Vakıf Leasing

Future Towards You

2011 ANNUAL REPORT

Vakıf Financial Leasing Inc.

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VAKIF LEASING is an establishment of VakıfBank

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Partner For Financial Solutions

Success oriented, friendly and expert staff with team spirit

www.vakifleasing.com.tr

Message from the Chairman

Our Distinguished Shareholders,

While the world economy at the end of 2010 was expected to enter 2011 with a moderate global growth, the concerns about the sustainability of financial liability burden caused by high public debt especially from Euro-zone countries have resulted an increase in borrowing costs, and concerns regarding the transfer of aforementioned risks from troubled countries to the central countries have intensified the crisis by affecting banking and financial sectors.

In 2011 when severe shocks were affecting international economy along with this unresolvable structural fragility, the demand from the public sector to the private sector was hardly realized in the U.S. economy and, as a result credit rating agencies downgraded the credit rating notes of some Euro Zone countries as well as USA which came up against a huge financial chaos.

Despite all these problems experienced in the world economy that is expected to continue for a while, Turkey sustained its strong growth performance in 2011 as in previous year thanks to the political and economic stability and the resulting confidence environment. Turkey became world's second fastest growing economy with a growth rate of 8.5% and the least influenced economy from the negative effects of the global crisis thanks to the economic and political measures implemented in a timely and decisive manner.

We expect leasing to be an important tool in financing investments in the coming period thanks to the opportunities derived from the reduced VAT percentage to 1% for the certain machinery/equipment groups subject to leasing operations and transactions connected to investment incentive certificate at the end of 2011. Certainly one of the most important agenda items of the industry is the Draft Law of Financial Leasing, Factoring and Financing Companies which will bring new innovations. This new law under ongoing preparation process in the Turkish Grand National Assembly, will bring the Financial Leasing Legislation in our country in line with the industry standards of US and EU, and especially the implementation of Sale and Lease Back, operational leasing, software leasing and integral parts subject to leasing will have great contributions for the development and growth of our industry with 25 years of history.

Our company, adopting the goals like the development of the country's economy, creating new employment opportunities, supporting SMEs which is especially locomotive of the industrial sector, will maintain its visionary, customer-oriented and open for development approach, aiming confidence, loyalty and success with its strong equity and shareholding structure without compromising from service quality in 2012 and continue to be one of the major financial actors that make contribution to the strengthening of Turkish economy.

On behalf of our company Vakıf Leasing, I would like to thank all of our customers, investors, shareholders, employees and the rest of all our social stakeholders for their continuous support and confidence. I also would like to congratulate everyone who contributed to our progress

Kind Regards,

Halil Aydoğan
Chairman Executive Board

General Manager's Message

Having celebrated its 23rd anniversary, Vakıf Leasing continued to contribute to the country's economy through its sustainable growth and development, trust oriented service approach, capability to create difference, dynamic human resources and group synergy created by its dominant shareholder Vakıfbank despite the ongoing global economic uncertainty.

As an important part of today's financial industry, financial leasing grew by 54% in 2011 with a transaction volume of 4.9 billion USD compare to the previous year, and the total number of contracts to 15,000 by an increase of 44%. In 2012 it is expected that our sector will take an active role in production and employment with the new regulations to be brought by the new financial leasing law in addition to the positive effects of the VAT regulation came into force at the end of 2011.

Thanks to this legal regulation our sector will contribute to the growth of small and medium-sized enterprises, especially those who have limited access to the resources in the coming years.

In 2011 our company has recorded a transaction volume of 67% over the sector growth, and reached to an amount of 101 million TL of shareholders' equity growth by 17% compare to 9% of the industry level.

While the sector reported 41% increase in financial lease receivables, our company managed to achieve 93% growth with an amount of 507 million TL total financial lease receivables and increased its active total to 601 million TL, which generated a net profit of 14.390 million TL during the same period.

The International Credit Rating Agency, JSR Eurasia Rating Company has assigned an investment grade credit rating of 'A (Trk)' on the Long Term National Scale along with a 'positive' outlook to "Vakıf Finansal Kiralama A.Ş." for its success generated in 2011. The prudent management approach emphasizing the quality of portfolio receivables, institutional relationships with the stakeholders, risk-sensitive selective customer perception, diversified funding structure, high profitability and growth of market share have great role in this assignment. As Vakıf Leasing, our goal is to maintain our success also in 2012 that we have achieved by increasing our target each year over the previous year and to create added value for our shareholders and our country's economy with customer-oriented, high quality, contemporary service approach without compromising on them since its foundation.

While presenting attached Vakıf Leasing's 2011 Activity Report and Financial Statements, I would like to thank all of our customers, shareholders, and express my gratitude to our executive board for their valuable contribution and all my colleagues for their great efforts to the company's achievement.

Kind Regards,

Osman Zeki ÖZGER
General Manager

OUR EXECUTIVES

From left to right (sitting);

Özgür SELÇUK, Osman Zeki ÖZGER, Mahmut GÜNGÖR

From left to right (standing);

E.Şebnem Üreyen, Selahattin AVŞAR, R. Sema SESİGÜR, Rabia Özaslan DOĞAN, Hasan B. BAHADIR, Yılmaz A. AYDIN, M. İlkay COŞKUN, Tolga AKOCAK, Aysun TANDOĞAN, Vedat YILMAZ, Gonca YADİGAR, Melda AKGÜN

MEMBERS OF THE BOARD

Halil AYDOĞAN	: Chairman Executive Board
Ramazan Gündüz	: Board Deputy Chairman
Osman DEMREN	: Board Member
Mehmet Sebahattin BULUT	: Board Member
Osman Zeki ÖZGER	: Board Member - General Manager

MEMBERS OF THE AUDIT

Mehmet KAYABAŞ

İbrahim ÖZEKİNCİ

Musa AKDENİZ

ADMINISTRATIVE STAFF

Osman Zeki ÖZGER	: General Manager
Özgür SELÇUK	: Deputy of General Manager
Mahmut GÜNGÖR	: Deputy of General Manager
Aysun TANDOĞAN	: Legal Advisor
Yılmaz Arslan AYDIN	: Coordinator
Mehmet İlkay COŞKUN	: Coordinator
Hasan Basri BAHADIR	: Coordinator
Tolga AKOCAK	: Marketing Director
Raziye Sema SESİGÜR	: Finance Director
Selahattin AVŞAR	: Audit Director
Vedat YILMAZ	: Director of Administrative Services
Ferruh ATALAY	: Çukurova Regional Representative
Ahmet Erdoğan NEHROZOĞLU	: Central Anatolia Regional Director
Gonca YADİGAR	: Marketing Director
Melda AKGÜN	: Operation Director

MEMBERS OF THE BOARD

Halil Aydoğan Chairman Executive Board
(15.02.12 - ...)

Halil Aydoğan started his career as an assistant inspector at T. Vakıflar Bankası T.A.O. in 1977 after having graduated from the Faculty of Economics at Istanbul University with a degree in Business Administration & Finance in 1976. He has served as an inspector between 1980 and 1983, as Deputy Director of Mecidiyeköy Branch between 1983-1985 and respectively as the Director of Kadıköy, Mecidiyeköy, Taksim, İstanbul and Şişli branches between 1985-1996. He has also served as the Deputy Director of T. Vakıflar Bankası T.A.O between 1996-1999 and as the General Director of Vakıf Financial Leasing Inc. between 1999-2000. He was also the member of parliament in the 22nd and 23th election period representing Afyonkarahisar. Along his position as the Board Chairman of T. Vakıflar Bankası T.A.O. since 05.01.2012, Halil Aydoğan also holds positions as the Board Chairman of Vakıf Financial Leasing Inc. as of 15.02.2012, and the Board Chairman of Taksim Hotel Management Inc.

Ramazan Gündüz Board Deputy Chairman
(01.01.11 – ...)

Having started his career as a probationary employee in T. Vakıflar Bankası T.A.O in 1977, Ramazan Gündüz thereafter held offices as an assistant inspector, inspector, director in several positions, deputy general director and board member. He has been holding office as a board member of Vakıf Financial Leasing Inc. since 01.01.2011. As of the report date, apart from Vakıf Financial Leasing Inc., he holds offices as the board member of T. Vakıflar Bankası T.A.O, Vakıf Financial Factoring Services Inc. and Vakıf Investment Trust.

Osman Demren Board Member
(31.03.11 - ...)

Having graduated from Business Department of Dokuz Eylül University Faculty of Economic and Administrative Sciences in 1990, Osman Demren started his career as an audit in T.R.of Ministry of Finance – General Directorate of Public Accounts in 1991. He joined to T. Vakıflar Bankası T.A.O in 1996 as an assistant inspector, and has served as an inspector, the deputy director and director in Çukurova Regional Office, the branch manager in Gaziantep and Valide Sultan branches and as the director of Istanbul 1st Regional Office, respectively. As of 31.03.2011 Osman Demren has been appointed as the board member of Vakıf Financial Leasing Inc., who is also serving as Assistant General Manager of T. Vakıflar Bankası T.A.O..

Mehmet Sebahattin Bulut Board Member
(22.06.11 - ...)

Having started to work for T. Vakıflar Bankası T.A.O. as an assistant financial analyst in 1994, M. Sebahattin Bulut has served as an inspector and director in various levels. M. Sebahattin Bulut who has been appointed to the Vakıf Financial Leasing Inc. board membership in 22.06.2011, graduated from the Econometrics Department of Faculty of Economics and Administrative Sciences at Uludağ University. As of the report date, apart from his board membership at Vakıf Financial Leasing Inc., he serves as the Director at the Monitoring Department for T. Vakıflar Bankası T.A.O.

Osman Zeki Özger Board Member – General Manager
(07.04.08 - ...)

After having served in various management positions for several banks, Osman Zeki Özger has been appointed as the Head of T. Anatolian Institutional Centre at Vakıflar Bankası T.A.O until the end of 2006. Since then, he has been serving as the Board Member and General Manager at Vakıf Financial Leasing Inc. As of the report date, Osman Zeki Özger who has been graduated from the Science Faculty of Erzurum Ataturk University also serves as Member of the Supervisory Board at Vakıf Marketing, Industry and Trade Inc.

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and turn your opportunities into earnings

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VAKIF LEASING IN ITS 23RD YEAR

Our Vision

To be a Leader Company preferred by the investors in the Leasing sector at the first place by providing the optimal financial opportunities for the investments of its customers along with the utmost customers satisfaction and service quality.

Our Mission

Is to create continous value creation; for our customers, employees and shareholders by developing a modern and customer oriented success approach.

Our Values

High-quality service mentality based on information and creativity. Rapid and effective decision-making.

A strong sense of responsibility based on a continuous development approach.

An open communication based on mutual trust. Employees devoted to success and team spirit. Commitment to ethical and Professional codes of conduct

Our Codes of Conduct

Full compliance with all relevant regulations and legislation

Honesty, transparency and reliability in relations with customers-sellers-creditors.Taking into consideration the requirements of economic development as well as profitability in all operations.

Discretion and respect for information and confidentiality

Avoid unfair competition by protecting the common interests

History

VAKIF LEASING was established on 15.09.1988 under the title of VAKIF FİNANSAL KİRALAMA A.Ş., as a subsidiary of Vakıfbank. It was quoted on Istanbul Stock Market in1991 and became the first publicly-traded leasing company.

Having successfully operated for 23 years, Vakıf Leasing continues to be one of the assets of Turkey by contributing to the country's development and employment. Vakıf Leasing takes sound steps towards the future in line with its deep-rooted principles, deterministic, assured and progressive approach by providing important leasing advantages for its investors thanks to its meticulous working approach and huge experience in making the right decisions at the right time.

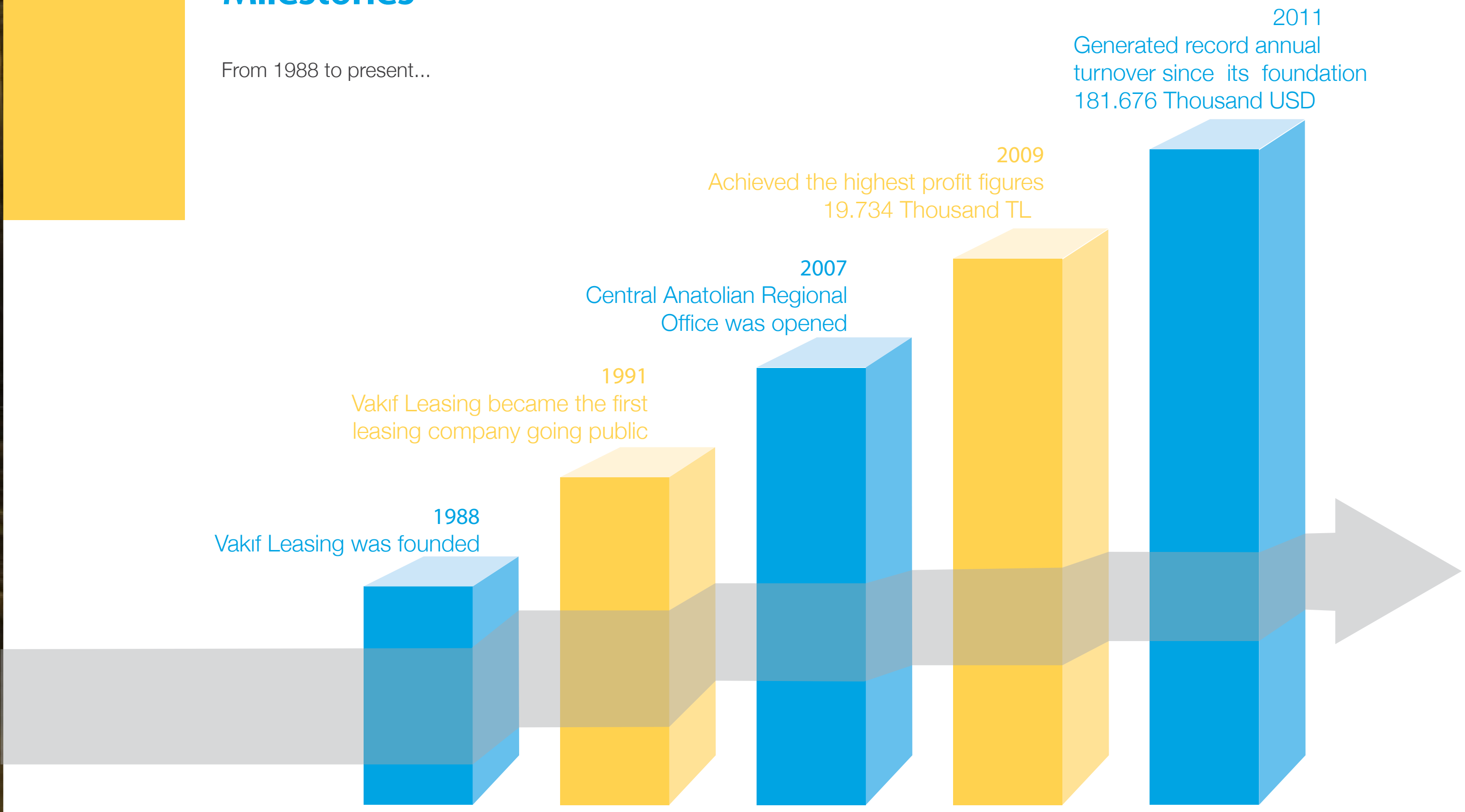
Vakıf Leasing particularly aimed at investments on real estate, energy, technology, transportation and tourism thanks to its wide field of expertise.

