reserve for individual impairment	13,275	11,233
Provision/(recovery) of the reserve for collective impairment	(833)	(19)
Provision for the year	12,442	11,214

8. Available-for-sale investments

	2011	2010
Equity instruments – unlisted	140	140
	140	140

Available-for-sale investments at cost represent the Company's equity holdings in the companies, shares of which are not publicly traded. The list of equity instruments is as follows:

	2011		2010	
	Amount	Participation-%	Amount	Participation-%
Equity instruments – unlisted				
Finans Yatırım Menkul Değerler A.Ş.	136	Less than 1	136	Less than 1
Ibtech Uluslararası Bil. ve İlet. Tekn. Araşt. Gel. Dan. Des. San. ve Tic. A.Ş.	4	Less than 1	4	Less than 1
Finans Portföy Yönetimi A.Ş.	<1	Less than 1	<1	Less than 1
	140		140	

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9. Property, plant and equipment

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Total
January 1, 2011, net of accumulated depreciation	237	-	82	319
Additions	36	-	23	59
Disposals	(44)	-	-	(44)
Depreciation charge for the year	(104)	-	(30)	(134)
Accumulated depreciation for disposals	44	-	-	44
At December 31, 2011, net of accumulated depreciation	169	-	75	244
At December 31, 2010				
Cost	6,337	41	324	6,702
Accumulated depreciation	(6,100)	(41)	(242)	(6,383)
Net carrying amount, at December 31, 2010	237	-	82	319
At December 31, 2011				
Cost	6,329	41	347	6,717
Accumulated depreciation	(6,160)	(41)	(272)	(6,473)
Net carrying amount, at December 31, 2011	169	-	75	244

As of December 31, 2011, net carrying value of assets acquired through finance leases have been zero (2010 – TRY 17), which consist of vehicles, furniture and equipments.

10. Intangible assets

	Software	Total
At January 1, 2011, net of accumulated amortization	558	558
Additions	54	54
Amortization charge for the year	(224)	(224)
At December 31, 2011, net of accumulated amortization	388	388
At December 31, 2010		
Cost	1,353	1,353
Accumulated amortization	(795)	(795)
Net carrying amount, at December 31, 2010	558	558
At December 31, 2011		
Cost	1,407	1,407
Accumulated amortization	(1,019)	(1,019)
Net carrying amount, at December 31, 2011	388	388

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11. Other assets

	2011	2010
Value Added Tax receivables	11,597	14,604
Prepaid expenses	6,584	4,200
Other prepaid taxes	506	23
Advances and deposits given	50	81
Others	607	120
	19,344	19,028

12. Funds borrowed

		2011		
		Original Amount ('000)	TRY Equivalent	Interest rate (%)
Short term			-	
Medium/Long-term			848,005	
Fixed interest				
	EUR	33,195	81,123	4.63
	USD	10,037	18,959	1.25
Floating interest				
	EUR	228,006	557,201	1.87 – 5.62
	USD	100,970	190,722	1.09 – 4.11
Total			848,005	

		2010		
		Original Amount ('000)	TRY Equivalent	Interest rate (%)
Short term			174	
Fixed interest				
	TRY	174	174	-
Medium/Long-term			1,107,751	
Fixed interest				
	EUR	33,195	68,020	4.63
	USD	10,037	15,515	1.25
Floating interest				
	EUR	362,627	743,059	1.60 – 4.09
	USD	181,859	281,157	1.05 – 5.20
Total			1,107,925	

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Repayments of medium/long-term funds borrowed are as follows:

	2011		2010	
	Fixed rate	Floating rate	Fixed rate	Floating rate
2011	-	-	976	514,836
2012	12,598	195,041	9,586	160,387
2013	22,865	397,092	19,172	309,203
2014	24,318	102,384	20,361	36,772
2015	25,771	53,406	21,550	3,018
2016	2,906	-	2,378	-
2017	2,906	-	2,378	-
2018	2,906	-	2,378	-
2019	2,906	-	2,378	-
2020	2,906	-	2,378	-
Total	100,082	747,923	83,535	1,024,216

The Company has obtained letters of guarantee amounting to TRY 985 and USD 14 Thousand (2010 – TRY 868 and USD 14 Thousand) and submitted to various legal authorities.

Additionally, the shareholder bank has given letter of comfort for the funds borrowed amounting to EUR 3,307 Thousand and USD 905 Thousand (2010 – EUR 10,470 Thousand and USD 1,810 Thousand) and letters of guarantee amounting to TRY 40 (2010 – TRY 25) to customs authorities and courts.

13. Derivative financial instruments

The fair value of derivative financial instruments is calculated by using Euribor rates for interest rate swap transactions.

