FINANSLEASING

Annual Report 2012

Contents

SOLID EQUITY BASE

PROFESSIONAL MANAGEMENT

23 YEARS OF EXTENSIVE

CUSTOMER FOCUSED STRATEGY

A YOUNG, DYNAMIC AND

Corporate Profile

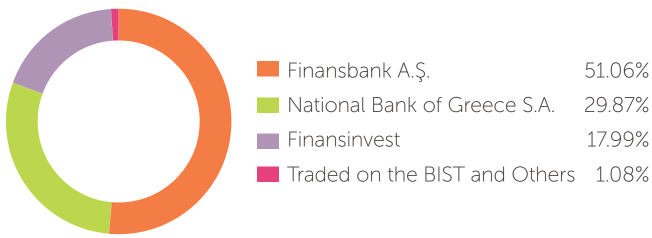
A customized and full service solution approach with wide industry expertise and its vision...

- Finans Leasing was established in 1990 as the 5th leasing company in Turkey.
- In 1993, 20% of Finans Leasing's shares were offered to the public through an IPO.
- In 2002, the Company merged with Deniz Leasing.
- In 2006, Finansbank sold its 46% stake in the Company to NBG and Finans Leasing became a member of the NBG Group, which was constituted of 9 banks and 58 companies in 12 countries, as of year end 2012.
- Finans Leasing commands strong geographical coverage with one branch in Istanbul and 10 regional offices throughout Turkey.
- The Company is a member of the Turkish Leasing Association (FİDER).
- Finans Leasing provides flexible options, meeting the expectations of its clients.
- The Company stocks are traded on the Borsa İstanbul (BIST) under the FFKRL ticker.

As of 31 December 2012, Finans Leasing;

- had total assets of TRY 1,321 million.
- commanded a 5.95% market share in the Turkish leasing market.

Shareholding Structure as of 31.12.2012



BORSA İSTANBUL

ROBUST FINANCIAL STRUCTURE

TRANSPARENCY

EXPERIENCE

PREVALENT SERVICE NETWORK

HIGHLY-EXPERIENCED TEAM

Message from the Management

Sinan Şahinbaş
Chairman

A. Murat Alacakaptan
General Manager

Moving forward after a challenging year

We have just completed another year in which the effects of the global economic crisis grew deeper and more challenging. It was apparent by the end of 2012 that the global economy had still failed to come to rest on solid ground. Many euro area countries are finding it hard to roll over their high levels of public debt and seem unable to restart economic growth. This in turn leads to frequent disturbances in global markets. It is expected that contracting growth rates and problems with debt servicing will continue to plague European countries in 2013 as well.

Although the world experienced a period marked by deepening and expanding risks in 2012, the Turkish economy has successfully managed a controlled soft landing process, supported by solid and steady policies. Following an 8.5% annual rate of growth in 2011, GDP growth came in at 2.2% in 2012 - slightly lower than the projections set out in the medium term program.

Limited growth in the leasing sector, with Finans Leasing outperforming the sector

As a sector operating in the financing of investment goods, the leasing sector has been affected by the weakening growth trend both globally and in Turkey, and following the 54% YoY growth in 2011, the sector could only muster up 10% growth in 2012. However, Finans Leasing outperformed the sector in terms of growth, increasing its transaction volume by 32% YoY in 2012.

In 2012, Finans Leasing achieved its objective of increasing the share of small and medium size enterprises in its overall portfolio, in line with its strategy. The number of contracts increased from 1,086 in 2011 to 1,613 in 2012, implying 49% growth; as such, the average contract size decreased by 11% when compared to 2011.

The Financial Leasing, Factoring and Financing Companies Law, which was ratified on 21 November 2012, paved the way for availability to sale and lease back investments, operational leasing transactions, leasing of computer software and the separate leasing of complementary parts of machinery and equipment. The new law provides an opportunity for the companies - which form the target market of the financial leasing sector - to gain a greater benefit from financial leasing. It is therefore expected to contribute significantly to the transaction volume of the financial leasing sector in 2013.

Our 2013 targets and expectations

The change in the composition of growth and maintaining this change composition in balance in 2013 is one of the key economic targets for the coming period. Figures pertaining to the first quarter of 2013 indicate a renewed revival in domestic demand, with growth on course to be stronger this year.

Turkey is expected to continue securing capital inflows amid expectations that the country will be granted a second investment grade rating, and that global liquidity will remain abundant. We expect the rating upgrade to set the stage for an expansion in credit alternatives, a decline in the cost of debt and an expansion in the investor base.

In 2013, Finans Leasing aims to distinguish itself in the sector by adding various borrowing instruments to its portfolio, and to provide convenient financing tailored to meet the needs of each customer segment.

Consequently the Company will continue to create added value in the sector by adding the issue of a TRY denominated bond to its selection of funding sources.

As a leasing company which is not just close to SMEs but also corporate and commercial firms, Finans Leasing will continue to expand to a wider base and achieve inroads into the Anatolian market through its strategies. The innovations brought to our sector by legislative changes will bolster our growth by widening our service mix.

As in the previous years, maintaining and increasing the group synergy with Finansbank remains the core focus of attention in 2013 as well.

Believing in the future of our sector and our Company

In continuing to support our Company with their superior performance and valuable time, our human resources sincerely adopt all the values inherent in our brand name and perform their duties carefully. It is this approach from our team which represents the major driving force in achieving our difficult targets, managing risks and most importantly in ensuring customer satisfaction. Together with our intellectual know-how, we believe our sound management, strong predictive abilities and sound financial structure set us apart.

Turkey’s growth dynamics support the leasing sector

Turkey’s economy has taken robust steps in line with its target of being a regional and global economic power, paving the way for highly valuable and long-term growth in our sector. The importance of leasing will grow and the financing of the fixed capital investments of a much bigger customer group will be structured through leasing under the most economic conditions, in parallel with the development of the sector. The final factor we would like underline here is related with the penetration rate of leasing services. Still, only a relatively small group of customers use leasing as a financial instrument in our country when compared to developed economies. The penetration rate, however, will increase in parallel with the acceleration of economic developments and opening of the Turkish finance markets to the international competition. More customers - not only in the metropolitan centers, but also in Anatolia as well - will discover the advantages of leasing.

Finans Leasing will continue to set the trends in the Turkish leasing industry

Having weathered numerous periods of turmoil and crises in both national and international markets during its long corporate history, our Company will maintain its healthy progress on the back of a an expected relative recovery in the global economy in the second half of 2013.

With the unwavering support of our shareholders, we will continue to contribute to the Turkish economy and move ahead with our strong dynamics and growth potential, while providing SMEs, corporate and commercial firms with high quality services.

Our human resources and the unique expertise we have built over years will be the other two significant factors strengthening the Finans Leasing’s sustainable service and value-creating power.

We hereby extend our deepest appreciation to our colleagues, who make our sustainable performance possible, to our shareholders for their support, to our customers for their trust and to our business partners for their cooperations.

Sinan Şahinbaş
Chairman

A. Murat Alacakaptan
General Manager

Board of Directors and Management

Board of Directors

SİNAN ŞAHİNBAŞ
Chairman

METİN KARABİBER (*)
Member

OSMAN NECDET TÜRKAY
Member

ADNAN MENDERES YAYLA
Vice Chairman

A. MURAT ALACAKAPTAN
Member and
General Manager

TURHAN CEMAL BERİKER
Member

Management

A. Murat Alacakaptan
Member and General Manager

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 FİDER (Turkish Leasing Association) and between June 2009 - November 2010 at Finans Factoring.

Semra Karsu
Assistant General Manager, CFO

Born in 1967, Mrs. Karsu graduated from Notre Dame de Sion High School and 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 Budget, Financial Control and Accounting. In 1999, she became Financial Control and Operation 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. She holds Audit Committee Member position in FİDER since 22 February 2011.

Based on the Board of Directors decision dated 24 January 2013, Finansbank Executive Vice President Filiz Sonat (executive) was elected as a member to succeed Metin Karabiber.(*)

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 as Credit Manager. 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.

Ateş Yenen
Assistant General Manager
Born in 1969, Mr. Yenen graduated from TED Ankara College and then from the Department of Economics at Hacettepe University. Mr. Yenen started his career in 2000 at Finansbank, where he first served as Ankara Corporate Branch Manager and then as the Corporate Banking Group Manager in 2008. Worked as the Group Manager of Large Commercial Banking Sales at Finansbank since 2010, Mr. Ateş Yenen was appointed as the Assistant General Manager responsible for sales at Finans Leasing in 2012.