The most remarkable indicator of innovative approach of Vakıf Leasing is that it is the first company providing leasing services to the sectors like airplane, aviation, shipping and wind energy.

Vakıf Leasing has agencies in the Central Anatolia, Çukurova and Aegean Regions and gets support from corporate power of almost 700 Vakıfbank branches, and continues to its extensive operations all over the country with its broad customer portfolio and service network.

Milestones

From 1988 to present...



CORPORATE IDENTITY

Date of Establishment	: 15.09.1988
Are of Activity	: Financial Leasing
Company Headquarters	: İstanbul
Agencies	: **Central Anatolia Regional Agency** Atatürk Bulvarı Celal Bayar İş Merkezi No:211 Kat:3 Kat:13 Kavaklıdere ANKARA Tel: 90 (312) 427 56 16 Fax: 90 (312) 427 56 27 **Çukurova Regional Agency** Abidinpaşa Caddesi No:29 Kat:2 Seyhan ADANA Tel: 90 (322) 359 22 18-19 Fax: 90 (322) 359 22 17 **Aegean Regional Agency** Şehitfethi Bey Caddesi No:26/3 Konak İZMİR Tel: 90 (232) 488 04 42 Fax: 90 (232) 488 04 45
Registered Capital Upper Limit	: 100.000.000 TL
Paid in Capital	: 50.000.000 TL
Number of Employees	: 55
Board Chairman	: Halil AYDOĞAN
General Manager	: Osman Zeki ÖZGER
Independent Auditing Firm	: Akis Independent Audit and Public Accountancy Inc.
Address	: Büyükdere Caddesi Gazeteciler Sitesi Matbuat Sokak No:13 Esentepe Şişli İstanbul
Telephone	: 90 (212) 337 67 67
Fax	: 90 (212) 337 67 99
Web-site	: www.vakifleasing.com.tr
ISE Company Code	: TRVAKFN

VAKIF FINANCIAL LEASING INC. PARTNERSHIP STRUCTURE

Partner:	Share Rate (%)	Share Amount (Thousand TL)	No. of Shares
T. Vakıflar Bankası T.A.O.	% 58, 71	29.356	2.935.610.351
Portion open to public	% 22, 53	11.266	1.126.603.524
Güneş Insurance Inc.	% 15,65	7.825	782.449.339
T. Vakıflar Bankası T.A.O. Employees and Serv. Retirement Fund Provident Fund Foundation	% 2,06	1.030	103.088.522
VakifBank Staff Private Social Security Services Foundation	% 1,04	520	51.948.958
Other partners	%0,01	3	299.306
Total	% 100	50.000	5.000.000.000

VAKIF FINANCIAL LEASING INC. AVAILABLE FOR SALE FINANCIAL ASSETS

Our Associates:	Share Rate (%)
Vakıf Insurance Intermediary Services Ltd.	84,85%
Vakıf Energy and Mining Inc.	0,00000002%
Vakıf Financial Factoring Services Inc.	3,79%
Vakıf Marketing Ind. and Trade Inc.	3,27%
Word Vakıf UBB Ltd.	1%
Obaköy Nutrition Management Mar. Sec. Cle. Tra. Inc	0,001%
Doğu Investment Holding Inc.	1,429%
Vakıf Investment Securities Inc.	0,25%

CORPORATE MANAGEMENT APPLICATIONS

Customer and Supplier Relations

In line with "Unconditional Customer Satisfaction" motto of Vakıf Leasing since its foundation, no written or oral dissatisfaction has been reported in 2011; our Marketing Department has met the demands and the expectations of our new customers, existing customers with new contracts within the period and suppliers in a best possible way.

Marketing Activities

Pursuing an honest and ethical marketing policy, Vakıf Leasing's marketing staff has perfectly reached the turnover goal determined by the company's management in 2011 and realized a growth rate above the sector. As per profitability, our staff has reached beyond the objectives and realized a performance above expectations. In particular, our active marketing staff carried-out visits to thousands of companies in Istanbul and Anatolia, and incorporated the investors into our company structure. Our marketing-operations staff has provided required support to those new companys which were brought to our company, and acted in line with with our corporate identity by maintaining the optimum customer satisfaction. With its experience, solemnity and diligence, Vakıf Leasing's marketing staff embodies the capability to achieve the same success also in the new period.

Leasing Portfolio

Within 2011, Vakıf Leasing has provided support to investors from almost every sector and subsidized both the SMEs and corporates in their investments. Our customers have spreaded on a broad sectoral ground, which have been supported by us along in years. By this way our company created a well-diversified portfolio with a widely distributed structure.
In addition, the risk distribution of the company is managed by applying risk limits in order to prevent concentration of portfolio risk within a few main sectors. Within the year 2011, financial support provided by our company to the manufacturing sector has reached to 67% of our total turnover; this is an indicator that underlines our companies role in the country's production and employment

Loan Policy

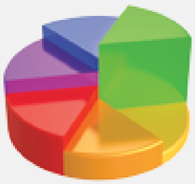
Loan granting process at Vakıf Leasing, targeting efficient resource management policy, is a meticulously structured process based on the most rapid and accurate evaluation system. The Credits Department of Vakıf Leasing operates according to the loan provision principles of the main partner, T. Vakıf Bank T.A.O..
Credits Department aims to expedite the loan provision process by using the most appropriate evaluation system, therefore on the one hand they combat to respond to the customer demands in a rapid way, on the other hand they preserve the quality of the company's loan

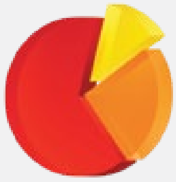
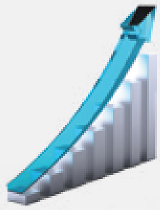
Operational Transactions

Business processes developed according to Vakıf Leasing's principle of unconditional customer satisfaction increased the speed of the operational transactions. To improve the operational service quality, the procedures have been simplified and the targets for quality have been defined in line with customer demands. As a result the demands are being met within the planned deadlines and the transactions are being performed according to the committed leasing procedures. The company's internal control system guarantees serving the same quality of service and product to each customer.

Fund Management Policy

The Finance Department undertakes fund management by closely monitoring domestic and international money markets and currency markets in order to meet funding needs, utilize idle funds and hedge market risks (interest rate, liquidity and currency risk, etc). In this scope, Vakıf Leasing finances its transactions through many international banks as well as Vakıf Bank and local banks. Through continuous monitoring of the domestic and international borrowing conditions, Vakıf Leasing makes great efforts to ensure fund provision under the most appropriate sectoral conditions and the most effective liquidity management. Vakıf Leasing has succeeded in maintaining its strong financial structure and position as a company with a strong reputation and high credibility within the domestic and international finance circles, and experienced no difficulties in providing finance even during the recent global financial crises.



Financial Affairs and Human Resources

Financial affairs department provides control and book-keeping of all transactions, prepares and submits legal notices and financial reports to the regulatory authority BRSA (Banking Regulation and Supervision Agency), and CMB (Capital Markets Board) because Vakıf Leasing is open to public. It fulfills the tax obligations. It enables the independent external auditing and tax auditing processes. Due to being subject to the consolidation of Vakıfbank, it also prepares and submits the necessary financial reports.The Human Resources policy of the company follows the Personnel Legislation, enacted in 2005. In addition, Vakıf Leasing continues to support studies on career planning and professional development. Our company plays a significant role in the sectoral success and development. Vakıf Leasing pays special attention both to provide its employees with, primarily, training and other support required to work efficiently, and to improve and diversify such opportunities. The company regards its employees as the most important company capital. Vakıf Leasing employs creative young people who have vision and search and problem-solving skills. All Vakıf Leasing employees believe in team spirit and have strong innovative skills. Human Resources Department is responsible for wage payment, fulfilment of the legal requirements related to Social Security Institution and tax offices, orientation and performance evaluation. Employment and promotion within Vakıf Leasing is based on decisions taken by the Executive Board and regulated according to Personnel Legislation. Employees are treated equally in every respect and no form of discrimination is tolerated within the company.

Risk Management Policy

In addition to the management of overdue financial leasing receivables, the Risk Monitoring Services assists in improvement of the existing loan portfolio with the help of an early warning system. Daily collection report, and classification of overdue receivables are also being prepared by Risk Monitoring Services. Risk Monitoring Services also prepares periodical reports required by the management before starting legal follow-up process in order to make appropriate decisions in relation to customers with overdue payments.

Risk Monitoring Service

In addition to the management of overdue leasing receivables, the Risk Monitoring Service assists in improvement of the existing loan portfolio with the help of an early warning system. Overdue receivables are classified by the Risk Monitoring Services, which also prepares reports required by management in order to make appropriate decisions in relation to customers with delayed payment

Technological Infrastructure

Automation of business processes, information security and the continuity has been ensured via information systems adopted by the company. Within the scope of the Master Action Plan, which is prepared and updated annually, hardware, software and infrastructure investments are maintained via regular updating of the technology used. Information security and maintenance, including contingency planning, is conducted in accordance with the related regulations. Information is sent -on an automatic, real time basis- to the emergency centre located outside the company headquarters and backed up by the centre in ready-to-use format. A Blackberry service has been introduced to enable authorized staff to monitor email flow when away from the office. Factors such as ambient temperature, line status, and power cuts to the system control room and the emergency centre are monitored on a 24/7 basis, abnormalities and failures are automatically notified via e-mail and necessary measures are taken immediately. The leasing application software is used as an integrated software, based on the company's own knowledge and updates to this software are made by the relevant company staff. Together with the revised company logo, the official website has been redesigned using a new layout and construction technology. The site offers online application, online price offer and various information services.

Studies have been started to establish a second disaster center in Ankara. Required facility operations are being continued to supply hardware, software, communications and infrastructure. Preparations for installing wide area network through VPN technology in order to connect the regional offices 100% to the automation of the current business processes are planning to be completed soon.

Social Responsibility

Vakıf Leasing is aware of the social responsibilities it undertakes towards its customers, employees and the society and strives for fulfilling these responsibilities in the best possible way. It obeys all the regulations regarding the business life, stands behind the commitments it announces to the public, gives confidence, encourages its employees towards honest and ethical conduct, takes all the precautions necessary for the security of its premises, does not conduct deceptive promotional or marketing activities and obeys and encourages regulations prohibiting discrimination. Strives for solving the customer problems quickly, covers the significant part of its employees' health expenses and continuously aims for increasing its service quality.

VAKIF LEASING is an establishment of VakıfBank

Vakıf Leasing
Future Towards You

Team Spirit Is Our Work

Success-oriented experts with team spirit

www.vakifleasing.com.tr

VAKIF FINANCIAL LEASING INC. CORPORATE GOVERNANCE COMPLIANCE REPORT

1. Corporate Governance Compliance Statement

Our company shows ultimate attention for avoiding applications that violate the principles of the Corporate Governance Guidelines published by the Capital Markets Board.

Investor Relations Department has been established, for our shareholders and stakeholders in order to access most recent information about our company in an easiest and reliable way and to build up bridge to provide confidence and regular information between our company and potential investors.

CHAPTER I - SHAREHOLDERS

2. Shareholders Relations Unit

Under our Deputy of General Manager Özgür SELÇUK's responsibility, the relations with the shareholders are conducted by our Coordinator Mehmet İlkay COŞKUN and our Administrative Affairs Director Vedat Yılmaz, of whom the contact information is given below:

Özgür SELÇUK - o.selcuk@vakifleasing.com.tr (212) 337 67 67
Vedat YILMAZ - v.yilmaz@vakifleasing.com.tr (212) 337 67 67
Mehmet İlkay COŞKUN - i.coskun@vakifleasing.com.tr (212) 337 67 67

The main duties of the unit is to provide to the willing investors the company information declared to the public and dematerialising the shares by means of paying dividend to the shareholders and bonus shares. By the establishment of the investor relations unit, the improvement of the company in terms of corporate governance

3. Utilization of Shareholders' Right to Information

A copy of the publicly disclosed financial statements on a quarterly basis and Board of Directors Decisions are being sent to our shareholders Requests for other information related to the company are met as soon as possible, depending on their urgency, firstly in visual environment and then via fax message.

Information requests from shareholders, except for requests for information not disclosed to the public or commercially sensitive information, are met within the scope of the related legislation.

On the other hand, request for assignment of a special auditor is not regulated as an individual right in the Master Agreement and no such demand was made during the concerned activity period.

4. Information on General Assembly

General Assembly related to the 2010 activity period of the company was held on 31.03.2011 with the participation of the Shareholder representatives, the Commissioner from the Ministry of Industry and Trade and the holders of 77% of the total shares. The date, venue, time, letter of invitation, sample of power of attorney and information required for voting in the General Assembly were announced in the Daily Bulletin of Istanbul Stock Exchange and 2 daily newspapers published in Turkey and the Turkish Trade Registry Gazette under the title of "Announcement to Our Partners". Shareholders who participated in the General Assembly made their proposals in relation to the Agenda Items and the discussions addressed these proposals.

Pursuant to the decision assembly, amount of 25.000.000TL of paid capital will be increased by 25.000.000TL by means of fulfilling the 16.000.000TL portion from the 2010 returns and 9.000.000TL portion from the excess reserves Hence, the paid capital will be elevated to 50.000.000TL. by means of bonus issue. The aforementioned capital increase was registered to the committee record by the Capital Markets Board document no. 63/606 dated 01.07.2011. Transactions regarding the aforementioned capital increase started in 20.07.2011 and ended in 03.08.2011. Duties towards the representation of the company against the third parties, activities within the aim and scope stated in the 3rd article of the Main Contract and the duties towards the fulfilment of the legal transactions were transferred to the Executive Board. . In line with the right of shareholders and other participants to ask questions as per the final Agenda item, company managers provided satisfactory answers to these questions. Participants expressed their wish for the best for all.

With regards to the important decisions to be given by the general assembly such as division and selling and purchasing or leasing significant amount of assets, efforts towards inserting a provision into the Main Contract in accordance with the Capital Markets Board regulation have been initiated. After the meeting, the minutes of the General Assembly were provided, on request, to any participant. Afterwards, the general assembly meeting was sent to Istanbul Stock Exchange, and the minutes of the meeting were published in the daily bulletin and the list of participants were submitted for the investors' review in the web-site www.vakifleasing.com.tr under the title "Investor Relations", and the company headquarters was held open for the shareholders at all times.