The breakdown of derivative financial instruments as of December 31, 2011 and 2010 is as follows:

2011	Fair value assets	Fair value liabilities	Notional amount in TRY equivalent
Derivatives held for trading			
Interest rate swap purchase contracts	40	(489)	82,066
Total	40	(489)	82,066

2010	Fair value assets	Fair value liabilities	Notional amount in TRY equivalent
Derivatives held for trading			
Interest rate swap purchase contracts	15	(700)	82,296
Total	15	(700)	82,296

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14. Other liabilities and provisions

	2011	2010
Bonus accrual	1,500	2,000
Deferred income on commissions	918	-
Unused vacation pay accrual	860	955
Taxes and social security premiums payable	545	445
Others	544	515
Total	4,367	3,915

Movement for bonus accrual	2011	2010
Balance at the beginning of the year	2,000	2,837
Paid during the year	(1,614)	(1,784)
Charge for the year	1,114	947
Balance at the end of the year	1,500	2,000

Movement for unused vacation pay accrual	2011	2010
Balance at the beginning of the year	955	766
Paid during the year	(296)	(20)
Charge for the year	201	209
Balance at the end of the year	860	955

15. Reserve for employee termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days’ pay, maximum of TRY 2,805.04 in full currency at January 1, 2012 (January 1, 2011 – TRY 2,623.23 in full currency) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

The liability is not funded, as there is no funding requirement.

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As of December 31, 2011 and 2010 retirement pay liability of the Company is accounted based on the actuarial calculations performed by an independent actuary. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. Accordingly, the following actuarial assumptions were used in the calculation of the following liability by the independent actuary:

	2011	2010
Inflation rate	5.00%	5.00%
Discount rate	9.48%	10.25%
Average future working life	14.32	14.49
Rate of compensation increase	6.50%	6.50%

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

	2011	2010
Balance at the beginning of the year	618	503
Service cost	112	84
Interest cost	82	62
Payments during the year	(609)	(58)
Actuarial loss/(gain)	307	27
Balance at the end of the year	510	618

16. Income taxes

Corporate Tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods.

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

The effective rate of tax in 2011 is 20% (2010 – 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2011 is 20% (2010 – 20%).

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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

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Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

The application of investment incentives is revoked commencing from 1 January 2006. However, companies were allowed to offset their carried forward outstanding allowances as of 31 December 2005 against the 2006, 2007 and 2008's taxable income in cases where they have sufficient taxable profits. After offsetting from the 2008's taxable income, unused investment incentives cannot be carried forward to following years.

The effective tax rate of the Company as of December 31, 2011 is 20% (2010 – 20%).

	2011	2010
Tax Provision		
Current corporate tax provision	(7,881)	(10,620)
Less: advance taxes and surcharges	8,387	8,128
	506	(2,492)
Tax income comprises:		
Current tax charge	(7,881)	(10,620)
Deferred tax (charge)/benefit	(13,393)	(729)
Corporate tax refunded	13,337	-
Effect of corporate tax base increase	(9)	-
	(7,946)	(11,349)

The Company decided to benefit from "tax base increase" provisions of the "Law on the Restructuring of Some of the Receivables, and on the amendment of Social Security and General Health Insurance Law, and that of Other Several Laws and Legislative Decrees" (Law No: 6111), published in the Official Gazette (I. Repeated) No: 27857 dated February 25, 2011. In this context, in accordance with "tax base increase" provisions of the Law No: 6111, the tax base is increased by TRY 9 for the corporate tax for the years between 2006-2008 and TRY 1,334 for VAT for the years between 2006-2009. The above tax base increases are paid in cash, and are accounted for under "Tax charge" and "Other operating expenses" respectively, in the income statement.

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Under IAS 12, which deals with income taxes, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and deferred tax assets should be reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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The breakdown of deductible and taxable temporary differences as of December 31, 2011 and 2010 is as follows:

	2011	2010
Deductible temporary differences		
Tax credits of unused investment incentive allowances	7,734	22,487
Reserve for possible lease receivable losses	6,029	5,359
Bonus accrual	300	400
Unused vacation pay liability	172	191
Expense accruals on derivative transactions	98	140
Employee termination benefit	102	124
	14,435	28,701
Taxable temporary differences		
Leasing income accruals	(1,454)	(1,774)
Accrued interest income on overdue receivables	-	(555)
Restatement effect on property, plant and equipment and intangible assets	(54)	(53)
Expense accruals on funds borrowed	(12)	(16)
Income accruals on derivative transactions	(8)	(3)
	(1,528)	(2,401)
Net deferred tax assets	12,907	26,300

A reconciliation of income tax applicable to profit from operating activities before income tax at the statutory income tax rate to income tax at the Company's effective income tax rate for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Profit from operations before tax	46,998	48,403
Tax at the income tax rate of 20%	(9,400)	(9,681)
Tax effects of:		
- Deferred tax on unused investment incentive	(14,753)	(2,507)
- Revenue that is exempt from taxation	6,611	15,683
- Expenses that are not deductible in determining taxable profit	(8,335)	(20,432)
- Investment incentives used	2,627	3,540
- Corporate tax refunded for the year 2009	13,337	-
- Effect of corporate tax base increase	(9)	-
- Other	1,976	2,048
Income tax	(7,946)	(11,349)