The Leasing Sector in 2012

Despite the ongoing negative conditions in the global economy and the fall in private sector capital expenditures in line with declining domestic demand, the leasing sector maintained its growth during the year. At the end of 2011, government decreased VAT rates to 1% in the leasing of certain kinds of machinery and equipment regardless of the equipment type in all transactions with investment incentive certificates. After the effects of the new law, financial leasing sector grew 9.6% in 2012 and reached a volume of USD 5.4 billion. In the meantime, 17,787 contracts were signed in 2012, pointing to a 21% YoY rate of growth.

Judging by the gradual increase in penetration rates and the number of contracts over the years, it could be claimed that the efforts of participants in the sector to expand the leasing pie have been bearing fruit.

The new law will pave the way for future of the sector

On 21 November, 2012, the Financial Leasing, Factoring and Financing Companies Law was ratified in the Turkish Parliament.

The new law brings in an array of new products, which will pave the way for the future of the leasing sector, as the law enables the leasing companies to undertake

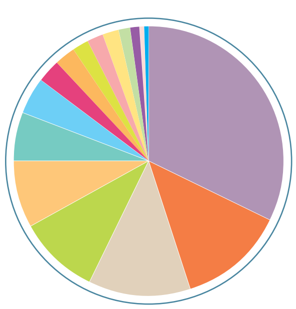
- Operational leasing,
- Sale and lease back transaction,
- Software leasing,
- Complementary parts of machinery and equipment,

The new regulations are expected to contribute significantly to the transaction volume of the sector, thus setting the stage for increased interest from global players in the leasing market.

The diversification of the range of products offered by the leasing sector is expected to lead to a significant increase in transaction volume, setting the stage for more supportive conditions for small-scale enterprises - which represent the target audience of leasing companies - while encouraging them to utilize leasing finance to a greater extent.

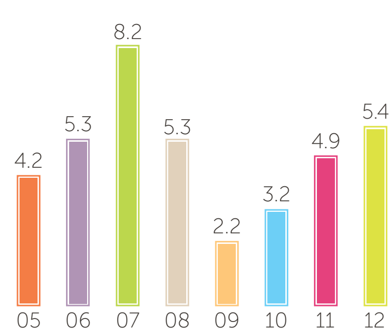
Penetration Rates	2012	2011	2010
Leasing Transaction Volume (Excluding Buildings) / Private Sector Fixed Investments (Excluding Buildings)	5.86%	4.71%	3.95%
Leasing Transaction Volume / Private Sector Fixed Investments	4.11%	3.61%	2.95%
Leasing Transaction Volume / GDP	0.68%	0.65%	0.44%
Private Sector Machinery Investments / GDP	10.62%	12.16%	9.89%

Breakdown of Transactions in the Leasing Industry



Heavy Equipment and Construction Machinery	32.3%
Other Machines and Equipment	12.9%
Metal Processing Machines	12.4%
Textile Machines	9.6%
Real Estate	8.0%
Air Transport Conveyance	5.9%
Health Industry and Aesthetic Instruments	4.5%
Road Vehicles	2.7%
Information Technologies and Office Systems	2.5%
Printing and Paper Processing Machines	2.1%
Electronic and Optical Devices	2.0%
Ships and Other Sea-Going Vessels	1.8%
Tourism Equipment	1.3%
Plastic Processing Machines	1.2%
Railroad Transport Vehicles	0.5%
Agricultural and Livestock Farming Machines	0.5%

Turkish Leasing Industry Volumes
(USD billion)



Finans Leasing's Strategy

Key competitive advantages of Finans Leasing

- A 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 a strong market share in the leasing industry by continuously creating value for all of 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

Operations in 2012

Finans Leasing continued to raise the bar in terms of its success in 2012 thanks to its business model, which ensures proximity to customers under all market conditions, which supports production and which responds to the expectations of a customer base that consists largely of SMEs.

Finans Leasing has consolidated its position in the sector thanks to its effective organizational structure and process management that allows the Company to reflect up-to-date technological opportunities to its services, and fast-moving, solution-oriented and competent human resources and effective risk management that support the structure.

In 2012, a year when macroeconomic conditions were not supportive of development in the sector, the results that Finans Leasing achieved - in terms of transaction volume, number of contracts and market share - prove the astuteness of the implemented strategies.

The transaction volume of the Company amounted to USD 318.8 million, marking an increase of 32.4% YoY in 2012. On the other hand, the number of contracts signed within the year increased by 48.5% to 1,613, implying a gain of over 1 pp in market share to 5.95%.

Finans Leasing maintained its financial leasing receivables at over TRY 1 billion in 2012. Finans Leasing's 2012 strategy was to increase the share of small and medium size enterprises in its overall portfolio; in line with this strategy, the number of contracts has increased significantly, leading to an 11% decline in the average contract size when compared to 2011.

In order to increase the number of active customers, the Company continued to undertake campaigns in 2012, and achieved successful results in regard to strengthening its customer base.

A solution-oriented Company that is close to its customers

In line with its strategy of having a widespread portfolio, one of Finans Leasing's major principles is to strengthen its relations with and support enterprises of all sizes, first and foremost being SMEs from various sectors.

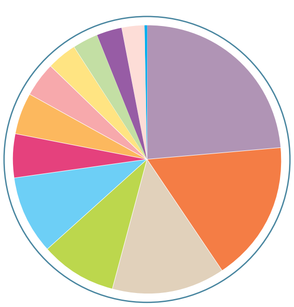
Finans Leasing has adopted a business model which is oriented towards customer relations management and is based on trustworthy business cooperation. This model has been consolidated with an in-depth understanding of the customers and by being able to offer the privilege of one-to-one solutions.

Aiming to match the right solutions with customers' needs under the most appropriate conditions, the Company has been developing efficient cooperation within the context of qualified service and customer satisfaction.

In this context, the Company offers various short-term and long-term payment plans to sellers and its customers, with attractive pricing and adequate maturities.

	2011	2012	2011-2012 (%)
Business Volume (in USD million)	240.81	318.76	32.37%
Number of new contracts	1,086	1,613	48.53%
Market share	4.92%	5.95%	20.93%

Breakdown of Net Lease Receivables



Building and Construction	23.80%
Textiles	17.00%
Metal	13.50%
Printing	9.30%
Health and Social Activities	9.20%
Chemicals	5.40%
Mining and Quarrying	5.10%
Services	4.10%
Agriculture, Hunting and Forestry	3.70%
Manufacturing	3.00%
Transportation, Storage and Comm.	3.00%
Food	2.70%
Financial Institutions	0.20%

As much as it strives to attract new customers, Finans Leasing also works tirelessly to increase customer loyalty by establishing long term and multi-directional relations.

Projects to further contribute to sustainability

Believing in Turkey's tremendous growth potential and aiming to strive for a sustainable future, Finans Leasing continues to support the projects in new areas whose investments have been steadily on the rise.

In keeping with its approach to sustainability, Finans Leasing plans to increase the resources that it provides to endeavors in renewable energy, construction, environment, health and education.

Our cooperation with Finansbank stands as one of our major strengths

Finans Leasing is fortunate to be in extensive cooperation with Finansbank in areas ranging from technological integration to service channel utilization. The Bank's customer base stands as a natural customer base for Finans Leasing.

The Company provides a wide range of service platform for its customers through its organization and Finansbank's 582 branches.

The gradual increase in this synergy reflects directly to the number of customers and transaction sizes, ensuring ease in setting new and higher targets.

Geographical Breakdown	2012	2011	2010
Marmara	12%	13%	13%
Aegean and Mediterranean	16%	11%	11%
Eastern and Southeastern Anatolia	15%	12%	19%
Central Anatolia and Black Sea	15%	13%	13%
Istanbul	35%	44%	32%
Çukurova	7%	7%	12%
	100%	100%	100%

The right risk analysis and management play a key role in our high asset quality

When it comes to forming the customer portfolio, Finans Leasing places great importance on maintaining its balanced portfolio structure without specific concentration on a sector or customer basis.