5. Voting and Minority Rights

Our shareholders do not have any royalties. Our company does not include cumulative voting system.

6. Profit Distribution Policy and Timing

The profit distribution policy of the company was redefined by taking into consideration the Capital Market Legislation, provisions of Turkish Commercial Code, tax legislation and other related legislation provisions.

Any profit distribution proposal made by the Board of Directors for submission to the approval of the General Assembly is prepared in such a way to protect the delicate balance between shareholder expectations and the profitability status of the company and the need for future growth.

Accordingly,

As per the Master Agreement, it is agreed to make a first dividend payment at the rates and amounts specified by the Capital Markets Board in case of any distributable profit. There is no concession related to participation in the company profit. The Master Agreement does not include any provision stipulating profit share advance payments. Profit share payments are made within the specified legal periods.

7. Assignment of Shares

There is no provision in the Master Agreement to limit assignment of shares. As per Article 7 of the Master Agreement, all company shares are registered and can be assigned in compliance with the provisions of the related legislation.

CHAPTER II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. Informing Policy

Company information is publicly disclosed with the knowledge and under the responsibility of Özgür SELÇUK -Deputy of General Manager-, Mehmet İlkay ÇOŞKUN -Coordinator-, Financial Affairs and Human Resources Manager, and Nuran AKÇURA- Financial Affairs and Human Resources Assistant Manager .

Purpose:

Vakıf Financial Leasing Inc.'s public disclosure policy aims to adopt a transparent and efficient policy in line with the related provisions and within the framework of the past performance and future expectations of the company, generally accepted accounting principles and the provisions of the Capital Markets Board (CMB) Regulations. The aim in this policy is to equally share the past performance, future expectations, strategies of the company and all the information apart from the trade secrets such as its objectives and vision with the public authorities, current and potential investors and the shareholders and provide the stakeholders financial information in a timely, justly and properly manner within the framework of the generally accepted accounting principles and the provisions of the Capital Markets Board (CMB). The disclosure policy of the company aims for the declaration of the information available to the public in a systematic manner by the authorized executives. The public disclosure policy is realized within the framework of the Capital Markets Board (CMB) and İstanbul Stock Exchange (İSE) Regulations, Banking Regulations and Supervisory Council and Capital Markets Board (CMB) Corporate Governance Principles.

Authorities and Responsibilities:

The Information Policy is developed and approved by the company's Board of Directors in line with the Corporate Governance Principles of CMB. The Board of Directors is responsible for realization, improvement and monitoring of the Information Policy. Implementation and monitoring of such policy -approved by the Board of Directors- is under the responsibility of the Personnel and Administrative Affairs Management.

Methods and Tools:

The following methods and tools are used in the development of the public disclosure and information policy in line with the Capital Markets Board legislation and the provisions of the Istanbul Stock Exchange and Turkish Commercial Code:

1. Special situation explanations made to Istanbul Stock Exchange
2. Financial statements and footnotes thereof, independent audit reports and declarations periodically submitted to Istanbul Stock Exchange (These reports are also published on the official website and are available in ready-to-access format at any time. Activity reports and financial presentations related to these statements are published periodically in electronic media and the official website)
3. Annual and interim activity reports (these reports are submitted for the information of the related authorities in both printed and electronic media)
4. Official website (www.vakifleasing.com.tr)
5. Announcements and declarations made in the Turkish Trade Registry Gazette and daily newspapers
6. Press releases made periodically and in parallel with important developments throughout the year in the written and visual media
7. Explanations made to data distribution organizations such as Reuters, Foreks and Bloomberg
8. Communication via tools and methods such as telephone, e-mail, telefax, etc.

Special Situation Explanations:

In case the special situations specified in the "CMB Serial: VIII, No: 54 Communication on the Procedures Related to Public Disclosure of Special Situations" occur, explanations about the concerned special situation are made to the Istanbul Stock Exchange. Special situation explanations are notified to ISE, with the knowledge of the Board of Directors and, in principal, after being signed by the General Director or Deputy General Director and the manager of the related department. Special situation explanations are published in the electronic environment as Public Disclosure Platform (PDP) notification and disclosed to the public on the official website of the company.

Public Disclosure of the Financial Tables:

The information policy of the company aims to ensure fast and easy access by the partners and all beneficiaries of the company to its financial statements. Financial statements of the company are prepared according to the provisions defined by the Capital Markets Board and are subjected to independent audit according to International Auditing Standards and then disclosed to the public. Before public disclosure, financial statements and footnotes thereof are submitted for the approval of the Board of Directors with the positive opinion of the Board of Auditors within the framework of the Capital Markets legislation. After signing the statement of responsibility by the responsible member of the Board of Directors, General Manager, Deputy General Manager and the related manager; financial statements, footnotes thereof and the independent audit report are submitted to ISE in line with the Capital Markets Law and ISE regulations. Financial statements and footnotes thereof can be accessed retrospectively from the official website of Vakıf Finansal Kiralama A.Ş. (www.vakifleasing.com.tr).

Annual Reports:

The contents of the annual and interim activity reports are prepared in accordance with the CME Regulation and the Corporate Governance principles. After the preparation of the activity reports, they are submitted to the approvals of the Audit Committee and the Executive Board respectively, and disclosed to the public via ISE and the web-site. The annual and interim reports comprise all kinds of information to be announced to the partners such as the activities fulfilled by the company throughout the year and/or period which are summarized to the shareholders, significant decisions made regarding the company and changes in the administration. Additionally, these reports also comprise compliance reports related to the corporate governance principles.

Corporate Web-Site:
The official company website is a platform that facilitates timely monitoring of share performance by any shareholder in any part of the world and rapid and easy monitoring of detailed and current information at low cost. It is actively used in public disclosure. The website offers information in both Turkish and English languages. In addition to providing up-to-date information, the website offers analysis and evaluations as well as retrospective data. The company's website is updated regularly. Important titles offered by the website are listed as follows:

1. Detailed information on corporate identity
2. Information on the Members of the Board of Directors and top management
3. Organization and partnership structure of the company
4. Master Agreement of the company
5. Trade registry information
6. Registration statement and disclosure circulars
7. Financial statements and related reports, financial information, indicators and analysis reports
8. Activity reports
9. CMB Special Situation Explanations
10. Explanation on the date, agenda and agenda items of the General Assembly
11. Minutes and the list of participants of the General Assembly
12. Sample of the Power of Attorney
13. Corporate management practices and compliance report
14. Profit distribution policy, its history and capital increases
15. Press releases
16. Frequently asked questions

Written and Visual Declarations and Notifications Made Through the Trade Registry Gazette and Daily Newspapers:
As per the Capital Markets Law, Turkish Commercial Code and Master Agreement of the company; Notifications about capital increase and dividend payments by the General Assembly are made through both the Turkish Trade Registry and at least 2 daily newspapers. Partnership strategies, targets and projects not approved by the Board of Directors by a Board Decision cannot be disclosed to the public. All disclosures to be made in this scope comply with the issues specified in CMB communiqués. Only those authorized to make disclosure can inform the press and public.

Relations with the Capital Markets Board Contributors and Persons Authorized for Disclosure:
The Personnel and Administrative Affairs Management is duly authorized to work in cooperation with the Corporate Governance Committee in order to establish regular relations with existing and potential shareholders of the company, respond to the questions of investors in the most efficient way and conduct studies to increase company value. Relations with the shareholders are regulated by the Personnel and Administrative Affairs Management. Except for the declarations and notifications specified above, written and verbal information requests made by the Capital Markets Participants or any institution/person are met by the manager of the related unit as long as it falls within the duty field of the Management; it is not commercially sensitive; and does not affect the investment decisions and the value of the capital market instruments within the scope of the VIII Serial and 54 No CMB Communiqué on Explanation of Special Situations.

Press releases made to the written and visual media as well as to data distribution channels such as Reuters, Foreks, etc can be made only by the Chairman of the Board of Directors and the General Manager, in writing or orally. Unless duly authorized, company employees cannot answer questions raised by the Capital Markets Participants or any institution/person. Such demands are submitted to the management of the Personnel and Administrative Affairs section.
Presentations to be made to the Capital Markets Representatives and meetings to be held with the same are disclosed to the public in advance, whenever possible. In addition, the type of invitation, content and date of the General Assembly are announced to duly inform the participants in order to ensure participation in the General Assembly.
The limits of the authority of those authorized to make explanations in relation to requests for information other than publicly disclosed information are defined according to the level of information requested. Every kind of question and explanation request related to the company is answered by:

- The Chairman and members of the Board of Directors
- The Chairman and members of the Audit Committee
- The Chairman and members of the Corporate Governance Committee
- General Manager
- Deputy of General Manager
- Personnel and Administrative Affairs Manager
- Financial Affairs and Accounting Manager

Employees other than those listed above are not authorized to answer questions or requests for information. Company employees direct such questions to the Personnel and Administrative Affairs Managementt

Insider Trading:
The company has policies to safeguard against insider trading that cover the members of the Board of Directors, managers and employees. Members of the Board of Directors cannot publicly disclose confidential and/or commercially sensitive information related to the company. The Board of Directors takes necessary measures to prevent disclosure of such information by employees. Members of the Board of Directors cannot use confidential and/or publicly undisclosed information related to the company in their own or others' favour and cannot give false, misleading or groundless information or spread such information.
In line with the insider trading policy, the following provisions should be complied with for the security and protection of the commercially sensitive information of the company:

1- To avoid disclosure of the commercially sensitive information to the unauthorized persons,
2- To prevent those who have such information from purchasing-selling and trading goods or making sales-purchase suggestions to an out-of-company third person,
3- To avoid internet discussion of such information,
4- To avoid behaviours which may result in personal gain or a third person gain from such information.
This policy is regularly revised and updated in line with the changes in these provisions.

Explanations on Profit Distribution:
The profit distribution policy developed by the Board of Directors is disclosed to the public. This policy is submitted to the General Assembly for the information of shareholders and is reflected in the activity report. Any proposed profit distribution and projected distribution date prepared by the Board of Directors is notified to the Capital Markets Board and Istanbul Stock Exchange within the deadlines specified in the relevant literature.

Other Explanations:
Questions asked of the company via telephone, fax, e-mail or other means of communication are answered in writing as soon as possible. These questions are answered by the authorized persons, selected according to the content of the question. In case of a claim field against (either concluded or still ongoing) or a fine imposed on the company, except for the special situation explanations, the company informs the public of which company representative will disclose such information, when and to what extent.

Explanations Regarding Anticipatory Declarations:
According to its information policy, the company may occasionally make anticipatory declarations. Anticipatory declarations included in the written documents of the company are based on specific assumptions. Realized results may differ significantly from the anticipated results due to risks, ambiguities and other factors. The investor group is accordingly warned in this scope. Only duly authorized persons may make public anticipatory declarations. Statistical data are used to explain the basis and grounds of the publicly disclosed anticipations. In cases where it is understood that disclosed anticipations will not be realized, this situation is disclosed to public together with its reasons and then the concerned information is duly revised
Speculation, Unfounded Information, Gossip, etc.:
Neither positive nor negative opinion is expressed about any unfounded information disseminated about the company. However, in case of a verification demand by ISE and/or CMB the Board of Directors may decide to make the required explanation. In cases where any scenarios in gossip become wholly or partly realized, the company makes public disclosure as soon as possible.

9. Situation Explanations:

Pursuant to the CME regulations between 01.01.2011 and 31.12.2011, 27 special situations were explained. No explanations regarding these statements were requested by CME or ISE. Our company shares are not quoted in the foreign exchanges.

10. Company Web-Site and Content:

From our company web site www.vakifleasing.com.tr, explanations and information subject to public disclosure may be reached. For the foreign investors, the information on the web-site is also available in English language.

11. Disclosure of Real Persons, Ultimate Controlling Shareholder(s):

There is no real person ultimate controlling shareholder in the partnership structure of the company.

12. Disclosure of Insiders:

The list of the authorized company staff is disclosed to the public and relisted below:

-Chairman Executive Board
Halil AYDOĞAN

-Deputy Board Chairman
Ramazan GÜNDÜZ

-Board Members
Osman DEMREN
Mehmet Sebahattin BULUT
Osman Zeki ÖZGER - General Manager

-Audit Members
Mehmet KAYABAŞ
Musa AKDENİZ
İbrahim ÖZEKİNCİ

-Deputy of General Manager
Özgür SELÇUK
Mahmut GÜNGÖR

-Representatives of Independent Audit Company
Özkan GENÇ
Nurdan Kudret YILDIRIM
Cihan DOĞRAYAN
Başak YILMAZ
Alpar ŞAHER
Meliha Kübra CAN
Serpil GEZGİN
Emre YILMAZ
Hüseyin ÇİL
Burak SEVER
Gökçe KUŞ

-Department Directors

Mehmet İlkay COŞKUN	Coordinator
Yılmaz Arslan AYDIN	Coordinator
Hasan Basri BAHADIR	Coordinator
Aysun Tandoğan	Legal Advisor
Vedat YILMAZ	Director of Administrative Services
Raziye Sema SESİGÜR	Finance Director
Tolga AKOCAK	Marketing Director
Gonca YADİGAR	Marketing Director
Ahmet Erdoğan NEHROZOĞLU	Central Anatolia Regional Director
Ferruh ATALAY	Çukurova Regional Representative
Melda AKGÜN	Operation Director
Selahattin AVŞAR	Director of Internal Audit

CHAPTER III - STAKEHOLDERS

13. Informing the Stakeholders:

Necessary explanations regarding all the issues related to the stakeholders are made. Information regarding the intercorporate meetings and those disclosed to public via web-site are provided to the stakeholders.

Stakeholder's Contribution to the Management:

Within our company, two different models were established regarding the contribution of the stakeholders.

a- Committee Meeting; Decisions made during the regular committee meetings are applied by our company.

b- Proposal System; Owing to this system, employees are able to submit their recommendations regarding all kinds of betterment and improvement issues, and appropriate recommendations are taken into consideration.

In addition, for the aim of informing the employees regarding the general status of the company and receiving their proposals, "Weekly General Evaluation Meetings" are held and the financial structure and performance data regarding the company are evaluated with the employees.

14. Human Resources Policy:

Our company's human resources policy is conducted within the framework of the "Personnel Regulations" which entered into force in 2005. In addition, career planning studies are also performed. Our company plays a major role in the success and development of the sector. Vakıf Leasing places great emphasis on particularly the education and on providing its personnel the equipment necessary for efficiency, and considers its personnel as its major capital. It provides opportunities to the problem solver young people with vision and creativity who are fond of researching. All our employees have a notion of working with team spirit and a high level of innovative creativity. In Vakıf Leasing, recruitments and promotions are subject to the decision of the Board given within the framework of the "Personnel Regulations". There is no discrimination in any means among our employees. Our employees are equal in all circumstances.