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17. Share capital

	2011	2010
Number of common shares (authorized, issued and outstanding) 0.01 TRY par value	11,500,000,000	11,500,000,000

The movement of the share capital (in numbers and in historical TRY) of the Company during 2011 and 2010 is as follows:

	2011		2010	
	Number	TRY	Number	TRY
At January 1	11,500,000,000	115,000	11,500,000,000	115,000
At December 31	11,500,000,000	115,000	11,500,000,000	115,000

As of December 31, 2011 and 2010, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	2011		2010	
	Amount	%	Amount	%
Finansbank A.Ş.	58,715	51.06	58,715	51.06
National Bank of Greece S.A.	34,346	29.87	34,346	29.87
Finans Yatırım Menkul Değerler A.Ş.	15,317	13.32	15,317	13.32
Other	6,622	5.75	6,622	5.75
Total in historical TRY	115,000	100.00	115,000	100.00
Restatement effect	44,353		44,353	
Total	159,353		159,353	

18. Legal reserves and retained earnings

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

The statutory accumulated profits and statutory current year profit are available for distribution, subject to the reserve requirements referred to above and the Capital Markets Board ("CMB") regulations regarding profit distribution.

According to the General Assembly held on March 23, 2011, the Company has resolved to retain the profit of 2010 as retained earnings after appropriating legal reserve.

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Dividends

Public companies pay dividends according to the CMB Standards as explained below:

In accordance with the CMB Decree issued as of 27 January 2010, in relation to the profit distribution of earnings derived from the operations in 2010 and 2009, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial: IV, No: 27 "Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

19. Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation, such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly, the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through December 31, 2011.

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

	2011	2010
Net profit attributable to ordinary equity holders of the parent for basic earnings per share	39,052	37,054
Weighted average number of ordinary shares for basic earnings per share (0,01 TRY par value)	11,500,000,000	11,500,000,000
Basic earnings per 1 TRY share	0.340	0.322

20. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the operating decisions. The Company is controlled by Finansbank A.Ş., which owns 51.06% (2010 – 51.06%) of ordinary shares. The ultimate owner of the Company is NBG, which also owns 29.87% (2010 – 29.87%) of ordinary shares. For the purpose of these financial statements, associates, shareholders and affiliated companies are referred to as related parties. Related parties also include individuals that are principal owners, management and members of the Company's Board of Directors and their families.

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(a) Balances outstanding and other transactions with the shareholder bank:

	2011	2010
Balances outstanding		
Cash and cash equivalents	242,861	326,949
Finance lease receivables	7,970	199
Advances from customers	41	100
Trade payables and other liabilities	-	79
Transactions		
Interest income on bank deposits	26,756	10,736
Interest expense	59	482
Other administrative expenses	155	150
Income from finance leases	732	97
Rent expense	84	93
Commissions paid	-	16
Other operating income	7	8

Additionally, the shareholder bank has given letter of comfort for the funds borrowed amounting to EUR 3,307 Thousand and USD 905 Thousand (2010 – EUR 10,470 Thousand and USD 1,810 Thousand) and letters of guarantee amounting to TRY 40 (2010 – TRY 25) to customs authorities and courts.

(b) Balances outstanding and other transactions with NBG:

	2011	2010
Balances outstanding		
Prepaid commission expenses	804	16
Funds borrowed	675,469	958,926

	2011	2010
Transactions		
Interest expense	20,938	17,013

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

	2011	2010
Balances Outstanding		
Cash and cash equivalents	-	45,776
Fair value loss on derivative transactions	489	700
Fair value gain on derivative transactions	40	15
Finance lease receivables	-	2
Advances from customers	2	2
Transactions		
Interest income on bank deposits	577	11,405
Loss on derivative transactions	504	766
Rent expense	826	681
Staff costs	27	25
Other operating income/(expenses)	(24)	5
Income from finance leases	6	-

(d) In 2011, compensation of the key management personnel of the Company amounted to TRY 2,409 (2010 – TRY 2,257).

21. Finance income/(expenses)

The breakdown of finance income and expense is as follows:

	2011	2010
Finance income		
Foreign exchange gains	335,310	249,203
Interest income on bank deposits	29,967	29,286
Income on derivative transactions	25	15
	365,302	278,504
Finance expenses		
Foreign exchange losses	(332,281)	(249,047)
Interest expenses on funds borrowed	(27,882)	(25,956)
Expenses on derivative transactions	(529)	(781)
	(360,692)	(275,784)
Net finance income/(expenses)	4,610	2,720

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22. General & administrative expenses and salaries & employee benefits

	2011	2010
Expenses originating from leasing transactions	3,316	3,328
Rent expenses	1,173	1,027
Consultancy, audit and legal fees	1,246	1,107
Travel and transportation expenses	503	521
Taxes and duties other than on income	339	479
Communication expenses	221	275
Other administrative expenses	2,851	2,712
Total general and administrative expenses	9,649	9,449