Having adopted an effective understanding of risk management, Finans Leasing closely follows developments in the sector and the wider economic conjuncture with a high risk perception and works effectively with up-to-date and correct information, based on in-depth analysis. In risk management, the Company makes uses of international up-to-date methods, all processes are carried out based on an up-to-date information technology system, and while operational risks are minimized, the Company pays maximum attention to refrain from maturity and currency risks in terms of market risk practices.

Participant and open to improvement human resources

Finans Leasing is focused on sustaining and improving its human resources pool, formed from individuals that are open to changes and continuously renew themselves to achieve the best, and possess the information and competence that the job requires. The Company's human resources policy aims to continuously enhance individual and team performances by improving quality processes and systems, and to offer a professional environment and career opportunities for the employees in order to make the most effective and efficient use of existing human resources.

The human resources of the Company are distinguished in the sector with their high level of education, competence and corporate loyalty. Solution orientation, the effectiveness in analysis and problem solving, and the ability to think strategically are the major characteristics of the human resources of the Company.

One of Finans Leasing's corporate objectives is to encourage the participation of the employees, and to perpetuate a modern and fully business environment that respects human rights.

The number of personnel reached 98 as of the end of 2012. As of the same date, 48% of the employees of Finans Leasing were women; in terms of education, 75% of the Company's employees hold a bachelor's degree. Employees feel a strong sense of belonging in Finans Leasing, with 37% of them have been working in the Company for more than 8 years and 21% of them for approximately 6-7 years.

Operations in 2012

Looking forward to 2013...

The year 2013 is expected to bring movement to the national economy, the sector and Finans Leasing. The efforts to introduce new products to the sector will continue thanks to the regulatory amendments. One of these products, 'sale and lease back', is expected to gain a significant share in Finans Leasing's transaction volume in 2013.

The Company aims to create new dealer resources and improve the cooperation with the dealers by attending expos both at home and abroad in 2013.

In 2013, the Company will continue to capture share in the construction and health sectors, and will closely follow machinery equipment investments in all sectors.

Finans Leasing's strategy can be summed up in a nutshell: "To finance the real sector in a healthy manner". The Company will unwaveringly maintain the targets stipulated for 2013 and its path in accordance with this strategy, and will continue to support the economic development of our country through leasing.

Credit Opinion by Moody's Investors Service (as of 14/11/2012)

Finans Finansal Kiralama A.Ş.

Category	Moody's Rating
Outlook	Negative
Issuer Rating	Ba3

Risk Breakdown	2010	2011	2012
Top-10 customers in portfolio			
Turnover (TRY million)	116.7	105.7	84.7
Share in total	13%	10%	8%
Top-20 customers in portfolio			
Turnover (TRY million)	178.1	173.8	142.4
Share in total	19%	17%	14%
Top-50 customers in portfolio			
Turnover (TRY million)	307.6	312.5	255.5
Share in total	33%	31%	25%

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

NATIONAL BANK
OF GREECE

Finansbank

One of Turkey's leading banks, Finansbank was purchased by the National Bank of Greece (NBG) in August 2006. Finansbank has a number of subsidiaries including Finans Leasing, Finansinvest, Finans Portfolio Management, IB Tech, Finans Emeklilik, Finans Factoring and Finans Tüketici Finansmanı.

As of December 2012, the Bank had 582 branches, with total consolidated assets of TRY 54.4 billion, total loans of TRY 36.8 billion and a shareholders' equity of TRY 7.3 billion. Finansbank reported a consolidated net profit of TRY 902 million in 2012. The Bank's Capital Adequacy Ratio (CAR) was realized at 18.92% at the end of 2012.

NBG Group

The National Bank of Greece, Greece's oldest commercial bank, heads the largest and strongest financial group in the country (data as of 31 December, 2012):

- 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 511 branches and 1,348 ATMs in Greece, and 1,184 branches in other countries. The Group boasts by far the largest network for the distribution of financial products and services in Greece.
- Internationally, the NBG Group is active in 12 countries, including 9 banks and 58 other companies.
- The trust that depositors have in the NBG is reflected in the fact that the Bank has gained market share in Greece 21% market share in the deposits.
- The Bank's total Capital Adequacy Ratio stands at 9% (Proforma for backstop recapitalization).
- The NBG Group was the first Greek financial group to successfully float its shares on the New York Stock Exchange, the world's principal capital market.
- Through the acquisition of the United Bulgarian Bank in Bulgaria (2000), Stopanska Banka in the 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 that encompasses a 125 million population.

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".

Below are the steps taken in 2012 to achieve compliance with the Communiqué on Corporate Governance Principles dated 30 December 2011.

- Independent Board members were elected and the structure of the Board of Directors was updated.
- Members of the Corporate Governance Committee and the Audit Committee were elected from among independent and non-executive members in accordance with the Communiqué.
- Necessary procedures were fulfilled for the members of the Corporate Governance Committee to fulfill the functions of the Early Detection of Risk Committee and the Nomination Committee.
- The Compensation Policy was devised and publicly disclosed on the company website.
- The Information Policy and Dividend Policy were posted on the company website.
- The articles of incorporation were revised in keeping with the compulsory principles.
- The content of the company website was updated in line with the Communiqué.

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 for the period between 1 January-31 December 2012 are given below:

Name	Tel	E-mail
Belgin Şen	0212 349 11 30	belgin.nakipler@finansleasing.com.tr
Sunay Cambaz	0212 349 11 80	sunay.cambaz@finansleasing.com.tr

The relevant unit did not receive any requests from investors in the 01 January 2012 - 31 December 2012 period.

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.

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

The Ordinary General Assembly held on 31 May 2012:

FİNANS FİNANSAL KİRALAMA A.Ş. Ordinary General Assembly Meeting for 2011 fiscal year was held on 31 May 2012 at 15:30 hours at the address Büyükdere Cad. No:129 Mecidiyeköy, İstanbul under the supervision of the Ministry Commissioner Ömer Kurtlar, who was appointed by the T.R. İstanbul Governor's Office Provincial Directorate of Science, Industry and Technology letter dated 30 May 2012, no. 31036.

In accordance with the provisions of the law and the articles of incorporation, invitation for the meeting that incorporated the agenda was published in the Turkish Trade Registry Gazette issue 8067 dated 14 May 2012 and Hürses newspaper issue 12142 dated 09 May 2012, and posted on the company website at www.finansleasing.com.tr within due time; it was also announced to holders of non-public shares that are not traded on the ISE by registered mail, by way of notifying the meeting date and agenda. The content of the General Assembly Information Sheet that was posted on the Company website also covered the draft amendments to the articles of incorporation, resumés of Board member candidates, the Company's current shareholding structure and the profit distribution table, in addition to the agenda for the General Assembly Meeting.

Having established on the basis of the List of Attendants that out of 11,500,000,000 shares corresponding to the Company's total capital of TL 115,000,000.00, 10,837,769,495 shares corresponding to TL 108,377,694.95 in capital was represented in person at the meeting, and the minimum quorum as stipulated by the law and the articles of incorporation was secured; the meeting was opened by Adnan Menderes Yayla, Chairman of the Board, and proceeded with the discussion of agenda items.

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.

Donations from 01 January 2012 to 31 December 2012 amounted to TL 27,575, broken down as TL 26,200 to FİDER (Leasing Association), TL 1,300 to TEV (Turkish Educational Foundation), and TL 75 to AÇEV (Mother Child Education Foundation). This information was addressed as a separate agenda item at the General Assembly Meeting.

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. Companies with which there is a cross-shareholding relationship cast votes at the General Assembly.

6. Entitlement to Dividends

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.

Corporate Governance Principles Compliance Report

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.

The Company's dividend policy was addressed, and approved, as a separate agenda item at the General Assembly Meeting held on 31 May 2012. The said policy is also publicly disclosed on the Company website and in the annual reports. No dividends were distributed in 2012. The profit for the period was transferred to Extraordinary Reserves which takes place under the shareholders' equity item.

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.

Efforts are underway to formulate the Information Policy within the frame of Corporate Governance Principles. Names and positions of the individuals in charge of executing the policy are given below:

Name	Position	E-mail
Belgin Şen	Financial Control Manager	belgin.nakipler@finansleasing.com.tr
Sunay Cambaz	Accounting Manager	sunay.cambaz@finansleasing.com.tr

9. Company Internet Site and its Content

The Company website is at the address www.finansleasing.com.tr, and is also available in English. 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.