15. Information Regarding Relations with the Customers and Suppliers:

With regards to the services provided to the customers, Vakıf Leasing continuously monitors its service quality to maintain the optimum customer satisfaction at all times.

Our company's "Operational Risk Framework" and "Emergency Action Plan" are the applications adopted towards customer satisfaction. All these efforts aim to increase the service quality provided to the customers and to meet the customer requirements and needs at the optimum level.

16. Social Responsibility:

Vakıf Leasing is aware of the social responsibilities it undertakes towards its customers, employees and the society and strives for fulfilling these responsibilities in the best possible way. It obeys all the regulations regarding the business life, stands behind the commitments it announces to the public, gives confidence, encourages its employees towards honest and ethical conduct, takes all the precautions necessary for the security of its premises, does not conduct deceptive promotional or marketing activities and obeys and encourages regulations prohibiting discrimination. Vakıf Leasing strives for solving the customer problems quickly, covers the significant part of its employees' health expenses and continuously aims for increasing its service quality.

CHAPTER IV – EXECUTIVE BOARD

17. Structure, Formation and Independent Members of the Executive Board:

General Manager although no independent board member exists within our company, efforts towards implementing the Election of Independent Board members have started. The duties undertaken by the Board members outside the company have been determined by certain regulations. Management of the company is conducted by the Executive Board comprised of 5 members who are elected among the shareholders within the framework of the Turkish Trade Act provisions. The General Manager is an ordinary member of the aforementioned board. Names of the board chairman and the members are provided below:

Halil AYDOĞAN	Chairman	15.02.2012	Ongoing
Ramazan GÜNDÜZ	Deputy Chairman	31.03.2011	Ongoing
Osman DEMREN	Member	31.03.2011	Ongoing
Mehmet Sebahattin BULUT	Member	22.06.2011	Ongoing
Osman Zeki ÖZGER	Member-Gen. Man.	31.03.2011	Ongoing

Board members are elected for 1 – 3 years. However, those whose membership periods expire may be re-elected. In case of a membership vacancy, the Board may temporarily elect a candidate conforming the legal regulations, appointed by the same partners. Member elected holds office until the first Board meeting and completes the duty period of his/her substitute upon the approval of the General Assembly. The duty period of the General Manager is independent from the Board members'.

18. Qualifications of the Board Members:

Management of the company is conducted by the Executive Board comprised of 5 members who are elected among the shareholders within the framework of the Turkish Trade Act. In the absence of the Company General Manager, his/her deputy is an ordinary member of the Board. It is essential for the General Manager and his/her deputy to hold a bachelor's degree and have at least seven years of professional experience.

19. Company's Mission, Vision and Strategic Objectives:

Our Mission:

With a success based, modern and customer oriented approach; continuously creating added-value for our customers, workers and shareholders.

Our Vision:

To be a Leader Company preferred by the investors in the Leasing sector at the first place and pride ourselves by providing the optimal financial opportunities for the investments of its customers along with the utmost customer satisfaction and service quality

Our Values:
-High quality service mentality based on knowledge and creativity
-Rapid and efficient decision making,
-Superior sense of responsibility with a notion of sustainable development,
-An open communication based on mutual trust,
-Staff dedicated to success with team spirit,
-Commitment to ethics and professional standards.
Strategic objectives set by our executives are approved each year following the evaluation of the previous years and the future objectives. In addition, our Executive Board makes an evaluation regarding the accomplishment of the objectives determined.

20. Risk Management and Internal Control Mechanism:

Risk Management Unit consists of two members elected within the executive board. As per the internal control mechanism, all the contracts within our company are subject to the inspection of the credits and legal department prior to signature. Additionally, proforma invoices are inspected by our Operations Unit.

21. Powers and Responsibilities of the Board Members and Executives:

The powers and responsibilities of our board members and executives are explicitly defined in the Main Contract. Pursuant to Article 12 of the Main Contract, the Executive Board is authorized to decide on all the transactions except for those intentionally excluded by the General Assembly.

22. Executive Board's Functioning Principles:

The agendas of the board meetings are determined according to the current issues and by the authorities stated within the Main Contract. Within the 01.01.2011 - 31.12.2011 period, 16 board meetings were held. The executive board gathers not less than once per month, with the occasion of the company affairs, upon the invitation of the Presidency or the request of at least two members. For the board decisions to prevail, it is essential that the absolute majority is maintained during the decision making process. The duties of informing and communicating with the board members are conducted by the secretariat of the General Directorate. Issues to be disclosed to public are immediately announced after the meeting. The members actively attend to the meetings which are held with regards to the below issues:

-Determination of the areas of activity and approval of the business and financial plan,
-Inviting the ordinary/extraordinary General Assembly for the meeting and issues related to organization,
-Finalizing the annual activity report to be submitted to the General Assembly,
-Election of the Board Chairman, Deputy Chairman and appointment of new members
-Formation or termination of the administrative units,
-Appointment or dismissal of the Chairman/General Manager
-Formation of the committees,
-Merging, division, restructuring, selling the whole company or 10% of the fixed assets, investing by amounts above 10% or writing off the amounts above 10% of the fixed assets.
-Determination of the dividend policy of the company and the profit shares
-Capital increase or decrease.

23. Prohibition of Transaction with the Company and Competition:

Our board members obey the prohibitions regarding periodic transactions with the company competition.

24. Codes of Conduct:

-Conformity with the legal regulations,
-Honesty in customer-seller-creditor relations, transparency and honesty.
-Acting in deference to profitability as well as the economic development rationales.
-Respecting secrecy, knowledge and confidentiality.
-Avoiding unfair competition by protecting the joint interest of the sector.

25. Number, Structure and Independence of the Committees formed within The Executive Board:

Pursuant to the statement with serial X and no: 19 of our company regarding the institutions open for public, establishment of a Corporate Governance Committee of two members and an Audit Committee of two members is foreseen. Efforts towards the establishment of the aforementioned committees within the framework of the related regulation are in progress.

26. Rights and Advantages Provided to the Senior Management:

In 2011, members of the Executive Board and Audit were paid a gross amount of 192 thousand TL, and the General Manager and his/her Deputy were paid a gross amount of 519 thousand TL in total.

A GENERAL OVERVIEW TO ECONOMY AND FINANCIAL LEASING IN 2011

WORLD ECONOMY IN 2011

Markets began to become normal as of second half of year 2009 with contribution of public supports and austerity package applied after global crisis, and global economic activities started to recover immediately as of year 2010. However, world economy faced with new challenges because of ever-increasing problems caused by over indebtedness in developed countries, especially EU and USA, in 2011.

After the 0,7% of recession faced in 2009 in the world economy due to the global economic crisis, the world economy has shown a 5,1% of growth in 2010 with to the precautions taken by the countries aiming to reduce the effects of the crisis and re-establishing the credibility. The growth sustained in the global economy in 2010 substantially depended on the high growth rates in the developing countries. With the significant contributions of China and India, the developing countries have shown a growth of 7,3%, whereas in the developed countries this rate has been 3,1% in 2010.

Despite the global economic recovery sustained in 2010, the divergence between the developed and the developing countries became more apparent. While the developed countries faced problems such as the public dept, weak banking-finance structure and low growth performance in the recent periods, the developing countries which have shown significant growth rates faced problems due to the fragility which occurred as the result of the inflation pressure and increasing capital flows.

After the second semester of 2011, uncertainty and downside risks increased in the global markets. As the result of the insufficiency of the measures taken against the financial problems and the shrinkage in the domestic demand due to the indefiniteness in the developed countries, the economic growth started to slow down after the second quarter. The most update compound advanced indicators announced by OECD showed that the economy still had a negative progress in the leading countries and that these indicators pointed out a retardation for all the countries except for Japan.

The main reasons of the disruption in the economic outlook after the mid 2011 have been; the tendency of the risks regarding the sustainability of the public dept in the developed countries and particularly in the Euro zone to spread to the central countries, problems in the banking and finance sectors, increasing pressure on the markets, the economic growth in the US economy being below the expected level, insufficient improvement in employment, high rates of public dept and budget deficits, attainment to the ineptness limits and delays in the decision making processes. In addition, factors such as the reduction in USA's credit limit for the first time in its history and the incapability of establishing a solid middle and long term financial consolidation damaged the environment of confidence in the markets and led to a decrease in the growth expectations in the future periods. High rates of increase in the energy and nutrition prices observed in the first months of 2011, the negative effects of the triple disaster on the supply chain experienced in Marcin Japan and the political turmoil experienced in the Middle East and North Africa after the end of 2010 are among other significant reasons of the disruption in the economic outlook.

As the result of these developments and due to the increasing risks, IMF updated its assumptions towards the 2011 world economic outlook downwardly for the first time in its history. The world growth which was expected as 4,4% in April decreased to 4,3% in June and to 4% in September. 2012 growth assumptions also decreased from 4,5% to 4%.

In the developed economies, the 2011 and 2012 growth rates are expected to be realized as 1,6% and 1,9% respectively. Due to the financial problems experienced in the developed economies, the growth performance and the commercial and financial channels of the developing countries are expected to be effected negatively. The growth rates in the rising and developing economies in 2011 and 2012 are expected to be by 6,4% and 6,1% respectively.

The growth assumption of the US economy which had been 2,5% in June 2011 decreased to 1,5% in September, and 2012 growth assumption decreased from 2,7% to 1,8%. The Euro zone growth assumption for 2011 decreased from 2% to 1,6%, and 2012 assumption which was 1,7% was revised as 1,1%.

In parallel with the retardation expected in the economic activities, the world trade volume which showed a growth rate of 12,8% in 2010 is expected to increase by 7,5% in 2011, and by 5,8% in 2012. The world product and service prices which showed a growth rate of 5,2% in 2010 on US dollar basis are expected to increase by 10,1% in 2011 and by 0,8% in 2012.

While the inflation rates in the developed countries followed a low course in 2010, due to the demand pressure in the developed countries as the result of the regression in the output gap and overlapping the pre-crisis production level, the inflation rates increased. While the inflation rate in the developed countries was 1,6%, in 2010, this figure increased to 6,1% for the developing countries. The inflation rates in 2011 and 2012 are expected to be realized as 2,6% and 1,4% for the developed countries, and by 7,5% and 5,9% for the developing countries, respectively.

High unemployment rates are among the most important economic problems in the developed countries. Despite the global economic recovery sustained in 2010, there was no progress in the employment rates and consequently the unemployment rates increased in many countries. In several EU countries such as Spain, Ireland, Portugal and Greece, there serious increases in the unemployment rates were observed. The unemployment rates increased to 10,1% in the Euro zone, to 9,6% in the US and to 8,6% throughout OECD. Due to the low growth expectation and the incapability of creating employment opportunities, not much improvement is expected in 2011 in terms of the employment rates. The unemployment rates in 2011 are expected to be realized as 9,1% in the US and by 9,9% in the Euro zone. The rates of unemployment are expected to remain at the same levels in the USA and in Europe in 2012. The possibility of the unemployment observed in the developed countries after the global crisis to have a permanent course and the incapability of compensating the wage and income losses after the crisis are among significant social risks for the decision makers.

Expansionary financial policies applied in countries which already had public balance issues when the crisis stroke and the load imposed by the banking sector led to a higher disruption in their budgetary balances. In these countries which benefited from the low interest rates of Euro, the public dept stock showed a significant increase. The ratio of the general state dept stock to gross national product which was 79,7% in the Euro zone in 2009 increased to 85,8% in 2010. As per USA , this ratio increased from 85,2% to 94,4%.

The ratio of the general state budget deficit to gross national product which reached to 6% in 2010 in the EU countries particularly in Greece, Ireland and Italy due to high dept rates is expected to regress to 4,1% in 2011 and to 3,1% in 2012 with the effects of the measures taken. Although there are significant differences between the EU countries, throughout Europe, the ratios of the general state budget deficit to gross national product are expected to be realized as 88,6% in 2011, and by 90% in 2012. Possible political risks due to the measures to be taken in the Euro zone in the next periods and the financial problems deriving from the fragility of the financial markets and the banking sector are among other significant risk factors.

Compared to 2008, the outsourcing in the developing economies increased by 9% and reached to 267,4 billion dollars in 2009, and showed a significant increase and reached to 482,3 billion dollars in 2010. The outsourcing figures for 2011 and 2012 are expected to reach to 574,7 billion and 610,9 billion dollars respectively. The outsourcing is expected to shift from the developed countries to the developing economies with significant growth potentials which avoided the crisis in a short period of time. The stock exporter countries which had current surplus due to the increasing prices rapidly increased their foreign exchange reserves in this period. Developing economies which had a potential of 508.2 billion dollars in 2009 recorded a 892,2 billion dollars of reserve increase in 2010. The aforementioned increase rates are expected to be realized as 1,13 and 1,06 trillion US dollars in 2011 and 2012 respectively. The solid public balance and high foreign exchange reserves of the developing countries continue to give confidence to the investors. However, fragility due to increasing outsourcing is an important risk factor in these countries.
As the result of these developments, the uncertainties regarding the world economy increased for the years 2011 and 2012 and the economic outlook was disrupted. In case the financial problems faced in the region effect the developing countries, the outlook may be disrupted further. For the re-establishment of the environment of confidence and the global growth in the next years, the main political areas would focus on reducing the high depts of the USA, Japan and the Euro zone within the framework of the financial plan, continuing with the flexible monetary policy if necessary, strengthening the financial structures of the banks and sustaining the reforms in the product and labour markets and the fiancé sector. The importance of the countries acting decisively and simultaneously at the global level and the significance of supragovernmental structures such as the G-20 platform which also comprise the developing countries stepped forward once more

Main Indicators of the World Economy (% Change)	2009	2010	2011(1)	2011(2)	2011(3)	2012
World Output	-0,7	5,1	4,4	4,3	4,0	4,0
Developed Countries	-3,7	3,1	2,4	2,2	1,6	1,9
USA	-3,5	3,0	2,8	2,5	1,5	1,8
Japan	-6,3	4,0	1,4	-0,7	-0,5	2,3
Euro Zone	-4,3	1,8	1,6	2,0	1,6	1,1
Germany	-5,1	3,6	2,5	3,2	2,7	1,3
Developing Countries	2,8	7,3	6,5	6,6	6,4	6,1
Africa (Sub Sahara)	2,8	5,4	5,5	5,5	5,2	5,8
Central and East Europe	-3,6	4,5	3,7	5,3	4,3	2,7
Commonwealth of Independent States	-6,4	4,6	5,0	5,1	4,6	4,4
Russia	-7,8	4,0	4,8	4,8	4,3	4,1
Developing Asia	7,2	9,5	8,4	8,4	8,2	8,0
China	9,2	10,3	9,6	9,6	9,5	9,0
India	6,8	10,1	8,2	8,2	7,8	7,5
Latin America	-1,7	6,1	4,7	4,6	4,5	4,0
Brazil	-0,6	7,5	4,5	4,1	3,8	3,6
Middle East and North Africa	2,6	4,4	4,1	4,2	4,0	3,6
World Trade Volume	-10,7	12,8	7,4	8,2	7,5	5,8
Product and Service Import						
Developed Countries	-12,4	11,7	5,8	6,0	5,9	4,0
Developing Countries	-8,0	14,9	10,2	12,1	11,1	8,1
Consumer Prices (Annual average, %)						
Developed Countries	0,1	1,6	2,2	2,6	2,6	1,4
USA	-0,3	1,6	2,2	-	3,0	1,2
Euro Zone	0,3	1,6	2,3	-	2,5	1,5
Developing Countries	5,2	6,1	6,9	6,9	7,5	5,9
Unemployment rate (%)						
Developed Countries	8,0	8,3	7,8	-	7,9	7,9
USA	9,3	9,6	8,5	-	9,1	9,0
Euro Zone	9,6	10,1	9,9	-	9,9	9,9
General State Budget Balance / GNP (%)						
USA	-12,8	-10,3	-10,8	-	-9,6	-7,9
Euro Zone	-6,3	-6,0	-4,4	-	-4,1	-3,1
General State Gross Dept Stock/GNP (%)						
USA	85,2	94,4	99,5	-	100,0	105,0
Euro Zone	79,7	85,8	87,3	-	88,6	90,0
Average Oil Prices ($ /Barrel)	61,7	79,0	107,2	106,3	103,2	100,0
LIBOR, Six months US Dollars(%)	1,1	0,5	0,6	0,6	0,4	0,5

Source:
(1) IMF World Economic Outlook Report, April 2011
(2) IMF World Economic Outlook Report, June Update 2011
(3) IMF World Economic Outlook Report, September 2011
(4) T.C. Ministry Of Development

Despite the globally increasing risks, in case rapid measures are taken in order to re-establish the disrupted confidence environment in the developed countries particularly in the USA and EU countries, it would be possible to sustain a global growth by 4% in the year 2011. However; the incapability to control the dept crisis in the EU countries, increase in the fluctuations within the financial markets and the possibility of the crisis to spread in the Asian countries may lead to a lower growth rate and to recession in the developed countries.