	2011	2010
Staff costs		
Wages and salaries	9,472	9,070
Provision for bonuses	1,500	2,000
Provision for unused vacation pay liability	201	209
Provision for employee termination benefits	501	173
Other fringe benefits	1,239	934
	12,913	12,386
Defined contribution share		
Social security premiums – employer share	1,041	1,042
	1,041	1,042
Total salaries and employee benefits	13,954	13,428

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23. Other operating income/(expenses)

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

	2011	2010
Income from sale of tangible assets and assets acquired through foreclosure proceedings	6,896	8,450
Insurance commission income	1,633	1,404
Provision reversal	386	1,053
Gain on sale of disposal of assets	181	-
Income from associates	1	75
Miscellaneous income	1,987	1,194
Total other operating income	11,084	12,176
Miscellaneous expenses (*)	(6,133)	(7,528)
Total other operating expenses	(6,133)	(7,528)
Total other operating income (net)	4,951	4,648

(*) Miscellaneous expenses are comprised of cost of leased assets acquired through foreclosure proceedings which are sold to third parties.

24. Financial risk management

Capital risk management

The Company manages its capital by achieving the continuity of its operations while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

As of December 31, 2011 and 2010, the leverage ratios are as follows:

	2011	2010
Total borrowings	868,952	1,210,450
Less: Cash and cash equivalents	(261,315)	(642,569)
Net liabilities	607,637	567,881
Total shareholders' equity	428,233	389,181
Shareholders' equity/liabilities	70.48%	68.53%

According to the credit rating of the Company announced by Moody's Investors Service, as of March 29, 2012, the foreign currency issuer rating of the Company is Ba1 and the outlook is rating under review.

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Financial instruments:

	2011	2010
Financial assets		
- Cash equivalents	261,315	642,569
- Finance lease receivables	1,008,173	918,427
- Available for sale investments	140	140
- Derivatives	40	15
Financial liabilities		
- Funds borrowed	848,005	1,107,925
- Trade payables	15,019	88,444
- Advances from customers	5,928	14,081
- Derivatives	489	700

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location.

The Company seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Company also obtains guarantees when appropriate.

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

	2011	2010
Textile	19.4%	16.1%
Building and Construction	16.3%	15.9%
Manufacturing	12.8%	14.2%
Health and Social Activities	10.2%	12.2%
Metal	8.7%	7.3%
Printing	7.4%	5.6%
Mining and Quarrying	5.6%	5.4%
Agriculture, Hunting and Forestry	4.0%	5.8%
Transportation, Storage and Comm.	3.8%	5.2%
Services	3.8%	3.4%
Food	3.5%	4.4%
Chemical	1.9%	2.1%
Wood and Wood product	1.2%	1.0%
Financial Institutions	0.9%	0.4%
Other	0.5%	1.0%
Total	100.0%	100.0%

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The breakdown of finance lease receivables is as follows:

	2011	2010
Neither past due nor impaired	884,957	797,525
Past due but not impaired	84,749	91,938
Individually impaired	100,757	90,650
Reserve for impairment	(62,290)	(61,686)
Total	1,008,173	918,427

As of December 31, 2011 and 2010 internal rating results for the neither past due nor impaired finance lease receivables are as follows:

	2011	2010
Debtor has a strong financial structure	3.9%	4.0%
Debtor has a good financial structure	35.2%	34.1%
Debtor has a medium financial structure	53.5%	53.7%
Debtor has a financial structure which needs attention in medium term	7.4%	8.2%
Total	100.0%	100.0%

As of December 31, 2011 and 2010 aging of past due but not impaired finance lease receivables is as follows:

2011	Invoiced and Accrued Amounts	Outstanding Principal
Between 1-30 days	3,462	36,970
Between 1-3 months	5,799	14,119
Between 3-12 months	1,895	1,107
Between 1-5 years	19,698	1,699
Total	30,854	53,895

2010	Invoiced and Accrued Amounts	Outstanding Principal
Between 1-30 days	4,308	24,672
Between 1-3 months	5,125	17,463
Between 3-12 months	5,105	9,817
Between 1-5 years	18,887	6,561
Total	33,425	58,513

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As of December 31, 2011 and 2010 the guarantees received for the finance lease receivables are as follows:

	2011		2010	
	Nominal Value (*)	Fair Value (*)	Nominal Value (*)	Fair Value (*)
Mortgages	646,610	257,992	697,763	272,850
Assignment of receivables	47,318	47,318	41,827	41,827
Pledges	16,685	10,045	12,255	8,858
Cash blockages	1,405	1,405	2,438	2,438
Transferral of cheques received	180	180	180	180
Letters of guarantee	5,162	5,162	778	778
	717,360	322,102	755,241	326,931

(*) Leased assets are not included in the collateral amounts stated above.