10. Annual Report

All of the information listed in the Corporate Governance Principles are covered in the annual reports.

SECTION III: STAKEHOLDERS

11. 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.

A "Reporting Sheet" application was created on the www.finansleasing.com.tr website for conveyance of the Company's illegitimate or unethical transactions by stakeholders to the Audit Committee and the Internal Audit Manager.

12. 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.

13. 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. Job descriptions have been put into writing for all Company employees and performance criteria are determined on the basis of positions and titles and shared with the employees.

14. Code of Ethics and 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.

Finans Leasing expects its employees to abide by the Company's fundamental principles and code of ethics. The code of ethics is publicly disclosed via the website and periodic annual reports.

PART IV - BOARD OF DIRECTORS

15. Structure and Formation of the Board of Directors

Members of the Board of Directors were elected by the General Assembly resolution dated 31 May 2012, and the Board of Directors was structured as follows on the same date. Term of office for members was set as three years.

Board of Directors:

Sinan Şahinbaş	Chairman of the Board - Executive
Adnan Menderes Yayla	Vice Chairman of the Board - Non-executive
A. Murat Alacakaptan	Board Member & General Manager - Executive
Metin Karabiber	Board Member - Non-executive (*)
Turhan Cemal Beriker	Independent Board Member - Non-executive
Osman Necdet Türkay	Independent Board Member - Non-executive

Resumés of the Board members are presented in the annual report.

(*) Based on the Board of Directors decision dated 24 January 2013, Finansbank Executive Vice President Filiz Sonat (executive) was elected as a member to succeed Metin Karabiber.

Corporate Governance Principles Compliance Report

As at 31 December 2012, there were four non-executive members on the Board of Directors, two of whom are independent members satisfying the provisions of the CMB Communiqué Serial: IV No: 56. The positions of the Chairman of the Board and General Manager are held by different individuals.

The Audit Committee, which has assumed the duties and responsibilities of the Nomination Committee, submitted the report dated 04 May 2012 regarding whether the two candidates for independent Board membership satisfy the independence criteria to the Board of Directors. Furthermore, declarations that independence criteria are fulfilled have been received from candidates for independent Board member position.

From amongst Board members, Sinan Şahinbaş, Adnan Menderes Yayla, Metin Karabiber and independent members Turhan Cemal Beriker and Osman Necdet Türkay also hold positions outside the company, which are detailed below:

At the General Assembly, it has been decided and approved to grant permission to the Board members in relation to the transactions specified in Articles 334 and 335 of the Turkish Commercial Code and to the individuals designated in the relevant legislation for dealing in the transactions specified under Article 1.3.7 of the CMB Communiqué (Serial: IV, No:56) on the Determination and Implementation of Corporate Governance Principles.

Member of the Board of Directors:

Sinan Şahinbaş	In-Group - Finansbank A.Ş. - Vice Chairman of the Board
Adnan Menderes Yayla	In-Group - Finansbank A.Ş. - Executive Vice President, Member of Executive Board
Metin Karabiber	In-Group - Finansbank A.Ş. - Executive Vice President
Turhan Cemal Beriker	Out-Group - Kiltoprak NV Amsterdam, Founding Partner, Consultant to Palmali Holding Board of Directors
Osman Necdet Türkay	Out-Group - Strateji Menkul Değerler A.Ş. Chairman of the Board

16. 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). 49 Board meetings were held during 2012. 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.

Related party transactions laid down for the approval of the Board and transactions of material nature are covered in quarterly financial statements and the notes thereto, and thus submitted to the CMB. The Company's quarterly financial statements and the notes thereto are approved by all Board members, including independent members. There are no transactions, which have not been approved by independent members and laid down for the approval of the General Assembly.

17. 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. Pursuant to Article 4.5.1 of the CMB Communiqué Serial: IV, No: 56, it has been decided by the Board of Directors decision 915 dated 04 June 2012 that the Corporate Governance Committee will be formed of two members. Independent Board member Turhan Cemal Beriker has been appointed as the head of the Committee and non-executive member Adnan Menderes Yayla as member of the Committee.

Corporate Governance Committee fulfills the duties and responsibilities of the Nomination Committee, Early Detection of Risk Committee, and Compensation Committee, as well.

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 2 members, namely Turhan Cemal Beriker and Adnan Menderes Yayla. Pursuant to Article 4.5.1 of the CMB Communiqué Serial: IV No: 56, it has been decided by the Board of Directors decision 915 dated 4 June 2012 that the committee will be made up of two members. Independent Board members Turhan Cemal Beriker and Osman Necdet Türkay have been appointed as the head and member of the Committee, respectively.

Since there are two independent members on the Board of Directors, one Board member serves on more than one committee due to the obligation that all of the members of the Audit Committee and the head of the Corporate Governance Committee must be independent members.

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. Due to Oğuz Çaneri’s departure from the Company, Ateş Yenen has been appointed to the Risk Committee to succeed him on 5 October 2012.

18. 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.

19. The Company’s 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.

20. Financial Rights

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. Effective 1 June 2012, each independent Board member is paid a gross monthly salary of TL 5,000.

All rights, benefits, and salaries, as well as the criteria applied in the determination thereof and remuneration principles are publicly disclosed within the “Compensation Policy”, which is posted on the company website.

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, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 at December 31, 2012, 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

Istanbul, March 21, 2013

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Finans Finansal Kiralama Anonim Şirketi
Balance Sheet as at December 31, 2012
(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	December 31, 2012	December 31, 2011
ASSETS			
Cash and cash equivalents	6	290,640	261,315
Finance lease receivables	7	1,012,769	1,008,173
Available for sale financial assets	8	140	140
Derivative financial instruments	14	-	40
Property, plant and equipment	9	348	244
Intangible assets	10	276	388
Other assets	11	10,365	19,344
Deferred tax assets	17	5,797	12,907
Assets held for sale	12	665	-
Total assets		1,321,000	1,302,551
LIABILITIES AND EQUITY			
Funds borrowed	13	792,046	848,005
Trade payables		28,213	15,019
Advances from customers		7,498	5,928
Current income tax	17	10,758	-
Derivative financial instruments	14	343	489
Other liabilities and provisions	15	7,712	4,367
Reserve for employee termination benefits	16	654	510
Total liabilities		847,224	874,318
Equity			
Share capital	18	159,353	159,353
Share premium		1,211	1,211
Legal reserves	19	22,419	20,601
Retained earnings	19	290,793	247,068
Total equity		473,776	428,233
Total liabilities and equity		1,321,000	1,302,551

The accompanying policies and explanatory notes on pages 24 through 63 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi
Statement of Comprehensive Income for the year Ended December 31, 2012
(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	January 1 - December 31, 2012	January 1 - December 31, 2011
Interest income from finance leases		82,275	73,840
Total income from finance leases		82,275	73,840
Finance income	22	199,672	365,302
Finance expenses	22	(200,395)	(360,692)
Net finance income/(expenses)		(723)	4,610
(Provision)/recovery for possible lease receivables losses and other receivables	7	(8,402)	(12,442)
Income after finance income/(expenses) and provision for possible lease receivables losses and other receivables		73,150	66,008
Other operating income/(expenses)	24	6,476	4,951
Marketing, general and administrative expenses	23	(10,630)	(9,649)
Salaries and employee benefits	23	(12,932)	(13,954)
Depreciation and amortization	9, 10	(307)	(358)
Profit from operating activities before income taxes		55,757	46,998
Income taxes	17	(10,214)	(7,946)
Net profit for the year		45,543	39,052
Other comprehensive income		-	-
Total comprehensive income for the year		45,543	39,052
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)	20	0.396	0.340

The accompanying policies and explanatory notes on pages 24 through 63 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

Statement of Changes in Equity for the Year Ended December 31, 2012

(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, 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
Transfer to legal reserves	-	-	-	1,818	(1,818)	-
Total comprehensive income for the year	-	-	-	-	45,543	45,543
At December 31, 2012	115,000	44,353	1,211	22,419	290,793	473,776