TURKISH ECONOMY IN 2011

Turkey's economy reinstated its resilience at fourth quarter from its downsizing period which continues for four quarters after third quarter of year 2008 and then it has a powerful and lasting recovery process. The havoc which is created by global financial crisis on Turkish economy in terms of GDP growth is relatively more than developing countries such as China, Argentina and India; however Turkish economy succeeded to recover and grow within same time with these economies. In the first quarter of 2011, that GDP growth rate reached second highest value after crisis, Turkish economy reached higher proportion than China and Argentina according to annual growth rate and ranked first in the world in growth rating.

As the result of the timely taken decisions and solidly applied policies, Turkey's economy rapidly moved away from the negative effects of the global crisis and entered into a rapid growth process. As the result of the solid macroeconomic basis, decline in the uncertainties by means of a strong middle term program, continuance of the capital inflow, low interest rates and credit expansion, Turkish economy achieved a high growth performance in the year 2010 and in the first half of 2011.

In the year 2011, gross national product achieved a growth rate of 9% and Turkey took place near the top, among the most rapidly growing countries. The recovery in the economy also progressed in the first half of 2011 and İPC achieved a grow rate of 10,2%. Within this period; high rates of added-value were recorded in the industry, construction, trade and transportation sectors. Expenditures regarding private consumption and investments constituted the main reasons leading to this growth. As the result of the rapid increase in import, the contribution of net purchase of goods and services to growth has been -5,3 points. Due to the gradually increasing global uncertainties, the growth rate is expected to relatively slow down within the second half of 2011. Despite this slowdown, Turkey's economy is expected to grow by 7,5% throughout the whole year. Factors such as the decrease of the effects of the global crisis, high economic growth and measures taken towards reinforcing the employment increased the employment opportunities. Hence, the unemployment rate which was 14% in the year 2009 regressed to 11,9% in 2010. By the same years, non-agricultural unemployment rate regressed from 17,4% to 14,8% and the unemployment in the young population regressed from 25,3% to 21,7%.

With the progress in the rapid growth in the first half of 2011, the unemployment rates continued to decrease and reached to 9,1% by 2011 July term. Despite the increase in the labour force, a decrease in the unemployment rate was observed. By the same term, the non-agricultural unemployment rate decreased by 1,8 points and regressed to 11,8% and the unemployment rate in young population decreased by 1,2 points and regressed to 18,3%. With the progress in the betterment of the employment opportunities, the unemployment rate is expected to be 10,5% throughout 2011.

When the seasonal adjustments are considered, the rate of unemployment which achieved to 14,9% in the 2009 term, regressed to 10,1% by July 2011. In addition, the employment rate which decreased to almost 40% with the crisis, increased up to 45% ,in July 2011. While the total employment was 20,7 million people in 2009 according to the seasonal adjustments, this figure increased to 24,1 million people in July 2011. Nettably, 3,4 million people were provided additional employment. Within the framework of these developments and throughout the process of overcoming the crisis, Turkey became one of the most rapidly progressing OECD countries in terms of struggling with unemployment, by virtue of the measures taken in a timely manner. According to the OECD data, the seasonally adjusted rate of unemployment decreased by 4 points compared to April 2009 - the term when Turkey had the highest unemployment rate -, and regressed by 9,2%, whereas in OECD, the rate of unemployment decreased by 0,5 points compared to its maximum unemployment rate in October 2009 and regressed by 8,3%. With the economic recovery, the investments showed an increasing tendency, however, due to the increase observed in the domestic savings, a gradually increasing saving investments gap rate in 2010 and 2011 was observed. In other words, a current account deficit problem was experienced.

Despite the betterment observed in the public savings as the result of strict financial policies applied in the recent years, total savings started to follow a decreasing course due to the reduction in the private savings. The decrease in the domestic savings led to an increase in the outsourcing requirement, consequently in the current account deficit. With the solid course of the domestic consumption and investment demands and the rapid increase in import due to high "import-dependency" of production, and conversely the limitedness of the increase in export due to the weak demand towards traditional export, the current account deficit rate compared to gross national product was recorded as 6,5%.

Along with the rapid growth in the first half of 2011, the disruption in the foreign trade rates led to an increase in the trade balance deficit and consequently a progress in the increasing tendency of the foreign trade deficit. Factors such as the negative effects of the shrinkage in the foreign demand over export, the slowdown foreseen in the domestic economic activities and the increase in the exchange rates are expected to limit the import demand. Nevertheless, the ratio of the current account deficit to the gross national product is expected to reach to 9,4% by the end of the year.

In 2010, the annual growth rate of CPI (consumer price index) was realized as 6,4% and remained 0,1 points below the objectives. Product and service prices also remained in low levels compared to the previous years, whereas core inflation moved in conformity with the middle term objectives. Nutrition prices followed a fluctuating course throughout the year and the energy prices showed a significant increase in the final quarter of the year. Due to the solid increase in the domestic demand and the decrease in the output gap, no upside pressure occurred on inflation. In the January-September term of 2011, due to the accumulated reflections of import prices, increases in the nutrition prices, increase in the nominal exchange rates and the positive base effect, the annual increase rate of CPI was realized as 6,15% in September term. The current dynamics are expected to augment the annual growth rate of the CPI to 7,8% by the end of 2011. Additionally, having considered the developments observed in the recent periods, the Central Bank increased its year-end inflation assumptions to 8,3% in its October 2011 Report.

The rapid economic recovery in the year 2010 effected the public income rates and borrowing requirements in a positive manner.

The rate of public borrowing requirement to gross national product which was realized as 5,1% in the year 2009 showed a higher performance of 1,1 points compared to the expectations and regressed to 2,3% in the year 2010. The solid implemention of the measures in OVP covering the 2011-2013 period, restructuring of certain public receivables, rapid recovery of the economy and significant increase in the export taxes are expected to have positive effects on public income. Towards these expectations, the ratio of public borrowing requirement to gross national product is expected to regress to 1% in the year 2011.

2009 state deficit which was 5,5% compared to gross national product recovered by 2,6 points in the year 2010. As per 2011, particularly due to the increase in the tax income performances and decrease in the interest expenses, the aforementioned rate is expected to reduce to 1%. The ratio of interest expenses which were 1,9% in 2010 and the public surplus excluding the privatization incomes to the gross national product are expected to increase to 2,2%.
Due to these recoveries in the public finance, the ratio of EU general state dept stock which decreased to 42,2% in 2010 to the gross national product is expected to continue to decrease and reach to 39,8% by the year 2011.

The successful results achieved in the public finance area in a period where the sustainability of public dept is on the agenda of many countries particularly in the Euro zone provide an opportunity for Turkey to be evaluated in a different position than the other countries. Along with the recovery observed in macroeconomic indicators and as the result of the strength and the policies generated against the global crisis, Turkey's credit rating in TL was increased to "investable" (from BB+ to BBB-) and its outlook was defined as "positive". However, the requirement of taking structural measures towards meeting our country's finance requirement via the solid sources and reinforcing the current confidence environment is still continuing.

Turkish economy which entered into a rapid recovery period after the global economic crisis grew by 9% in 2010. The 12,6% increase in the industrial added-value and 8,5% increase in the service sector played a significant role in the aforementioned recovery. As per the growth in the industry sector, the 13,3% increase in the added-value of manufacturing industry played an important role. As per the growth in the service sector, increase rates of 13,5%, 10,5% and 17,1% respectively realized in the added-values of the wholesale and retail trade, transportation and construction sectors had significant positive effects. In 2010, the added-value of the sector of agriculture also increased by 2,4%

Basic Economic Sizes	2006	2007	2008	2009	2010	2011(1)	2012(2)
GROWTH AND EMPLOYMENT (% Change)							
Total Consumption	5,0	5,3	-0,3	-0,4	5,8	6,2	3,0
Public	9,9	5,4	3,3	3,8	1,6	6,5	3,1
Private	4,5	5,3	-0,7	-0,9	6,3	6,1	3,0
Total Fixed Investment	13,4	4,1	-5,2	-20,1	30,2	19,3	6,2
Public	2,1	12,6	6,0	-1,0	18,6	7,7	-0,6
Private	15,7	2,6	-7,4	-24,4	33,6	22,3	7,7
Stock Change *(3)*	-0,1	0,6	0,3	-2,3	2,4	0,2	0,1
Total Goods and Services Export	6,6	7,3	2,7	-5,0	3,4	3,2	4,7
Total Good and Services Import	6,9	10,7	-4,1	-14,3	20,7	10,8	4,3
GNP	6,9	4,7	0,7	-4,8	9,0	7,5	4,0
GNP (Million TL, Current Prices)	758 391	843 178	950 534	952 559	1 103 750	1 281 454	1 426 001
GNP (Billion US Dollars, Current Prices)	526,4	648,8	742,1	616,7	734,9	766,4	821,7
Income per Capita (GNP, US Dollars)	7 586	9 240	10 438	8 559	10 067	10 363	10 973
Income per Capita (SAGP, GNP, US Dollars)	12 887	13 897	14 962	14 218	15 287	16 504	17 156
Population (Midyear, Thousand)	69 395	70 215	71 095	72 050	73 003	73 950	74 885
Labour Force Rate (%)	46,3	46,2	46,9	47,9	48,8	49,9	49,7
Level of employment (Thousand)	20 423	20 738	21 194	21 277	22 594	23 925	24 257
Level of unemployment(%)	10,2	10,3	11,0	14,0	11,9	10,5	10,4
FOREIGN TRADE (Billion US Dollars)							
Export (FOB)	85,5	107,3	132,0	102,1	113,9	134,8	148,5
Import (CIF) *(4)*	139,6	170,1	202,0	140,9	185,5	236,9	248,7
Foreign Trade Balance	-54,0	-62,8	-69,9	-38,8	-71,7	-102,1	-100,2
Current Accounts Balance / GNP (%)	-6,1	-5,9	-5,7	-2,3	-6,5	-9,4	-8,0
Foreign Trade Volume/ GNP (%)	42,8	42,7	45,0	39,4	40,7	48,5	48,3
PUBLIC FINANCE (%)							
General State Incomes *(5)* / GNP	34,8	33,6	32,9	34,6	35,4	36,4	36,8
General State Expenditures *(5)* / GNP	33,4	33,8	34,6	40,1	38,3	37,4	37,6
General State Borrowing Requirement *(5)* / GNP	-1,4	0,2	1,6	5,5	2,9	1,0	0,8
General State Interest Expenditures *(5)* / GNP	6,1	5,9	5,4	5,7	4,5	3,5	3,6
Public Borrowing Requirement *(6)* / GNP	-1,9	0,1	1,6	5,1	2,3	1,0	1,1
Program Defined Public Interest External Surplus *(6)* / GNP	4,8	3,1	1,6	-1,2	0,9	1,2	1,1
Defined General Governance Nominal Dept Stock / GNP	46,5	39,9	40,0	46,1	42,2	39,8	37,0
PRICES (% Change)							
GNP Deflator	9,3	6,2	12,0	5,3	6,3	8,0	7,0
Year-end *(7)*	9,7	8,4	10,1	6,5	6,4	7,8	5,2

(1) Accrual estimation
(2) Program,
(3) Given as contribution to growth.
(4) Nonmonetary gold import is included.
(5) While the general definition of the state comprised balances such as consolidated budget, revolving funds, fund, unemployment insurance and local administration, consolidated budget was replaced by central governance budget after 2006
(6) Comprises the General State and State Economic Enterprises.
(7) 2011 and 2012 year-end estimations.
Source: T.C. Ministry Of Development

FINANCIAL LEASING IN TURKEY IN THE YEAR 2011

The first regulations regarding financial leasing in Turkey were made towards the Cabinet Decree with the date 16/12/1983 and number 83/7506 issued pursuant to Article 90 of the no. 70 “Delegated Legislation Regarding the Banks”. The full formation of the legal infrastructure of financial leasing was realized by the Law no. 3226 issued in 28 June 1985 and the first financial leasing company in Turkey was founded in 1986 (Vakıf Financial Leasing was founded in 1988). The financial leasing sector showed a rapid growth with this development; however, due to the instabilities in the economy and the insufficiency of the savings and demands, financial leasing sector was not able to reach the expected and desired level. While the share of the financial leasing services within the private sector fixed assets is around 8,92% in the developed countries, this ratio is 2,69% in Turkey.

In 2011, the transaction volume was realized as 3,182,422 thousand US Dollars, whereas this figure has showed an increase by 53,70% and reached to 4,891,242 thousand US Dollars. The number of contracts which was 10,186 in 2010 has showed a 43,8% increase and reached to 14,647. The average contract amount which was 312 thousand US Dollars in 2010 has displayed a 7,05% growth and reached to 334 thousand US Dollars. 27,85% of the transactions was realized in the basis of machinery and equipment, followed by Engineering and Construction Equipment by 23,58%. Share of the service sector has been 44,70%.