Liquidity Risk

Liquidity risk is defined as the risk that the Company will be unable to meet its cash requirements as a result of a change in cash flows. The Company monitors its cash flows on a daily basis. The Company manages this risk by diversifying its funding resources and by conducting its assets in liquidity priority. The table below analyses assets and liabilities of the Company into relevant maturity groupings based on the remaining period at balance sheet date to discounted contractual maturity date.

2011

LIABILITIES	Carrying Amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated	Total
Funds borrowed	848,005	6,472	59,605	28,389	133,074	669,798	-	897,338
Trade payables (*)	15,019	5,929	-	-	1,894	-	7,196	15,019
Advances from customers	5,928	5,928	-	-	-	-	-	5,928
Total liabilities	868,952	18,329	59,605	28,389	134,968	669,798	7,196	918,285

2010

LIABILITIES	Carrying Amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated	Total
Funds borrowed	1,107,925	9,712	41,384	125,906	358,002	616,584	-	1,151,588
Trade payables (*)	88,444	10,315	-	-	-	-	78,129	88,444
Advances from customers	14,081	14,081	-	-	-	-	-	14,081
Total liabilities	1,210,450	34,108	41,384	125,906	358,002	616,584	78,129	1,254,113

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

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Currency Risk

Foreign currency denominated assets and liabilities together with purchase and sale commitments give risk to foreign exchange exposure. The Company's policy is to match cash flows arising from highly probable future sales and purchases in each foreign currency.

The concentrations of assets, liabilities and off balance sheet items:

				2011			
ASSETS	TRY	USD	Euro	CHF	Japanese Yen	Others	Total
Cash and cash equivalents	171,959	17,964	71,388	-	1	3	261,315
Finance lease receivables	220,583	215,021	571,557	1,012	-	-	1,008,173
Available for sale investments	140	-	-	-	-	-	140
Derivative financial instruments	-	-	40	-	-	-	40
Property, plant and equipment	244	-	-	-	-	-	244
Intangible assets	388	-	-	-	-	-	388
Other assets	19,339	4	1	-	-	-	19,344
Deferred tax assets	12,907	-	-	-	-	-	12,907
Total assets	425,560	232,989	642,986	1,012	1	3	1,302,551
LIABILITIES							
Funds borrowed	-	209,681	638,324	-	-	-	848,005
Trade payables	1,896	2,696	10,426	1	-	-	15,019
Advances from customers	2,666	1,007	2,254	1	-	-	5,928
Current income tax	-	-	-	-	-	-	-
Derivative financial instruments	-	-	489	-	-	-	489
Other liabilities and provisions	4,367	-	-	-	-	-	4,367
Reserve for employee termination benefits	510	-	-	-	-	-	510
Equity	428,233	-	-	-	-	-	428,233
Total liabilities	437,672	213,384	651,493	2	-	-	1,302,551
Net balance sheet position	(12,112)	19,605	(8,507)	1,010	1	3	-
Net off balance sheet position	-	-	-	-	-	-	-
Net position	(12,112)	19,605	(8,507)	1,010	1	3	-

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	2010						
ASSETS	TRY	USD	Euro	CHF	Japanese Yen	Others	Total
Cash and cash equivalents	199,414	106,952	336,108	89	1	5	642,569
Finance lease receivables	160,246	210,719	539,377	8,085	-	-	918,427
Available for sale investments	140	-	-	-	-	-	140
Derivative financial instruments	-	-	15	-	-	-	15
Property, plant and equipment	319	-	-	-	-	-	319
Intangible assets	558	-	-	-	-	-	558
Other assets	18,127	176	725	-	-	-	19,028
Deferred tax assets	26,300	-	-	-	-	-	26,300
Total assets	405,104	317,847	876,225	8,174	1	5	1,607,356
LIABILITIES							
Funds borrowed	174	296,672	811,079	-	-	-	1,107,925
Trade payables	2,062	6,461	72,023	6,934	964	-	88,444
Advances from customers	3,609	1,371	9,101	-	-	-	14,081
Current income tax	2,492	-	-	-	-	-	2,492
Derivative financial instruments	-	-	700	-	-	-	700
Other liabilities and provisions	3,915	-	-	-	-	-	3,915
Reserve for employee termination benefits	618	-	-	-	-	-	618
Equity	389,181	-	-	-	-	-	389,181
Total liabilities	402,051	304,504	892,903	6,934	964	-	1,607,356
Net balance sheet position	3,053	13,343	(16,678)	1,240	(963)	5	-
Net off balance sheet position	-	-	-	-	-	-	-
Net position	3,053	13,343	(16,678)	1,240	(963)	5	-

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(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of monetary assets and liabilities that mature or reprice in a given period. The asset/liability committee manages this risk which occurs from the position of the company and from the volatility of the interest rates. The Company realizes derivative transactions in order to limit the risk. The table below summarizes the Company's exposure to interest rate risk on the basis of the remaining period at the balance sheet date to the re-pricing or contractual dates whichever is earlier.