The accompanying policies and explanatory notes on pages 24 through 63 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi
Statement of Cash Flows for the Year Ended December 31, 2012
(Currency - Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	January 1, December 31, 2012	January 1, December 31, 2011
Cash flows from operating activities			
Net profit for the year		45,543	39,052
Adjustments for			
Depreciation and amortization	9, 10	307	358
Provision for employment termination benefits	16	184	501
Provision for unused vacation pay accrual	15	280	201
Provision and reversal of bonus accruals	15	1,730	1,114
Fair value gain on derivative transactions		(106)	(236)
Reserve for impairment of finance lease receivables	7	8,402	12,442
Foreign exchange (gains)/losses		2,509	(1,912)
Investment revenue recognized in profit and loss	22	(23,860)	(29,967)
Finance cost recognized in profit and loss	22	22,274	27,882
Income tax provision	17	10,839	7,881
Deferred tax charge	17	7,110	13,393
Operating profit before changes in net operating assets and liabilities		75,212	70,709
Purchases of assets to be leased		(501,492)	(370,989)
Principal payments received under leases		468,599	430,680
Net increase in receivables from lease payments outstanding and other receivables		(14,227)	(18,559)
Net decrease in other assets		7,943	32
Net increase/(decrease) in trade payables		13,194	(73,425)
Net increase/(decrease) in advances from customers		1,570	(8,153)
Net increase in other liabilities and provisions		2,878	1,205
Income taxes paid		290	(10,879)
Bonuses paid	15	(1,480)	(1,614)
Unused vacation paid	15	(63)	(296)
Retirement benefits paid	16	(40)	(609)
Net cash generated from operating activities		52,384	18,102
Cash flows from investing activities			
Purchases of furniture and equipment	9	(240)	(59)
Purchases of intangible assets	10	(59)	(54)
Interest received from investing activities		23,635	30,827
Net cash generated from investing activities		23,336	30,714
Cash flows from financing activities			
Proceeds from funds borrowed		178,970	130,990
Repayments of funds borrowed		(196,984)	(592,249)
Interest paid		(22,690)	(27,861)
Net cash used in financing activities		(40,704)	(489,120)
Effect of exchange rate changes on the balance of cash held in foreign currencies		(5,916)	59,910
Net increase/(decrease) in cash and cash equivalents		29,100	(380,394)
Cash and cash equivalents at the beginning of year	6	260,359	640,753
Cash and cash equivalents at the end of year	6	289,459	260,359

The accompanying policies and explanatory notes on pages 24 through 63 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, 2012

(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% (2011 - 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, 2012 have been approved by the Company's management on March 21, 2013.

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.

<u>New and revised IFRSs affecting presentation and disclosure only</u>

None.

<u>Amendments to IFRSs affecting the reported financial performance and/or financial position</u>

None.

<u>New and revised IFRSs applied with no material effect on the financial statements</u>

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

Amendments to IFRS 7 *Disclosures - Transfers of Financial Assets*

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

These amendments to IFRS 7 did not have a significant effect on the Company's disclosures. However, if the Company enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

Amendments to IAS 12 *Deferred Taxes - Recovery of Underlying Assets*

The amendment is effective for annual periods beginning on or after 1 January 2012. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 *Investment Property*. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be, through sale. The Company does not have investment property. The amendment did not have any effect on the financial statements.

New and revised IFRSs in issue but not yet effective

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

Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to IAS 1	Clarification of the Requirements for Comparative Information[2]
IFRS 9	Financial Instruments[5]
IFRS 10	Consolidated Financial Statements[3]
IFRS 11	Joint Arrangements[3]
IFRS 12	Disclosure of Interests in Other Entities[3]
IFRS 13	Fair Value Measurement[3]
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[3]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[5]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guide[3]
IAS 19 (as revised in 2011)	Employee Benefits[3]
IAS 27 (as revised in 2011)	Separate Financial Statements[3]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1[3]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[3]

[1] Effective for annual periods beginning on or after 1 July 2012.

[2] Effective for annual periods beginning on or after 1 January 2013 as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012.

[3] Effective for annual periods beginning on or after 1 January 2013.

[4] Effective for annual periods beginning on or after 1 January 2014.

[5] Effective for annual periods beginning on or after 1 January 2015.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 *Presentation of Items of Other Comprehensive Income* is effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments can be applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to IAS 1 *Presentation of Financial Statements*

(as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012)

The amendments to IAS 1 as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* are effective for the annual periods beginning on or after 1 January 2013.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Company management anticipates that the application of IFRS 9 in the future may have significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation - Special Purpose Entities* will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the

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investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

Those standards related to consolidated financial statements will not have any impact on the Company's financial statements.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Company management anticipates that IFRS 13 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to IFRS 7 and IAS 32 *Offsetting Financial Assets and Financial Liabilities and the related disclosures*

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Company management anticipates that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

IAS 19 *Employee Benefits*

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the

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recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to IAS 19 require retrospective application. However, the Company management has not yet performed a detailed analysis of the impact of the application of the amendments and hence has not yet quantified the extent of the impact.

Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009 - 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

- Amendments to IAS 16 *Property, Plant and Equipment*; and
- Amendments to IAS 32 *Financial Instruments: Presentation*.

Amendments to IAS 16

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The Company management does not anticipate that the amendments to IAS 16 will have a significant effect on the Company's financial statements.

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 *Income Taxes*. The Company management does not anticipate that the amendments to IAS 32 will have a significant effect on the Company's financial statements.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The Company management anticipates that IFRIC 20 will have no effect to the Company's financial statements as the Company does not engage in such activities.

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.

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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.

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, 2011	2.4438	1.8889
December 31, 2012	2.3517	1.7826

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.

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

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.

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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'.

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.

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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.

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.

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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.

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.

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(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.

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.

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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.

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, 2012 and 2011, are disclosed in note 14.

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	
	2012	2011	2012	2011
Financial assets				
Finance lease receivables	1,012,769	1,008,173	1,044,934	966,540
Financial liabilities				
Funds borrowed	792,046	848,005	791,795	815,884

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 (%)	
	2012	2011
Turkish Lira	10.71	19.28
USD	6.08	9.72
EURO	6.08	9.30
CHF	7.75	-

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:

	2012	2011
Cash on hand	16	1
Cash at banks	290,624	261,314
Cash and cash equivalents	290,640	261,315

As of December 31, 2012 and 2011, the average maturity of the time deposits are less than 3 months. The composition of bank deposit is as follows:

	2012			
	Amount		Effective interest rate	
	Turkish Lira	Foreign currency	Turkish Lira	Foreign Currency
Time deposit	149,147	140,956	3.61 - 9.15	0.21 - 3.65
Demand deposit	177	344	-	-
Total	149,324	141,300		

	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		

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

	2012	2011
Cash on hand	16	1
Cash at banks	290,624	261,314
Interest accrual on time deposits	(1,181)	(956)
Cash and cash equivalents as stated in the cash flow statement	289,459	260,359

7. Finance lease receivables

As of December 31, 2012 and 2011 details of gross investments in finance lease receivables, is as follows:

	2012	2011
Minimum lease payments receivable, gross	1,057,455	1,032,621
Finance lease receivables outstanding	23,421	28,036
Others (*)	5,187	5,019
Less: Unearned interest income	(134,135)	(106,659)
	951,928	959,017
Equipments to be leased (**)	24,956	8,338
Advances given related with finance leases	3,232	2,351
	980,116	969,706
Impaired finance lease receivables	90,895	100,757
Reserve for impairment	(58,242)	(62,290)
Reserve for individual impairment	(53,877)	(57,502)
Reserve for collective impairment	(4,365)	(4,788)
Finance lease receivables	1,012,769	1,008,173

(*) 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, 2012 and 2011, 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;

	2012	2011
2013	-	261,466
2014	269,191	155,571
2015	167,459	79,734
2016	75,402	28,527
2017	22,374	9,883
2018	4,198	2,166
2019	2,427	-
2020	197	-
Total	541,248	537,347

As of December 31, 2012 effective interest rates for USD, Euro and TRY lease receivables are 7.02%, 6.43% and 16.41%; respectively (2011 - 6.68% for USD, 5.72% for Euro and 15.92% for TRY).

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The guarantees received for finance lease receivables are provided in note 25, Financial Risk Management, Credit Risk.