Fider – Sector Distribution(1000 USD)	I	II	III	IV	2011	2010	Growth%
Agriculture	43.021	45.365	38.309	36.198	162.893	99.743	63,31
Manufacturing Industry	623.489	651.068	555.056	640.520	2.470.133	1.475.698	67,39
Service	427.743	674.873	549.518	534.313	2.186.447	1.566.647	39,56
Other	12.210	32.472	18.774	8.313	71.769	40.334	77,94
Grand Total	1.106.463	1.403.778	1.161.657	1.219.344	4.891.242	3.182.422	53,70

Fider – Product Groups (1000 USD)	I	II	III	IV	2011	2010	Growth%
Land Transport Vehicles	49.299	68.243	42.153	62.450	222.145	128.101	73,41
Air Transport Vehicles	12.432	39.998	6.739	24.978	84.147	30.711	174,00
Sea Transport Vehicles	40.648	22.196	40.441	12.026	115.311	135.605	-14,97
Engineering and Construction Equipment	237.033	350.497	305.707	260.556	1.153.793	745.973	54,67
Machinery and Equipment	277.920	371.471	316.457	396.541	1.362.389	898.070	51,70
Medical Devices	39.503	64.311	53.608	46.318	203.740	199.679	2,03
Textile Machinery	85.715	124.991	98.353	112.743	421.802	194.587	116,77
Tourism Equipment	19.473	35.994	28.846	34.045	118.358	70.604	67,64
Electronic and Optic Devices	95.024	41.485	36.096	57.506	230.111	141.717	62,37
Media Equipment	22.024	37.658	24.899	54.665	139.246	93.894	48,30
Office Equipment	36.031	45.236	47.516	68.642	197.425	143.780	37,31
Real-estates	181.474	187.386	145.558	82.527	596.945	365.380	63,38
Other	9.887	14.312	15.284	6.347	45.830	34.321	33,53
Grand Total	1.106.463	1.403.778	1.161.657	1.219.344	4.891.242	3.182.422	53,70
Number of Transactions	3.333	4.280	3.582	3.452	14.647	10.186	43,80
Average Contract Amount	332	328	324	353	334	312	

SOURCE: Fider

BRSA-FİNANCIAL LEASING COMPANIES

Base Magnitudes (Thousand TL)	2009	2010	2011
Banks	1.625.490	3.108.900	1.650.600
Leasing Transactions (Receivables)	11.025.420	10.705.470	15.101.400
Non-performing Loans (net)	902.260	762.560	700.930
-Non-performing Leasing Transaction Loans	1.521.420	1.488.230	1.411.060
-Special Provisions (-)	-619.160	-725.670	-710.130
Total Assets	14.670.530	15.761.480	18.624.540
Credits Obtained	10.668.280	11.248.950	13.411.710
Shareholder's Equity	3.490.740	3.853.180	4.187.190
A) Paid Capital	1.717.990	1.785.160	1.958.900
B) Capital Reserves	164.100	133.500	234.400
C) Income Reserves	592.330	886.770	151.290
D) Loss or Profit	1.016.320	1.047.740	691.950
a) Previous Years Loss or Profit	439.140	581.330	172.710
b) Net Loss or Profit for the Period	577.180	466.420	519.240

Profit/(Loss) Table	2009	2010	2011
Real Operating Income	1.357.750	1.028.970	1.128.690
Real Operating Expenses (-)	-221.340	-229.150	-255.970
Other Operating Income	5.033.880	3.774.700	3.453.330
Financing Expenses (-)	-619.500	-419.210	-534.680
Special Provisions regarding Non-performing Loans (-)	-362.620	-243.780	-220.000
Other Operating Expenses (-)	-4.881.910	-3.387.750	-2.985.200
Net Operation P/L	306.260	523.770	586.180
Continuing Operations Taxation Provisions (±)	-271.960	-57.360	66.940
Continuing Operations P/L for the Period	578.220	466.420	519.240
Discontinuing Operations P/L for the Period	-1	0	0
Net Loss or Profit for the Period	577.180	466.420	519.240

Base Magnitudes Growth Rates (%)	2010	2011
Banks	91,26	-46,91
Leasing Transactions (Receivables)	-2,90	41,06
Non-performing Loans (net)	-15,48	-8,08
-Non-performing Leasing Transaction Loans	-2,18	-5,19
-Special Provisions (-)	17,20	-2,14
Total Assets	7,44	18,16
Credits Obtained	5,44	19,23
Shareholder's Equity	10,38	8,67
A) Paid Capital	3,91	9,73
B) Capital Reserves	-18,65	75,58
C) Income Reserves	49,71	-82,94
D) Loss or Profit	3,09	-33,96
a) Previous Years Loss or Profit	32,38	-70,29
b) Net Loss or Profit for the Period	-19,19	11,32

Profit/(Loss) Table Growth Rates (%)	2010	2011
Real Operating Income	-24,22	9,69
Real Operating Expenses (-)	3,53	11,70
Other Operating Income	-25,01	-8,51
Financing Expenses (-)	-32,33	27,54
Special Provisions regarding Non-performing Loans (-)	-32,77	-9,75
Other Operating Expenses (-)	-30,61	-11,88
Net Operation P/L	71,02	11,92
Continuing Operations Taxation Provisions (±)	-78,91	-216,70
Continuing Operations Net P/L for the Period	-19,34	11,32
Discontinuing Operations P/L for the Period	0,00	0,00
Net Loss or Profit for the Period	-19,19	11,32

Main Ratios (%)	2009	2010	2011
Net Leasing Receivables/Total Assets	75,15	67,92	81,08
Non-performing Loans /Net Leasing Receivables	12,13	12,20	8,55
Banks/Total Assets	11,08	19,72	8,86
Shareholder's Equity/Total Liabilities	23,79	24,45	22,48
Credits Used/Total Liabilities	72,72	71,37	72,01
Net Profit for the year/Assets	3,93	2,96	2,79
Net Profit for the year / Shareholder's Equity	16,53	12,10	12,40

SOURCE: BRSA

VAKIF FINANCIAL LEASING INC. IN 2011

Transaction volume of 108,682 thousand US Dollars in 2010 showed a growth above the sector in 2011 and increased by 67,16%, and reached to 181,676 thousand USD. Number of contracts which was 245 in the year 2010 showed a growth of 26,94% and reached to 311. The average contract amount which was 444 thousand US Dollars in 2010 showed a growth of 31,53% and increased to 584 thousand US Dollars. 33,76% of the transactions made comprised Machinery and Equipment. 57,031 thousand USD of the181,676 thousand USD of the total transaction was obtained from import. Our company's size of assets showed a growth of 4,37% and reached to 600,731 thousand TL in the year 2011. Our shareholder's equity also showed a growth of 16,58% and reached to 100,410 thousand TL, and our Financial Leasing Receivables increased by 92,95% and reached to 507,216 thousand TL. Our net profit for the period is 14,390 thousand TL, return of assets is 2,40% and return on equity is 14,33%.

Vakıf Leasing – Sector Distribution (Thousand USD)	I	II	III	IV	2011	2010	Growth%
Agriculture	0	91	1.954	690	2.735	275	894,55
Manufacturing Industry	31.240	28.292	26.055	36.792	122.379	71.989	70,00
Service	13.140	11.833	15.560	16.029	56.562	36.418	55,31
Other	0	0	0	0	0	0	-
Grand Total	44.380	40.216	43.569	53.511	181.676	108.682	67,16

VakifLeasing Sector Share: 3,71

Vakıf Leasing – Product Groups (Thousand USD)	I	II	III	IV	2011	2010	Growth%
Land Transport Vehicles	475	751	1.861	4.029	7.116	2.715	162,10
Air Transport Vehicles	0	0	0	0	0	0	0,00
Sea Transport Vehicles	5.441	0	4.175	0	9.616	6.307	52,47
Engineering and Construction Machinery	6.311	8.218	7.491	4.095	26.115	13.982	86,78
Machinery and Equipment	9.208	15.213	16.415	20.512	61.348	48.942	25,35
Medical Devices	1.128	1.035	885	803	3.851	6.076	-36,62
Textile Machinery	856	2.860	5.508	7.226	16.450	8.456	94,54
Tourism Equipment	211	1.517	164	127	2.019	5.348	-62,25
Electronic and Optic Devices	12.142	789	715	1.122	14.768	3.745	294,34
Media Equipment	2.104	2.997	58	752	5.911	1.910	209,48
Office Equipment	1.421	552	1.642	2.967	6.582	1.145	474,85
Real-Estate	1.824	3.674	2.975	11.048	19.521	4.018	385,84
Other	3.259	2.610	1.680	830	8.379	6.038	38,77
Grand Total	44.380	40.216	43.569	53.511	181.676	108.682	67,16
Number of Transactions	60	72	83	96	311	245	26,94
Average Contract Amount	740	559	525	557	584	444	31,53

VAKIF FINANCIAL LEASING INC. (Private Financial Information-Consolidated)

Base Magnitudes (1000 TL)	2009	2010	2011
Banks	116.119	257.971	28.930
Financial Leasing Receivables	180.131	262.868	507.216
Non-performing Loans (net)	0,00	0,00	0,00
-Non-Performing Leasing Transaction Loans	44.030	36.363	31.819
-Special Provisions (-)	-44.030	-36.363	-31.819
Total Assets	345.736	575.589	600.731
Credits Obtained	262.106	446.925	440.153
Shareholder's Equity	67.869	86.127	100.410
A) Paid Capital	25.000	25.000	50.000
B) Capital Reserves	353	1.211	1.111
C) Income Reserves	11.887	42.238	34.631
D) Loss or Profit	30.351	17.393	14.390
a) Previous Years Loss or Profit	10.617	0,00	0,00
b) Loss or Profit for the Period	19.734	17.393	14.390

Profit/(Loss) Table	2009	2010	2011
Real Operating Income	19.373	18.114	26.031
Real Operating Expenses (-)	-6.266	-7.284	-8.979
Other Operating Income	18.219	42.405	82.772
Financing Expenses (-)	-9.300	-21.811	-17.608
Special Provisions regarding Non-performing Loans (-)	-12.759	-1.792	-3.429
Other Operating Expenses (-)	-10.249	-12.415	-64.667
Net Operation P/L	-982	17.217	14.120
Continuing Operations Taxation Provisions (±)	20.760	225	339
Continuing Operations Net P/L for the Period	19.778	17.442	14.459
Discontinuing Operations P/L for the Period	0	0	0
Loss or Profit for the Period	19.734	17.393	14.390

Base Magnitudes Growth Rates (%)	2010	2011
Banks	122,16	-88,79
Financial Leasing Receivables	45,93	92,95
Non-performing Loans (net)	0,00	0,00
-Non-Performing Leasing Transaction Loans	-17,41	-12,50
-Special Provisions (-)	-17,41	-12,50
Total Assets	66,48	4,37
Credits Obtained	70,51	-1,52
Shareholder's Equity	26,90	16,58
A) Paid Capital	0,00	100,00
B) Capital Reserves	243,06	-8,26
C) Income Reserves	255,33	-18,01
D) Loss or Profit	-42,69	-17,27
a) Previous Years Loss or Profit	-100,00	0,00
b) Loss or Profit for the Period	-11,86	-17,27

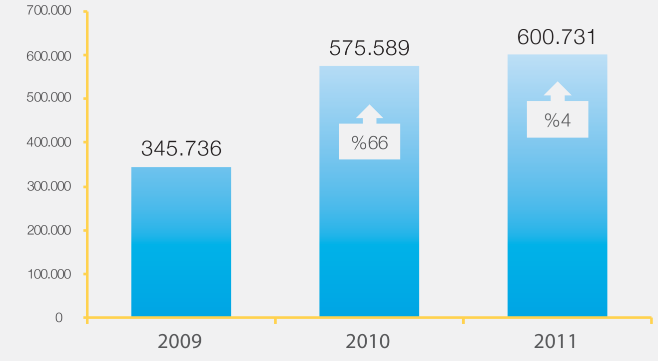
Profit/(Loss) Table Growth Rates (%)	2010	2011
Real Operating Income	-6,50	43,71
Real Operating Expenses (-)	16,25	23,27
Other Operating Income	132,75	95,19
Financing Expenses (-)	134,53	-19,27
Special Provisions regarding Non-performing Loans (-)	-85,96	91,35
Other Operating Expenses (-)	21,13	420,88
Net Operation P/L	-1.853,26	-17,99
Continuing Operations Taxation Provisions (±)	-98,92	50,67
Continuing Operations Net P/L for the Period	-11,81	-17,10
Discontinuing Operations P/L for the Period	0,00	0,00
Net Loss or Profit for the Period	-11,86	-17,27

Main Ratios (%)	2009	2010	2011
Net Leasing Receivables/Total Assets	52,10	45,67	84,43
Non-performing Loans /Net Leasing Receivables	19,64	12,15	5,90
Banks/Total Assets	33,59	44,82	4,82
Shareholder's Equity/Total Liabilities	19,63	14,96	16,71
Credits Used/Total Liabilities	75,81	77,65	73,27
Net Profit for the year/Assets	5,71	3,02	2,40
Net Profit for the year / Shareholder's Equity	29,08	20,19	14,33