	2011						
ASSETS	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Non interest bearing	Total
Cash and cash equivalents	74,083	186,856	-	-	-	376	261,315
Finance lease receivables	136,848	67,429	103,266	179,377	510,564	10,689	1,008,173
Available for sale investments	-	-	-	-	-	140	140
Derivative financial instruments	40	-	-	-	-	-	40
Property, plant and equipment	-	-	-	-	-	244	244
Intangible assets	-	-	-	-	-	388	388
Other assets	-	-	-	-	-	19,344	19,344
Deferred tax assets	-	-	-	-	-	12,907	12,907
Total assets	210,971	254,285	103,266	179,377	510,564	44,088	1,302,551
LIABILITIES							
Funds borrowed	685,344	7,345	56,401	11,432	87,483	-	848,005
Trade payables	-	-	-	-	-	15,019	15,019
Advances from customers	-	-	-	-	-	5,928	5,928
Current income tax	-	-	-	-	-	-	-
Derivative financial instruments	489	-	-	-	-	-	489
Other liabilities and provisions	-	-	-	-	-	4,367	4,367
Reserve for employee termination benefits	-	-	-	-	-	510	510
Equity	-	-	-	-	-	428,233	428,233
Total liabilities	685,833	7,345	56,401	11,432	87,483	454,057	1,302,551
Interest sensitivity gap	(474,862)	246,940	46,865	167,945	423,081	(409,969)	-
Off balance sheet gap	(455)	-	-	-	-	-	(455)
Total interest sensitivity gap	(475,317)	246,940	46,865	167,945	423,081	(409,969)	(455)

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2011

(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

	2010						
ASSETS	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Non interest bearing	Total
Cash and cash equivalents	298,166	343,847	-	-	-	556	642,569
Finance lease receivables	139,437	56,185	85,856	148,594	392,233	96,122	918,427
Available for sale investments	-	-	-	-	-	140	140
Derivative financial instruments	15	-	-	-	-	-	15
Property, plant and equipment	-	-	-	-	-	319	319
Intangible assets	-	-	-	-	-	558	558
Other assets	-	-	-	-	-	19,028	19,028
Deferred tax assets	-	-	-	-	-	26,300	26,300
Total assets	437,618	400,032	85,856	148,594	392,233	143,023	1,607,356
LIABILITIES							
Funds borrowed	978,734	24,469	21,986	-	82,562	174	1,107,925
Trade payables	-	-	-	-	-	88,444	88,444
Advances from customers	-	-	-	-	-	14,081	14,081
Current income tax	-	-	-	-	-	2,492	2,492
Derivative financial instruments	700	-	-	-	-	-	700
Other liabilities and provisions	-	-	-	-	-	3,915	3,915
Reserve for employee termination benefits	-	-	-	-	-	618	618
Equity	-	-	-	-	-	389,181	389,181
Total liabilities	979,434	24,469	21,986	-	82,562	498,905	1,607,356
Interest sensitivity gap	(541,816)	375,563	63,870	148,594	309,671	(355,882)	-
Off balance sheet gap	(686)	-	-	-	-	-	(686)
Total interest sensitivity gap	(542,502)	375,563	63,870	148,594	309,671	(355,882)	(686)

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Interest Rate Sensitivity

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

	2011	2010
Financial instruments with fixed interest rate		
Financial assets		
- Banks (Note 6)	261,314	642,541
- Finance lease receivables (*)	960,405	777,184
Financial liabilities		
- Funds borrowed	100,082	83,709
Financial instruments with floating interest rate		
Financial assets		
- Finance lease receivables (*)	41,867	50,742
Financial liabilities		
- Funds borrowed	747,923	1,024,216

(*) Finance lease receivables, is before reserve for collective impairment and does not include equipment to be leased and advances given related with finance leases.

The interest rate sensitivity analysis is based on interest rate risk as of the balance sheet date and estimated interest rate fluctuations at the beginning of the fiscal year. The Company realized its sensitivity analysis based on 100 base points interest rate fluctuation scenario.

In the case of interest rates being 100 base points higher at balance sheet date and holding all other variables fixed:

— Interest income from floating interest rate finance lease contracts would increase by TRY 415 (2010 – TRY 504).

— Interest expense from floating interest rate borrowings would increase by TRY 7,472 (2010 – TRY 10,233).

Foreign Currency Sensitivity

The Company is mainly exposed to USD and EURO exchange rate risks. The statement below shows the sensitivity of the Company to USD and EURO when a 10% increase occurs at those currencies' exchange rates. Foreign currency sensitivity analysis for the reporting period of the Company is determined based on the change at the beginning of the fiscal year and fixed during the reporting period. Positive amount refers to increase in net profit.

	USD Effect		EURO Effect	
	2011	2010	2011	2010
Profit/(Loss)	1,961	1,334	(851)	(1,668)

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Notes to the Financial Statements as of and for the Year Ended December 31, 2011

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Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

2011	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments	-	40	-	40
	-	40	-	40
Financial liabilities at FVTPL				
Derivative financial instruments	-	489	-	489
	-	489	-	489

2010	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments	-	15	-	15
	-	15	-	15
Financial liabilities at FVTPL				
Derivative financial instruments	-	700	-	700
	-	700	-	700

There are no transfers between the levels during the year.