Movements in the reserve for individual impairment, for the year ending December 31, 2012 and 2011 are as follows:

	2012	2011
Reserve at the beginning of the year	57,502	56,065
Provision	11,155	15,446
Recoveries	(2,330)	(2,171)
Receivables written-off (*)	(12,450)	(11,838)
Reserve at the end of year	53,877	57,502

(*)At November 30, 2012 the Company disposed non performing finance lease receivables amounting to 17,630 for TRY 550 in cash as of disposal date. TRY 4,678 portion of disposed receivables were composed of previously written off receivables and the remaining non performing lease receivables amounting to TRY 12,952 and their respective impairment reserve of TRY 12,576 were written off with disposal.

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, 2012 and 2011 are as follows:

	2012	2011
Reserve for collective impairment at the beginning of the year	4,788	5,621
Provision/(recovery) for collective impairment	(423)	(833)
Reserve for collective impairment at the end of year	4,365	4,788
Provision/(recovery) of the reserve for individual impairment	8,825	13,275
Provision/(recovery) of the reserve for collective impairment	(423)	(833)
Provision for the year	8,402	12,442

8. Available-for-sale financial assets

	2012	2011
Equity instruments - unlisted	140	140
	140	140

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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:

	2012		2011	
	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	

9. Property, plant and equipment

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Total
January 1, 2012, net of accumulated depreciation	169	-	75	244
Additions	214	-	26	240
Disposals	(89)	-	-	(89)
Depreciation charge for the year	(103)	-	(33)	(136)
Accumulated depreciation for disposals	89	-	-	89
At December 31, 2012, net of accumulated depreciation	280	-	68	348
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
At December 31, 2012				
Cost	6,454	41	373	6,868
Accumulated depreciation	(6,174)	(41)	(305)	(6,520)
Net carrying amount, at December 31, 2012	280	-	68	348

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10. Intangible assets

	Software	Total
At January 1, 2012, net of accumulated amortization	388	388
Additions	59	59
Amortization charge for the year	(171)	(171)
At December 31, 2012, net of accumulated amortization	276	276
At December 31, 2011		
Cost	1,407	1,407
Accumulated amortization	(1,019)	(1,019)
Net carrying amount, at December 31, 2011	388	388
At December 31, 2012		
Cost	1,466	1,466
Accumulated amortization	(1,190)	(1,190)
Net carrying amount, at December 31, 2012	276	276

11. Other assets

	2012	2011
Prepaid expenses	10,106	6,584
Advances and deposits given	42	50
Value Added Tax receivables	-	11,597
Other prepaid taxes	-	506
Others	217	607
	10,365	19,344

12. Assets held for sale

Assets held for sale are those with highly saleable condition requiring a plan by the management regarding the sale of the asset to be disposed, together with an active program for determination of buyers as well as for the completion of the plan. Also, the asset shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be accounted as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

The Company classifies its assets, obtained in exchange for receivables as assets held for sale within the scope of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Company measures its asset held for sale at the lower of carrying amount and fair value less cost to sell.

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13. Funds borrowed

		2012		
		Original Amount ('000)	TRY Equivalent	Interest rate (%)
Short term			132	
Fixed interest				
	TRY	132	132	-
Medium/Long-term			791,914	
Fixed interest				
	EUR	43,488	102,270	4.20 - 4.63
	USD	20,064	35,767	1.25 - 4.20
Floating interest				
	EUR	198,405	466,590	1.15 - 4.64
	USD	105,064	187,287	1.25 - 4.74
Total			792,046	

		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	

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

	2012		2011	
	Fixed rate	Floating rate	Fixed rate	Floating rate
2012	-	-	12,598	195,041
2013	23,106	380,949	22,865	397,092
2014	76,476	109,253	24,318	102,384
2015	24,745	163,675	25,771	53,406
2016	2,742	-	2,906	-
2017	2,742	-	2,906	-
2018	2,742	-	2,906	-
2019	2,742	-	2,906	-
2020	2,742	-	2,906	-
Total	138,037	653,877	100,082	747,923

The Company has obtained letters of guarantee amounting to TRY 1,073 and USD 14 Thousand (2011 - TRY 895 and USD 14 Thousand) and submitted to various legal authorities.

Additionally, the shareholder bank has given letters of guarantee amounting to TRY 59 (2011 - TRY 40) to customs authorities and courts. The shareholder bank has given letter of comfort for the funds borrowed amounting to EUR 3,307 Thousand and USD 905 as of December 31, 2011.

14. 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, 2012 and 2011 is as follows:

2012	Fair value assets	Fair value liabilities	Notional amount in TRY equivalent
Derivatives held for trading			
Interest rate swap purchase contracts	-	(343)	63,496
Total	-	(343)	63,496

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

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15. Other liabilities and provisions

	2012	2011
Bonus accrual	1,750	1,500
Deferred income on commissions	879	918
Unused vacation pay accrual	1,077	860
Taxes and social security premiums payable	3,473	545
Others	533	544
Total	7,712	4,367

Movement for bonus accrual	2012	2011
Balance at the beginning of the year	1,500	2,000
Paid during the year	(1,480)	(1,614)
Charge for the year	1,730	1,114
Balance at the end of the year	1,750	1,500

Movement for unused vacation pay accrual	2012	2011
Balance at the beginning of the year	860	955
Paid during the year	(63)	(296)
Charge for the year	280	201
Balance at the end of the year	1.077	860

16. 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 3,129.25 in full currency at January 1, 2013 (January 1, 2012 - TRY 2,805.04 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.

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

As of December 31, 2012 and 2011 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:

	2012	2011
Inflation rate	5.00%	5.00%
Discount rate	7.64%	9.48%
Average future working life	13.64	14.32
Rate of compensation increase	6.50%	6.50%

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

	2012	2011
Balance at the beginning of the year	510	618
Service cost	95	112
Interest cost	72	82
Payments during the year	(40)	(609)
Actuarial loss	17	307
Balance at the end of the year	654	510

17. 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 2012 is 20% (2011 - 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2012 is 20% (2011 - 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, 2012 is 20% (2011 - 20%).

	2012	2011
Tax Provision		
Withholding tax on investment incentive	(10,839)	-
Current corporate tax provision	-	(7,881)
Less: advance taxes and surcharges	81	8,387
	(10,758)	506
Tax income comprises:		
Withholding tax on investment incentive	(10,839)	-
Current tax charge	-	(7,881)
Deferred tax charge	(7,110)	(13,393)
Corporate tax refunded	7,735	13,337
Other	-	(9)
	(10,214)	(7,946)

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.

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.

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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.

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.

The decision of the Constitutional Court was taken into consideration by the Revenue Administration during the preparation of corporate tax declarations for year 2011, after the publication of financial statements as of December 31, 2011 and it is permitted to benefit from the exemption of investment allowance at the rate of 100%.

Within the scope of this application, the Company, booked the tax effect of the exemption of investment allowance that the Company A.Ş. had benefited from at the rate of 100%, accrued investment allowance withholding tax amounting to TRY 10,839 and made subject to allowance during the preparation of corporate tax declaration for year 2011, however; could not reflect in the financial statements as of December 31, 2011 due to the uncertainty at the publication date of the financial statements, amounting to TRY 7,735 as income under "current tax provision" in the financial statements as of December 31, 2012. The Company decreased unused investment allowance amounting to the benefited exemption of investment allowance during the preparation of corporate tax declaration and booked deferred tax expense at the same amount, due to the fact that the Company accounted for the deferred tax asset related to the unused investment allowance, thus, the application did not have any effect on the net profit for the year.

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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.