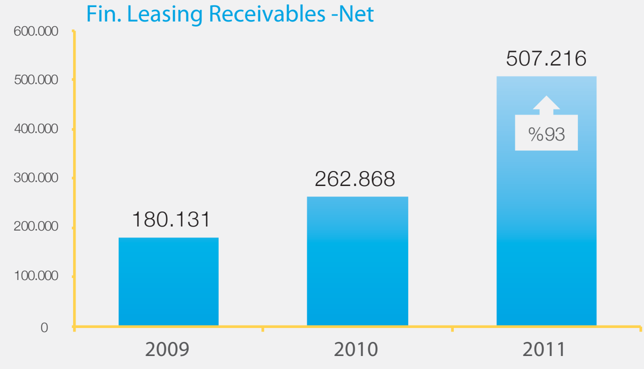
SOURCE: BRSA

VAKIF FINANCIAL LEASING INC. – BASE FINANCIAL STATEMENT MAGNITUDES

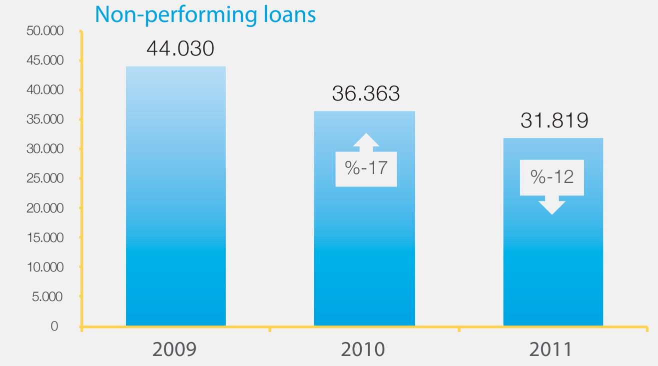
Total Assets



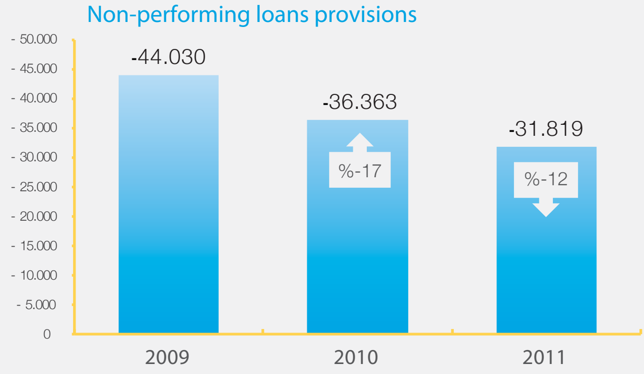
Fin. Leasing Receivables -Net



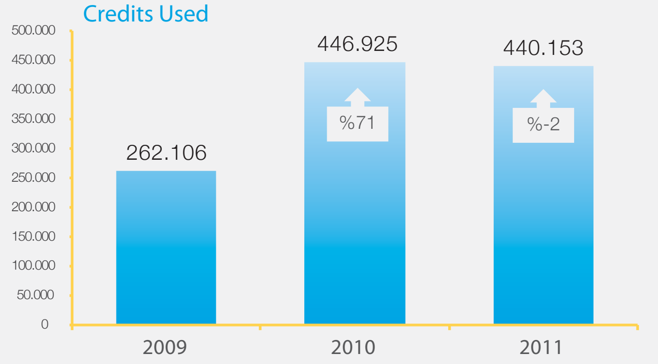
Non-performing loans



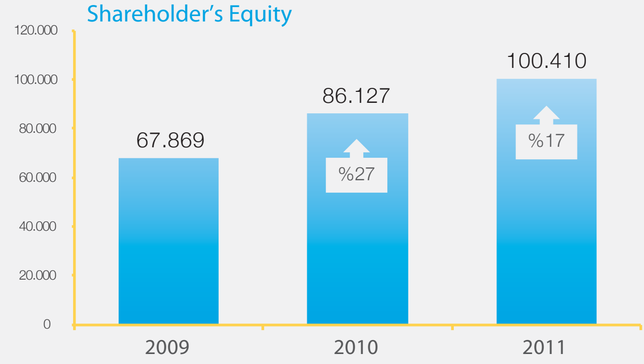
Non-performing loans provisions



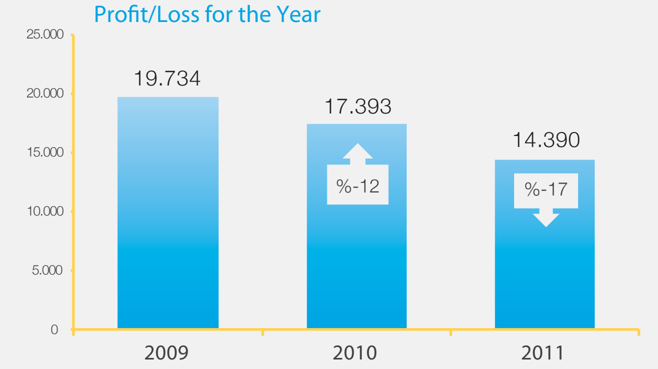
Credits Used



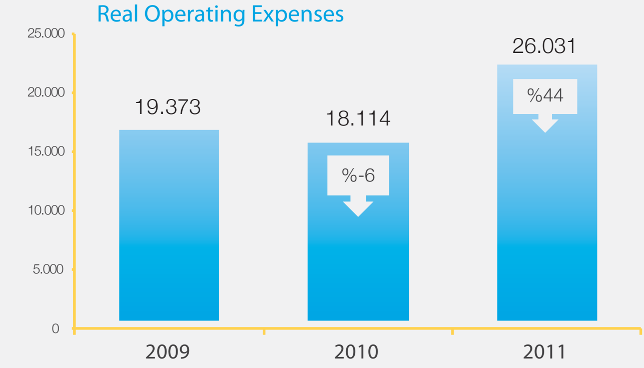
Shareholder's Equity



Profit/Loss for the Year

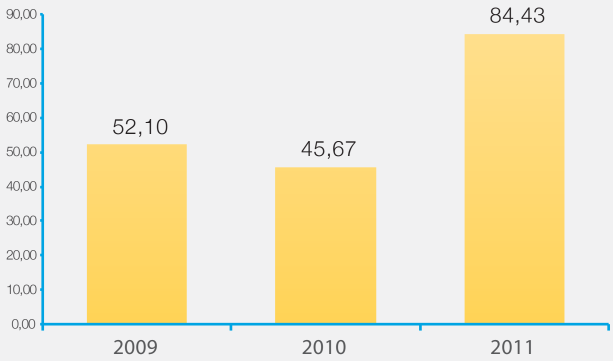


Real Operating Expenses

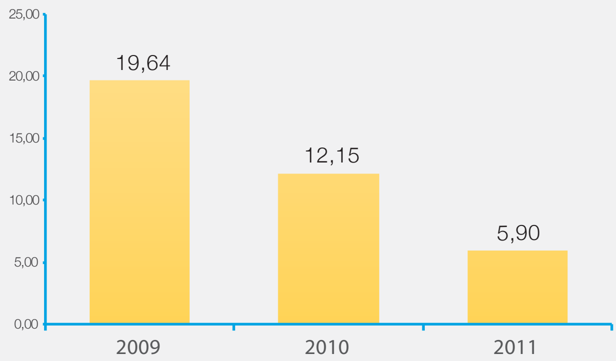


VAKIF FINANCIAL LEASING INC. – BASE RATIOS (%)

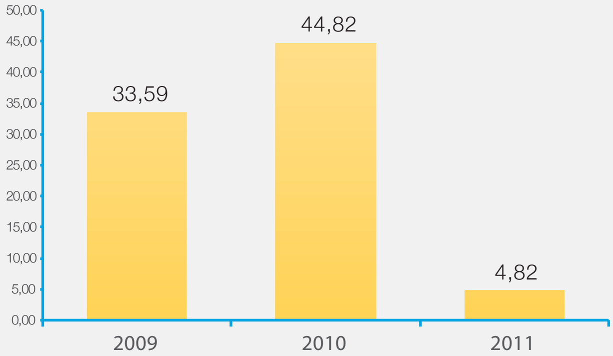
Net Leasing Receivables/Total Assets%



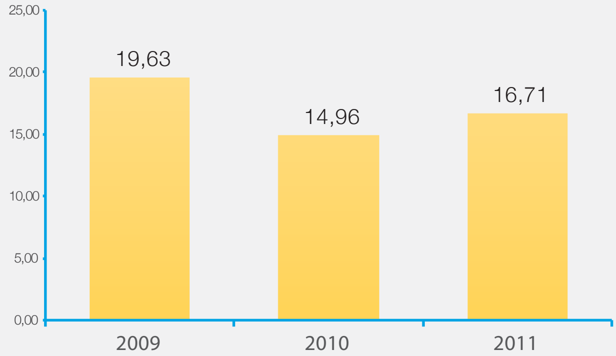
Non-operating loans/Net Leas. Receivables %



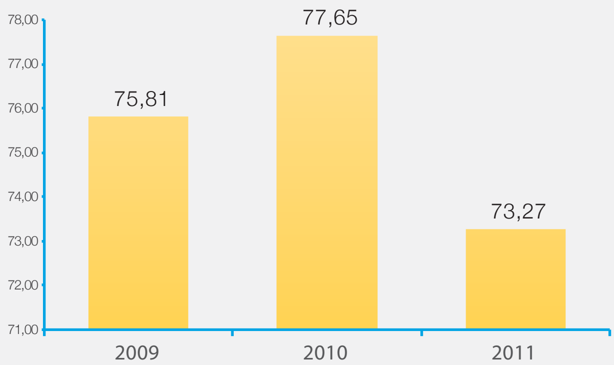
Banks/Total Assets %



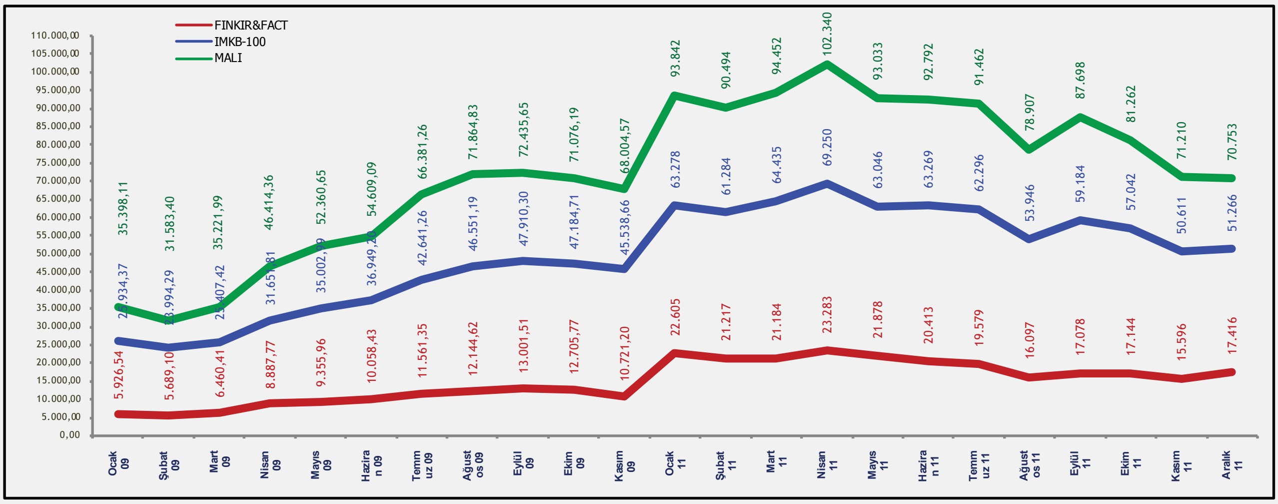
Shareholder's Equity/Total Liabilities%

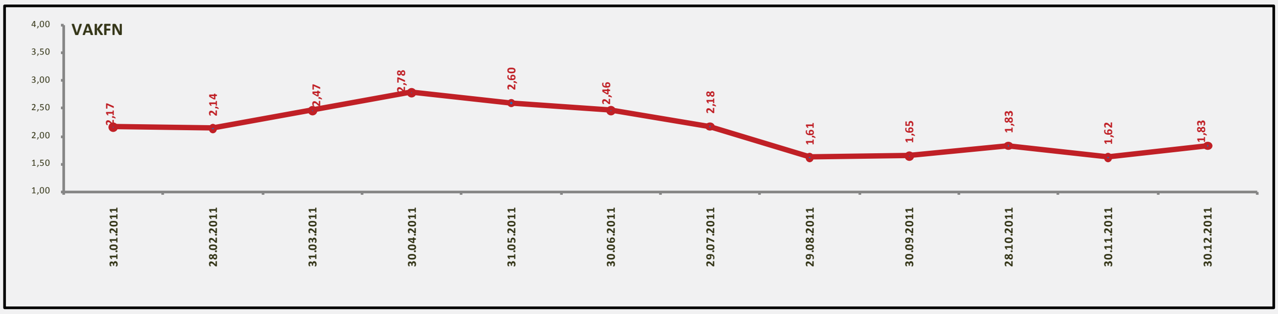


Credits Used/Total Liabilities%



ISE 100 - FINANCIAL LEASING/FACTORING INDEXES
2009, 2010, 2011, 2012





JCR Eurasia Rating

PRESS RELEASE
Istanbul - March 23, 2012

JCR Eurasia Rating, assigned an investment grade creditrating of 'A (Trk)' on the Long Term National Scale along with a 'Positive' outlook to **Vakıf Finansal Kiralama A.Ş.**

JCR Eurasia Rating has assigned an investment grade credit rating of 'A (Trk)' on the Long Term National Scale along with 'apositive' outlook to "Vakıf Finansal Kiralama A.Ş.". JCR Eurasia has assessed the Long Term International Foreign Currency and Local Currency ratings as 'BB'. Other notes and details of the ratings are given in the table below:

JCR EURASIA RATING	
Long Term International Foreign Currency	BB / (Stable Outlook)
Long Term International Local Currency	BB / (Stable Outlook)
Long Term National Local Rating	A (Trk) / (Positive Outlook)
Short Term International Foreign Currency	B / (Stable Outlook)
Short Term International Local Currency	B / (Stable Outlook)
Short Term National Local Rating	A-1 (Trk) / (Stable Outlook)
Sponsor Support	2
Stand Alone	AB

The prudent management approach emphasizing the quality of receivables portfolio of the Company, publicly traded and exercised an organizational change overthe recent years, has enhanced profitability ratios to a rate approximating sector average trend, improved impaired receivables following an ongoing downtrend, advanced NPL ratio to below sector averages and exercised full provision of impaired receivables contributing to itsasset quality and financial state. One of the most remarkable achievements of the Company over the last three years is almost doubling its market share.

Vakıf Finansal Kiralama A.Ş. which operates locally through its nerwork and Vakıfbank's widespread branches which has a remarkable market share and strategic position in Turkish Banking sector, exhibited a positive growth in 2009, a year of sectorial shrinkage, and exercised a fairly above sector average growth in the following year, and diminished the adverse effects of impaired receivables on profit over the recent years.

Domination of bank-related financial institutions in the nonbank financial sector is also most distinct charecteristic of the Turkish Leasing Sector. The sector, with high customer turnover and a shrinking market demand, has had a fierce competition market since 2010 in consequence of adverse effects of the global crisis and upward taxation adjusments in 2008. On the other hand, partial improvements in tax incentives in 2011 positively affected the sectorial outlook in terms of relatively relieved market demand and pricing.

Although the shareholders have the capability to ensure long term liquidity and equity for Vakıf Finansal Kiralama A.Ş. when required, there is a sectorial deficiency in the lack of an institution or organization to provide systemic backing. Despite this defect, the Sponsor Support grade of the Company has been assessed in the "high level" category of (2) in JCR-ER's notation system.

We, as JCR-ER, are of the opinion that Vakıf Leasing has reached the level of adequate experience and facilities to manage the incurred risks in its balance sheet provided that it maintains the current customer level and efficiency in the market without any assistance from the shareholders. Within this context, the Stand Alone grade of the Company has been assessed at a "high level" and determined as (AB) in JCR-ER's notation system.

For more information regarding the rating results you may visit our internet site http://www.jcrer.com.tr or contact our analyst Mr. Zeki M Coktan and Mr. Gokhan IYIGUN.