The fair values of financial assets and financial liabilities are determined and grouped as follows:

• Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

• Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

• Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2011

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25. Subsequent Events

Upon the Constitutional Court's resolution no: 2009/144 published in the Official Gazette on January 8, 2010, the expression of "solely for the periods related to 2006, 2007 and 2008" in the Provisional Article No: 69 of Income Tax Law No: 193, and 5th Article of the Law No: 6009 that came into effect by being published in the Official Gazette No.27659 dated August 1, 2010 have been annulled. The new resolution enables to continue to benefit from investment incentive deduction that is not deducted due to insufficient earnings and that passes on next periods without period limitation, however proposes that the deduction amount will not exceed 25% of the taxable income of the period. Moreover, the effective corporate tax rate for investment incentive deduction beneficiaries will be adopted as 20%, rather than 30%.

The Constitutional Court decided that the sentence "the amount subject to deduction as exemption of investment allowance during calculation of the tax base cannot exceed 25% of relevant earnings" which was added to the first clause of the 69th temporary article of Income Tax Law, and the 5th article of Law No: 6009, is contrary to the Constitutional Law and therefore decided to repeal the mentioned sentence at the meeting dated February 9, 2012. In addition, it is decided to stay of execution until the publication of the decision in the Official Gazette, to avoid the circumstances and losses that are difficult or impossible to compensate subsequently and for that the annulment decision does not remain inconclusive, due to the fact that aforementioned sentence is repealed by the decision no: E. 2010/93 K. 2012/20 as of February 9, 2012 at the same meeting.

The Company did not reflect the effects resulting from the implementation of the decision of the Constitutional Court in the financial statements as of December 31, 2011, due to the fact that the annulment decision of the Constitutional Court has not been published in the Official Gazette yet, and it is uncertain if the mentioned stay of execution decision will be taken into consideration in preparing the corporate tax declaration for the year 2011. There will be no change in the net profit for the year and but a reclassification between deferred tax and current tax in case the effects of the mentioned decision are reflected in the financial statements as of December 31, 2011, due to the fact that the Company accounts for the deferred tax asset related to the unused investment allowance.

26. Other Matters

a) Under the CMB's Communiqué Serial IV, No: 8, with regards to the call for the Company shares, the call price of TRY 3.97 determined for TRY 1 of nominal value share upon the CMB's resolution no: 51/1447 issued on December 6, 2006 is cancelled as a result of the lawsuits filed by Griffin International Umbrella Fund, East Capital Asset Management AB and Charlamange Capital (IOM) with respect to the resolutions no:2010/149 E., 2010/390 K., 2010/147 E., 2010/389 K. and 2010/148 E. 2010/388 K. issued respectively by the 16th Administration Court of Ankara on March 25, 2010. In order to meet the CMB's resolutions, NBG, with an obligatory call liabilities, is required to file for an application by the CMB in relation to make a call over the minimum retrospectively adjusted share value of TRY 2,60 calculated by using the basis specified in court's resolutions in relation to TRY 1 of each nominal share value in accordance with the CMB's Communiqué Serial: IV, No:44 because retrospectively adjusted share value calculated by using the ISE basis amounts to TRY 2,60 as a result of the Company's bonus share issuance in 2008 and 2009 and the increase of its issued capital from TRY 75,000 to TRY 105,000 and TRY 105.000 and 115.000, respectively subsequent to August 18, 2006, as well as the Company's share value was TRY 3,98 on August 18, 2006, which has the highest value in ISE. NBG reserves the legal rights in relation to the ongoing process and declared through its application filed to the CMB on June 21, 2010 that NBG will make the required call over the retrospectively adjusted share value of TRY 2,60 calculated by using the basis specified in court's resolutions and ISE basis in relation to TRY 1 of each nominal share value in order to meet the CMB's resolutions. Call process was finalized within the specified call term – August 2, 2010 – August 13, 2010 – and as a result of this operation, NBG's shares in Finans Finansal Kiralama A.Ş. has increased from 2.55% to 29.87%.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2011

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b) The application of investment incentives was revoked commencing from January 1, 2006 in accordance with Law No: 5479 issued on March 30, 2006, and the companies were allowed to offset their carried forward unused investment incentives only against the taxable income of 2006, 2007 and 2008 and the application of unused investment allowances has been ceased as of December 31, 2008. Therefore, corporate tax returns and temporary tax returns for 2009 were submitted to tax authorities with reservations and the tax payable amounts on those returns were paid within the respective legal terms. However, the Company has filed lawsuits by the Tax Courts of Istanbul in relation to the amounts paid in relation to such taxes submitted with reservations on the account of the fact that, the three years of restriction imposed on the use of vested rights and in that sense investment incentives are considered as vested rights, is against the Constitution.