	2012	2011
Deductible temporary differences		
Tax credits of unused investment incentive allowances	2,968	38,670
Reserve for possible lease receivable losses	32,562	30,145
Bonus accrual	1,750	1,500
Unused vacation pay liability	1,077	860
Expense accruals on derivative transactions	343	489
Employee termination benefit	654	510
	39,354	72,174
Taxable temporary differences		
Leasing income accruals	(7,145)	(7,270)
Restatement effect on property, plant and equipment and intangible assets	(217)	(270)
Expense accruals on funds borrowed	(71)	(60)
Income accruals on derivative transactions	-	(40)
	(7,433)	(7,640)
Net deferred tax assets	31,921	64,534

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The breakdown of deductible and taxable temporary differences as of December 31, 2012 and 2011 is as follows

	2012	2011
Deductible temporary differences		
Tax credits of unused investment incentive allowances	6	7,734
Reserve for possible lease receivable losses	6,512	6,029
Bonus accrual	350	300
Unused vacation pay liability	215	172
Expense accruals on derivative transactions	69	98
Employee termination benefit	131	102
	7,283	14,435
Taxable temporary differences		
Leasing income accruals	(1,429)	(1,454)
Restatement effect on property, plant and equipment and intangible assets	(43)	(54)
Expense accruals on funds borrowed	(14)	(12)
Income accruals on derivative transactions	-	(8)
	(1,486)	(1,528)
Net deferred tax assets	5,797	12,907

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, 2012 and 2011 is as follows:

	2012	2011
Profit from operations before tax	55,757	46,998
Tax at the income tax rate of 20%	(11,151)	(9,400)
Tax effects of:		
- Deferred tax on unused investment incentive	(7,728)	(14,753)
- Revenue that is exempt from taxation	6,062	6,611
- Expenses that are not deductible in determining taxable profit	(5,709)	(8,335)
- Investment incentives used	10,949	2,627
- Corporate tax refunded	7,735	13,337
- Effect of corporate tax base increase	-	(9)
- Withholding tax on investment incentive	(10,839)	-
- Other	467	1,976
Income tax	(10,214)	(7,946)

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18. Share capital

	2012	2011
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 2012 and 2011 is as follows:

	2012		2011	
	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, 2012 and 2011, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	2012		2011	
	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.	20,685	17.99	15,317	13.32
Other	1,254	1.08	6,622	5.75
Total in historical TRY	115,000	100.00	115,000	100.00
Inflation adjustment to share capital	44,353		44,353	
Total	159,353		159,353	

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19. 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 May 31, 2012, the Company has resolved to retain the profit of 2011 as retained earnings after appropriating legal reserve.

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.

20. 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, 2012.

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

	2012	2011
Net profit attributable to ordinary equity holders of the parent for basic earnings per share	45,543	39,052
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	0.396	0.340

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21. 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% (2011 - 51.06%) of ordinary shares. The ultimate owner of the Company is NBG, which also owns 29.87% (2011 - 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.

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

	2012	2011
Balances outstanding		
Cash and cash equivalents	198,977	242,861
Finance lease receivables	2,564	7,970
Advances from customers	-	41
Transactions		
Interest income on bank deposits	20,811	26,756
Interest expense	27	59
Other administrative expenses	116	155
Income from finance leases	656	732
Rent expense	63	84
Other operating income	4	7

Additionally, the shareholder bank has given letters of guarantee amounting to TRY 59 (2011 - TRY 40) to customs authorities and courts. The shareholder bank has given letter of comfort for the funds borrowed amounting to EUR 3,307 Thousand and USD 905 as of December 31, 2011.

(b) Balances outstanding and other transactions with NBG:

	2012	2011
Balances outstanding		
Prepaid commission expenses	505	804
Funds borrowed	596,593	675,469

	2012	2011
Transactions		
Interest expense	16,009	20,938

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

	2012	2011
Balances Outstanding		
Fair value loss on derivative transactions	343	489
Fair value gain on derivative transactions	-	40
Advances from customers	-	2
Transactions		
Interest income on bank deposits	-	577
Loss on derivative transactions	552	504
Rent expense	605	826
Staff costs	23	27
Other operating income/(expenses)	(16)	(24)
Income from finance leases	2	6

(d) In 2012, compensation of the key management personnel of the Company amounted to TRY 2,633 (2011 - TRY 2,409).

22. Finance income/(expenses)

The breakdown of finance income and expense is as follows:

	2012	2011
Finance income		
Foreign exchange gains	175,812	335,310
Interest income on bank deposits	23,860	29,967
Income on derivative transactions	-	25
	199,672	365,302
Finance expenses		
Foreign exchange losses	(177,569)	(332,281)
Interest expenses on funds borrowed	(22,274)	(27,882)
Expenses on derivative transactions	(552)	(529)
	(200,395)	(360,692)
Net finance income/(expenses)	(723)	4,610

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

23. General & administrative expenses and salaries & employee benefits

	2012	2011
Expenses originating from leasing transactions	5,366	3,316
Rent expenses	1,894	1,173
Consultancy, audit and legal fees	1,047	1,246
Travel and transportation expenses	505	503
Taxes and duties other than on income	328	339
Communication expenses	204	221
Other administrative expenses	1,286	2,851
Total general and administrative expenses	10,630	9,649

	2012	2011
Staff costs		
Wages and salaries	8,707	9,472
Provision for bonuses	1,750	1,500
Provision for unused vacation pay liability	280	201
Provision for employee termination benefits	184	501
Other fringe benefits	1,059	1,239
	11,980	12,913
Defined contribution share		
Social security premiums - employer share	952	1,041
	952	1,041
Total salaries and employee benefits	12,932	13,954

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

24. Other operating income/(expenses)

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

	2012	2011
Income from sale of tangible assets and assets acquired through foreclosure proceedings	1,981	2,122 (*)
Insurance commission income	2,195	1,633
Provision reversal	20	386
Gain on sale of disposal of assets	53	181
Income from associates	1	1
Miscellaneous income	2,396	1,987
Total other operating income	6,646	6,310
Miscellaneous expenses	(170)	(1,359) (*)
Total other operating expenses	(170)	(1,359)
Total other operating income (net)	6,476	4,951

(*) Gross income and expense balances related with sale of leased assets, have been classified under "Income from sale of tangible assets and assets acquired through foreclosure proceedings" and "Miscellaneous expenses" respectively for prior periods. For the year ending December 31, 2012 these balances are netted off under "Income from sale of tangible assets and assets acquired through foreclosure proceedings" and prior year balances have been reclassed accordingly.

25. 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, 2012 and 2011, the leverage ratios are as follows:

	2012	2011
Total borrowings	827,757	868,952
Less: Cash and cash equivalents	(290,640)	(261,315)
Net liabilities	537,117	607,637
Total shareholders' equity	473,776	428,233
Shareholders' equity/liabilities	88.21%	70.48%

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

According to the credit rating of the Company announced by Moody's Investors Service, as of November 14, 2012, the foreign currency issuer rating of the Company is Ba3 and the outlook is negative.

Financial instruments:

	2012	2011
Financial assets		
- Cash equivalents	290,640	261,315
- Finance lease receivables	1,012,769	1,008,173
- Available for sale investments	140	140
- Derivatives	-	40
- Assets held for sale	665	-
Financial liabilities		
- Funds borrowed	792,046	848,005
- Trade payables	28,213	15,019
- Advances from customers	7,498	5,928
- Derivatives	343	489

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.

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

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

	2012	2011
Building and Construction	23.8%	16.3%
Textile	17.0%	19.4%
Metal	13.5%	8.7%
Printing	9.3%	7.4%
Health and Social Activities	9.2%	10.2%
Mining and Quarrying	5.1%	5.6%
Chemical	5.4%	1.9%
Services	4.1%	3.8%
Agriculture, Hunting and Forestry	3.7%	4.0%
Manufacturing	3.0%	12.8%
Transportation, Storage and Comm.	3.0%	3.8%
Food	2.7%	3.5%
Financial Institutions	0.2%	0.9%
Wood and Wood product	-	1.2%
Other	-	0.5%
Total	100.0%	100.0%

The breakdown of finance lease receivables is as follows:

	2012	2011
Neither past due nor impaired	892,506	884,957
Past due but not impaired	87,610	84,749
Individually impaired	90,895	100,757
Reserve for impairment	(58,242)	(62,290)
Total	1,012,769	1,008,173

As of December 31, 2012 and 2011 internal rating results for the neither past due nor impaired finance lease receivables are as follows:

	2012	2011
Debtor has a strong financial structure	3.5%	3.9%
Debtor has a good financial structure	34.4%	35.2%
Debtor has a medium financial structure	54.9%	53.5%
Debtor has a financial structure which needs attention in medium term	7.2%	7.4%
Total	100.0%	100.0%

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

As of December 31, 2012 and 2011 aging of past due but not impaired finance lease receivables is as follows:

2012	Invoiced and Accrued Amounts	Outstanding Principal
Between 1-30 days	3,417	33,472
Between 1-3 months	4,044	19,184
Between 3-12 months	4,450	8,181
Between 1-5 years	14,555	307
Total	26,466	61,144

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

As of December 31, 2012 and 2011 the guarantees received for the finance lease receivables are as follows:

	2012		2011	
	Nominal Value (*)	Fair Value (*)	Nominal Value (*)	Fair Value (*)
Mortgages	713,191	265,655	646,610	257,992
Assignment of receivables	45,371	45,371	47,318	47,318
Pledges	28,752	23,712	16,685	10,045
Cash blockages	2,017	2,017	1,405	1,405
Transferral of cheques received	80	80	180	180
Letters of guarantee	431	431	5,162	5,162
	789,842	337,266	717,360	322,102

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

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Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

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.

2012

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	792,046	1,388	40,454	32,198	346,495	408,681	-	829,216
Trade payables (*)	28,213	9,018	-	-	-	-	19,195	28,213
Advances from customers	7,498	7,498	-	-	-	-	-	7,498
Total liabilities	827,757	17,904	40,454	32,198	346,495	408,681	19,195	864,927

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

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

2012

DERIVATIVES	Carrying Amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated	Total
Cash inflows	83	3	6	14	60	-	-	83
Cash outflows	426	51	81	98	196	-	-	426

2011

DERIVATIVES	Carrying Amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year	Unallocated	Total
Cash inflows	923	105	75	153	398	192	-	923
Cash outflows	1,378	262	102	158	413	443	-	1,378

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

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:

	2012						
ASSETS	TRY	USD	Euro	CHF	Japanese Yen	Others	Total
Cash and cash equivalents	149,324	49,185	92,130	-	1	-	290,640
Finance lease receivables	314,182	193,395	504,745	447	-	-	1,012,769
Available for sale investments	140	-	-	-	-	-	140
Derivative financial instruments	-	-	-	-	-	-	-
Property, plant and equipment	348	-	-	-	-	-	348
Intangible assets	276	-	-	-	-	-	276
Other assets	10,335	4	26	-	-	-	10,365
Deferred tax assets	5,797	-	-	-	-	-	5,797
Assets held for sale	665	-	-	-	-	-	665
Total assets	481,067	242,584	596,901	447	1	-	1,321,000
LIABILITIES							
Funds borrowed	132	223,054	568,860	-	-	-	792,046
Trade payables	3,351	5,253	19,609	-	-	-	28,213
Advances from customers	3,432	1,140	2,925	-	1	-	7,498
Current income tax	10,758	-	-	-	-	-	10,758
Derivative financial instruments	-	-	343	-	-	-	343
Other liabilities and provisions	7,712	-	-	-	-	-	7,712
Reserve for employee termination benefits	654	-	-	-	-	-	654
Equity	473,776	-	-	-	-	-	473,776
Total liabilities	499,815	229,447	591,737	-	1	-	1,321,000
Net balance sheet position	(18,748)	13,137	5,164	447	-	-	-
Net off balance sheet position	-	-	-	-	-	-	-
Net position	(18,748)	13,137	5,164	447	-	-	-

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

	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	-

Finans Finansal Kiralama Anonim Şirketi

Notes to the Financial Statements as of and for the Year Ended December 31, 2012

(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.

				2012			
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	198,862	91,241	-	-	-	537	290,640
Finance lease receivables	121,613	66,451	98,718	173,418	524,381	28,188	1,012,769
Available for sale investments	-	-	-	-	-	140	140
Derivative financial instruments	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	348	348
Intangible assets	-	-	-	-	-	276	276
Other assets	-	-	-	-	-	10,365	10,365
Deferred tax assets	-	-	-	-	-	5,797	5,797
Assets held for sale	-	-	-	-	-	665	665
Total assets	320,475	157,692	98,718	173,418	524,381	46,316	1,321,000
LIABILITIES							
Funds borrowed	596,727	11,953	57,283	11,001	115,082	-	792,046
Trade payables	-	-	-	-	-	28,213	28,213
Advances from customers	-	-	-	-	-	7,498	7,498
Current income tax	-	-	-	-	-	10,758	10,758
Derivative financial instruments	343	-	-	-	-	-	343
Other liabilities and provisions	-	-	-	-	-	7,712	7,712
Reserve for employee termination benefits	-	-	-	-	-	654	654
Equity	-	-	-	-	-	473,776	473,776
Total liabilities	597,070	11,953	57,283	11,001	115,082	528,611	1,321,000
Interest sensitivity gap	(276,595)	145,739	41,435	162,417	409,299	(482,295)	-
Off balance sheet gap	(343)	-	-	-	-	-	(343)
Total interest sensitivity gap	(276,938)	145,739	41,435	162,417	409,299	(482,295)	(343)

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Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

	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)

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Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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Interest Rate Sensitivity

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

	2012	2011
Financial instruments with fixed interest rate		
Financial assets		
- Banks (Note 6)	290,624	261,314
- Finance lease receivables (*)	963,167	960,405
Financial liabilities		
- Funds borrowed	138,037	100,082
Financial instruments with floating interest rate		
Financial assets		
- Finance lease receivables (*)	25,779	41,867
Financial liabilities		
- Funds borrowed	653,877	747,923

(*) 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 257 (2011 - TRY 415).
- Interest expense from floating interest rate borrowings would increase by TRY 6,535 (2011 - TRY 7,472).

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	
	2012	2011	2012	2011
Profit/(Loss)	1,314	1,961	516	(851)

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Notes to the Financial Statements as of and for the Year Ended December 31, 2012

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

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:

2012	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments	-	-	-	-
	-	-	-	-
Financial liabilities at FVTPL				
Derivative financial instruments	-	343	-	343
	-	343	-	343

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

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.

26. Subsequent Events

At January 22, 2013 the Company disposed non performing finance lease receivables amounting to TRY 538 as of disposal date by method of sharing of future collections. The whole amount is composed of previously written off receivables.

The Company decided to issue bonds with TL 150,000,000 nominal value and with maturity up to 3 years, and to make necessary applications to Banking Regulation and Supervision Agency, Capital Markets Board of Turkey and Istanbul Stock Exchange, at the Board of Directors Meeting dated March 14, 2013.

Shareholders’ Information

Finans Leasing shares are listed on the Borsa Istanbul (“BIST”) under the “FFKRL” ticker and in the newspapers as “Finans Finansal K.”

Market Share Prices by Quarter

2011	Q1	Q2	Q3	Q4
Highest	TRY 3.64	TRY 3.96	TRY 3.85	TRY 4.06
Lowest	TRY 3.12	TRY 3.20	TRY 3.53	TRY 3.51

2012	Q1	Q2	Q3	Q4
Highest	TRY 4.15	TRY 4.39	TRY 4.45	TRY 7.16
Lowest	TRY 3.63	TRY 3.88	TRY 3.86	TRY 3.91

Investor Relations

Our annual report and interim reports are available, free of charge, on request in writing to our following address:

Finans Leasing

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

Annual General Meeting

The Annual General Meeting of Finans Leasing will be held on 29 March, 2013.

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 Cad. Akmerkez B Kulesi Kat: 10 Etiler 34620 İstanbul	(90 212) 349 11 11	(90 212) 350 60 00
Branches		
Adana		
Atatürk Cad. Kemal Özülkü İşhanı No: 7 Kat: 15 Seyhan Adana	(90 322) 457 32 54	(90 322) 457 79 58
Ankara		
Atatürk Bulv. No: 140 Kavaklıdere Ankara	(90 312) 457 12 21	(90 312) 457 12 91
Antalya		
Tahılpazarı Mah. Adnan Menderes Bulv. No: 9 Kat: 1 Muratpaşa Antalya	(90 242) 311 18 41	(90 242) 311 18 40
Atatürk Airport		
Atatürk Havalimanı Serbest Bölgesi 2. Kısım A Blok No: 443 Yeşilköy İstanbul	(90 212) 349 11 11	(90 212) 350 60 00
Bursa		
Davutdede Mah. Ankara Cad. No: 102 Kat: 1 Bursa	(90 224) 362 84 70	(90 224) 363 01 23
Dudullu		
Esenşehir Mah. DES Sanayi Sitesi A Blok No: 2 Dudullu İstanbul	(90 216) 526 14 10	(90 212) 527 20 06
Gaziantep		
3 Nolu Cad. Akınalan İş Merkezi No 36-37 Kat: 3 Şehitkamil Gaziantep	(90 342) 232 11 51	(90 342) 230 46 35
İkitelli		
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		
Şehit Nevres Bulv. No: 8/1 Montrö İzmir	(90 232) 488 11 78	(90 232) 488 11 84
İzmit		
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		
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