Upon the Constitutional Court's resolution no: 2009/144 issued on October 15, 2009 published in the Official Gazette no: 27456 on January 8, 2010, the term "solely for the periods related to 2006, 2007 and 2008" specified in the Provisional Article No: 69 of Income Tax Law No: 193 has been annulled.

The lawsuits filed by the Company related to corporate tax for the year 2009 and temporary taxes attributable to the 1st, 2nd, 3rd and 4th quarter of 2009 were all concluded in favour of the Company and the total corporate taxes paid in 2009 amounting TRY 13,337 was refunded in cash by the relevant tax authority on July 6, 2011 and August 1, 2011. Therefore, refunded corporate tax for the year 2009 amounting TRY 13,337 is accounted under "current tax provision" as income.

Shareholders' Information

Finans Leasing shares are listed on the İstanbul Stock Exchange ("ISE") under the symbol "FFKRL" and in the newspapers as "Finans Finansal K."

Market Price per Share by Quarter

2010	Q1	Q2	Q3	Q4
High	TRY 2.66	TRY 3.42	TRY 3.28	TRY 3.64
Low	TRY 1.93	TRY 2.64	TRY 2.58	TRY 2.69

2011	Q1	Q2	Q3	Q4
High	TRY 3.64	TRY 3.96	TRY 3.85	TRY 4.06
Low	TRY 3.12	TRY 3.20	TRY 3.53	TRY 3.51

Investor Relations

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

Finans Leasing
Nispetiye Caddesi Akmerkez B Kulesi Kat: 10
Etiler 34620 İstanbul-Turkey

Annual Meeting

The annual meeting of shareholders of Finans Leasing will be held on 31 May 2012.

Stockbrokers

Finans Yatırım Menkul Değerler A.Ş.

Auditors

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Sun Plaza No: 24 34398 Maslak
İstanbul-Turkey
Phone: (90 212) 317 74 00
Fax: (90 212) 317 73 00

Tax Consultants:

Kuzey YMM A.Ş.
Büyükdere Cad. Beytem Plaza No: 22
Kat: 2-5-8 34381 Şişli, İstanbul
Phone: (90 212) 315 30 00
Fax: (90 212) 234 17 64

Company Directory

	Phone	Fax
Head Office		
Nispetiye Caddesi Akmerkez B Kulesi Kat: 10 Etiler 34620 İstanbul	(90 212) 349 11 11	(90 212) 350 60 00
Branches		
Atatürk Airport Branch		
Atatürk Havalimanı Serbest Bölgesi 2. Kısım A Blok No: 443 Yeşilköy İstanbul	(90 212) 349 11 11	(90 212) 350 60 00
Representative Offices		
Adana Representative Office		
Atatürk Cad. Kemal Özülkü İşhanı No: 7 Kat: 15 Seyhan Adana	(90 322) 457 32 54	(90 322) 457 79 58
Ankara Representative Office		
Atatürk Bulv. No: 140 Kavaklıdere Ankara	(90 312) 457 12 21	(90 312) 457 12 91
Antalya Representative Office		
Tahılpazarı Mah. Adnan Menderes Bulv. No: 9 Kat: 1 Muratpaşa Antalya	(90 242) 311 18 41	(90 242) 311 18 40
Bursa Representative Office		
Davutdede Mah. Ankara Cad. No: 102 Kat: 1 Bursa	(90 224) 362 84 70	(90 224) 363 01 23
Dudullu Representative Office		
Esenşehir Mah. DES Sanayi Sitesi A Blok No: 2 Dudullu İstanbul	(90 216) 526 14 10	(90 212) 527 20 06
Eskişehir Representative Office		
EMKO San. Sit. A-1 Blok No: 1 Eskişehir	(90 222) 228 19 87	(90 222) 228 19 78
Gaziantep Representative Office		
3 Nolu Cad. Akınalan İş Merkezi No 36-37 Kat:3 Şehitkamil Gaziantep	(90 342) 232 11 51	(90 342) 230 46 35
İkitelli Representative Office		
Esenkent Mah. DES Sanayi Sitesi 121 Sok. Banka Binaları B Blok No:28/A İkitelli İstanbul	(90 212) 471 30 33	(90 212) 470 71 03
İzmir Representative Office		
Şehit Nevres Bulv. No: 8/1 Montrö İzmir	(90 232) 488 11 78	(90 232) 488 11 84
İzmit Representative Office		
E-5 Karayolu Üzeri Toyota Kaya Plaza Kat:1 İzmit Kocaeli	(90 262) 335 17 80	(90 262) 335 17 89
NBG Group Leasing Companies		
Ethniki Leasing		
Athens-Greece	(30 210) 5158 060-3	
Interlease		
Sofia-Bulgaria	(359 2) 971 82 82	
NBG Leasing		
Bucharest-Romania	(40 21) 409 10 00	
NBG Leasing		
Belgrade-Serbia	(381 11) 228 80 71	

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