JCR EURASIA RATING
Administrative Board

Vakıf Leasing
Future Towards You

VAKIF LEASING is an establishment of VakıfBank

We Are Working For You

Success-oriented, hardworking and expert staff with team spirit

www.vakifleasing.com.tr

www.vakifleasing.com.tr

REPORTS

2011 ORDINARY GENERAL ASSEMBLY AGENDA

1. Election of the Council Committee and authorization of the Council Committee for the signature of the Minutes of the General Meeting,
2. Submission of the 2011 changes in the Administration and Supervisory Board Memberships to the General Assembly,
3. Reading of the 2011 Activity Report and Audit Certificate and their approval by the General Assembly,
4. Reading of 2011 Balance Sheet and Profit – Loss and their approval by the General Assembly,
5. Negotiations regarding the profit distribution proposal prepared by the Executive Board and resolution,
6. Release of the Executive Board and Supervisory Board members,
7. Pursuant to the CMB and BRSA approvals, submission of the amendments of Company Main Contract Articles 4. 8.9.10.12.16.17.18.21 to the approval of the General Assembly,
8. Election of the Board members and determination of their wages, appointment of the Independent Executive Board members and submission of the determination of their wages for the approval of the General Assembly,
9. Election of the audits and determination of their wages,
10. Determination of the independent audit company for the year 2012,
11. Informing the General Assembly within the scope of Article 4.6.2 with the serial IV and no: 56 regarding the Determination and Application of Corporate Governance Principles,
12. Wishes and requests.

From the Executive Board Chairmanship of Vakıf Financial Leasing Inc.

For the purposes of negotiating and resolving the below given agenda topics, 2011 Ordinary General Assembly of our company will be held in 29.03.2012 Thursday at 14:00, in Büyükdere Cad. Gazeteciler Sitesi Matbuat Sk. No:13 Esentepe Şişli İSTANBUL. Our company's Balance Sheet and Profit-Loss Tables dated 31.12.2011 and Reports of the Executive Board and Supervisory Board will be present for the consideration of our esteemed partners in the aforementioned address. Our partners who are willing to attend to the General Assembly Meeting must submit the General Assembly Blockage Form maintained from the Central Registry Agency for their dematerialized actions and obtain a Meeting Attendance card until the end of working hours in 27.03.2012, Tuesday the latest. We would like to remind that those who are unable to obtain their cards within the mentioned period may not attend the meeting. We would kindly remind our partners who will attend the meeting per their representatives to keep around the document of representation given below or the letter of attorney prepared by the notary (the sample letter of attorney is also available in our web-site www.vakifleasing.com.tr).

Pursuant to the Central Registry Agency's general letter dated 30.01.2008; our partners may benefit from the capital increase through either rights issues or bonus issues made after 31.12.2007, their bonus payments accruing after 31.12.2007 regarding the dematerialized actions will not be paid and they will not be able to attend the General Assembly unless their actions are dematerialized. Hence, we kindly remind our partners who are willing to attend the General Assembly to dematerialize their shares.

AUDIT REPORT

To Vakıf Financial Leasing Inc. General Assembly

Title of Partnership : VAKIF FİNANSAL KİRALAMA A.Ş.
Headquarters : Büyükdere Caddesi Gazeteciler Sitesi Matbuat Sok. No: 13 Esentepe İSTANBUL
Registered Capital : 100.000.000.- TL
Paid Capital : 50.000.000.- TL
Area of Activity : Financial Leasing

Names and Terms of Office of the Audits and their Status of Partnership or Employment within the Company;
Mehmet KAYABAŞ, Musa AKDENİZ, İbrahim ÖZEKİNCİ, Mustafa ÖZBEY

Number of Executive Board Meetings and Supervisory Board Meetings Attended;
4 Executive Board Meetings were attended. 12 Supervisory Meetings were held.

The Scope of the Inspections made over the Accounts, Records and Documents of the Partners, Dates of Inspection and Results Achieved;
Inspections were made in the dates of 31.03.2011 30.06.2011 30.09.2011 31.12.2011 and the records were considered as in conformity with the Turkish Trade Code.

The Dates and Results of the Audits made pursuant to the Turkish Trade Code Article 353, Subsection1, and Clause no: 4;
Cash count was realized in the dates 31.01.2011 28.02.2011 31.03.2011 30.04.2011 31.05.2011 30.06.2011 31.07.2011 31.08.2011 30.09.2011 31.10.2011 30.11.2011 31.12.2011 and the records and results were considered as conformable.

The Dates and Results of the Audits made pursuant to the Turkish Trade Code Article 353, Subsection 1, and Clause no: 4;
Controls were made in the dates 31.01.2011 28.02.2011 31.03.2011 30.04.2011 31.05.2011 30.06.2011 31.07.2011 31.08.2011 30.09.2011 31.10.2011 30.11.2011 31.12.2011 and it was observed that the records were kept in conformity with the Turkish Trade Code, Revenue Law, Tax Procedural Law, Corporate Tax Law and other related laws.

Complaints and Lawlessness Submitted and Transactions made;
No complaint has been submitted.

We hereby audited the 01.01.2011 - 31.12.2011 term accounts and transactions of Vakıf Financial Leasing Inc. in accordance with the Turkish Trade Code, Main Contract of the Partnership, other regulations and generally accepted accounting principles and standards.

In our opinion, the attached balance sheets prepared in 31.12.2011 realistically reflect the company's financial status within the aforementioned date and the financial results with regards to the 01.01.2011 - 31.12.2011 term, and the proposal regarding the profit distribution was found to be in conformity with the laws and the Main Contract. We submit the approval of the balance sheets and transfer of it to the Executive Board.

Name Surname	Term of Office	Signat.
Mehmet KAYABAŞ	31.03.2011 – Ongoing	
Musa AKDENİZ	13.06.2011 – Ongoing	
İbrahim ÖZEKİNCİ	31.03.2011 – Ongoing	
Mustafa ÖZBEY	31.03.2011 – 13.06.2011	

Vakıf Finansal Kiralama Anonim Şirketi and Its Subsidiary Consolidated Financial Statements As at and for the Year Ended 31 December 2011 With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi 07 March 2012
This report contains “Independent Auditors' Report” comprising 2 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes” comprising 44 pages.

Convenience Translation of the Auditors' Report Originally Prepared and Issued in Turkish (See Note 2.1)

To the Board of Directors of Vakıf Finansal Kiralama AŞ:
We have audited the consolidated balance sheet of Vakıf Finansal Kiralama Anonim Şirketi (“the Company”) and its subsidiary (all together “Group”) as at 31 December 2011 and the related consolidated statement of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Disclosure for the responsibility of the Company's Board of Directors:

The Company's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the consolidated financial statements; and for adopting sound accounting policies in compliance with the “Communiqué for the uniform chart of accounts and its guidance that should be adopted by finance lease, factoring and consumer financing companies and the form and content of the financial statements to be announced to the public” published on the Official Gazette no.26525 dated 17 May 2007, Turkish Accounting Standards, Turkish Financial Reporting Standards and the statements and guidance published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these consolidated financial statements based on our audit. Our audit is performed in accordance with the “Regulation on the Assignment and Activities of the Banks' Independent Audit Firms” published on the Official Gazette no.26333 dated 1 November 2006 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. However, our object is to set forth the relationship between the financial statements prepared by the Company management and the internal control system to design audit techniques according to conditions, rather than expressing an opinion about effectiveness of the internal control.
We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Vakıf Finansal Kiralama Anonim Şirketi and its subsidiary as at 31 December 2011 and the result of its operations and cash flows for the year then ended in accordance with the communiqués, regulations and circulars issued by the Banking Regulation and Supervision Agency regarding accounting and financial reporting and other statements and guidance published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles (see Note 2).

AKİS Independent Auditors and the Independent Accountants and Financial Advisors Inc.

07 Mart 2012

Özkan Genç
Partner

VAKIF FİNANSAL KİRALAMA ANONİM ŞİRKETİ AND ITS SUBSIDIARY
CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2011

TABLE OF CONTENT

ASSETS	Notes	Audited Current Period 31 December 2011 TL	FC	Total	Audited PriorPeriod 31 December 2010 TL	TC	Total
I. CASH AND CASH EQUIVALENTS		-	-	-	-	-	-
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	4	1,885	-	1,885	371	-	371
						-	
2.1 Financial assets held for trading purpose		1,885	-	1,885	371	-	371
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.3 Derivative financial assets held for trading purpose		-		-	-		-
III. BANKS	5	6,413	22,517	28,930	239,216	18,755	257,971
IV. RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS		-	-	-	-	-	-
V. AVAILABLE FOR SALE FINANCIAL ASSETS (Net)	6	3,924	-	3,924	4,026	-	4,026
VI. FACTORING RECEIVABLES		-	-	-	-	-	-
6.1 Discounted factoring receivables		-	-	-	-	-	-
6.1.1 Domestic		-	-	-	-	-	-
6.1.2 Foreign		-	-	-	-	-	-
6.1.3 Unearned income		-	-	-	-	-	-
6.2 Other factoring receivables		-	-	-	-	-	-
6.2.1 Domestic		-	-	-	-	-	-
6.2.2 Foreign		-	-	-	-	-	-
VII. FINANCING LOANS		-	-	-	-	-	-
7.1 Consumer loans		-	-	-	-	-	-
7.2 Credit cards		-	-	-	-	-	-
7.3 Installment based commercial loans		-	-	-	-	-	-
VIII. RECEIVABLES FROM LEASING ACTIVITIES	7	73,469	433,747	507,216	39,324	223,544	262,868
8.1 Receivables from leasing activities		73,469	433,747	507,216	39,324	223,544	262,868
8.1.1 Finance lease receivables	7	89,971	489,895	579,866	46,865	252,263	299,128
8.1.2 Operational lease receivables		-	-	-	-	-	-
8.1.3 Others		-	-	-	-	-	-
8.1.4 Unearned income	7	(16,502)	(56,148)	(72,650)	(7,541)	(28,719)	(36,260)
8.2 Investment in progress subject to leases		-	-	-	-	-	-
8.3 Advances given due to leasing activities		-	-	-	-	-	-
IX. LOANS AND RECEIVABLES UNDER FOLLOW-UP		-	-	-	-	-	-
9.1 Factoring receivables under follow-up		-	-	-	-	-	-
9.2 Financing loans under follow-up		-	-	-	-	-	-
9.3 Receivables from leasing activities under follow-up	7-8	10,024	21,795	31,819	11,164	25,199	36,363
9.4 Specific provisions	7-8	(10,024)	(21,795)	(31,819)	(11,164)	(25,199)	(36,363)
X. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE		-	-	-	-	-	-
10.1 Fair value hedges		-	-	-	-	-	-
		-	-	-	-	-	-
10.2 Cash flow hedges		-	-	-	-	-	-
10.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
		-	-	-	-	-	-
XI. HELD-TO-MATURITY INVESTMENTS (Net)		-	-	-	-	-	-
			-				
XII. INVESTMENTS IN SUBSIDIARIES (Net)		-	-	-	-	-	-
XIII. INVESTMENTS IN ASSOCIATES (Net)		-	-	-	-	-	-
XIV. INVESTMENTS IN JOINT-VENTURES (Net)		-	-	-	-	-	-
XV. TANGIBLE ASSETS (Net)	9	4,189	-	4,189	3,480	-	3,480
XVI. INTANGIBLE ASSETS (Net)	10	33	-	33	32	-	32
16.1 Goodwill		-	-	-	-	-	-
16.2 Other intangibles		33	-	33	32	-	32
XVII. DEFERRED TAX ASSETS	11	33,006		33,006	31,706	-	31,706
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)		2,141		2,141	1,428	-	1,428
18.1 Assets held for sale	2.7.6	2,141		2,141	1,428	-	1,428
18.2 Assets related to the discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	12	19,374	33	19,407	13,688	19	13,707
TOTAL ASSETS		144,434	456,297	600,731	333,271	242,318	575,589

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND EQUITY		Notes	Audited Current Period 31 December 2011 TL	FC	Total	Audited Prior Period 31 December 2010 TL	FC	Total
I.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE		-	-	-	-	-	-
II.	FUNDS BORROWED	13	34,898	405,255	440,153	240,925	206,000	446,925
III.	FACTORING PAYABLES		-	-	-	-	-	-
IV.	PAYABLES DUE TO LEASING OPERATIONS		-	-	-	-	-	-
4.1	Finance lease payables		-	-	-	-	-	-
4.2	Operational lease payables		-	-	-	-	-	-
4.3	Others		-	-	-	-	-	-
4.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	MISCELLANEOUS PAYABLES	14	8,209	46,873	55,082	5,366	34,268	39,634
VII.	OTHER PAYABLES	15	227	2,139	2,366	224	547	771
VIII.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE		-	-	-	-	-	-
8.1	Fair value hedges		-	-	-	-	-	-
8.2	Cash flow hedges		-	-	-	-	-	-
8.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
IX.	TAXES AND DUTIES PAYABLE	16	462	-	462	210	-	210
X.	PROVISIONS	17	1,930	328	2,258	1,682	240	1,922
10.1	Restructuring reserves		-	-	-	-	-	-
10.2	Reserve for employee benefits		1,864	-	1,864	1,682	-	1,682
10.3	Other provisions		66	328	394	-	240	240
XI.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XII.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DICONTINUED OPERATIONS (Net)		-	-	-	-	-	-
12.1	Payables related to the assets held for sale		-	-	-	-	-	-
12.2	Payables related to the discontinued operations		-	-	-	-	-	-
XIII.	SUBORDINATED LOANS		-	-	-	-	-	-
XIV.	EQUITY		100,410	-	100,410	86,127	-	86,127
14.1	Paid-in capital	18	50,000	-	50,000	25,000	-	25,000
14.2	Capital reserves	18	1,111	-	1,111	1,211	-	1,211
14.2.1	Share premium		-	-	-	-	-	-
14.2.2	Share cancellation profits		-	-	-	-	-	-
14.2.3	Valuation differences of the marketable securities		758	-	758	858	-	858
14.2.4	Revaluation surplus on tangible and intangible assets		-	-	-	-	-	-
					-	-	-	-
14.2.5	Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-
14.2.6	Hedging reserves (effective portion)		-	-	-	-	-	-
14.2.7	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
14.2.8	Other capital reserves	18	353	-	353	353	-	353
14.3	Profit reserves		34,631	-	34,631	42,238	-	42,238
14.3.1	Legal reserves	18	2,624	-	2,624	1,712	-	1,712
14.3.2	Status reserves		-	-	-	-	-	-
14.3.3	Extraordinary reserves	18	32,007	-	32,007	40,526	-	40,526
14.3.4	Other reserves		-	-	-	-	-	-
14.4	Profit or (loss)		14,390	-	14,390	17,393	-	17,393
14.4.1	Retained earnings/ (Accumulated losses)		-	-	-	-	-	-
14.4.2	Current year's profit/(losses)		14,390	-	14,390	17,393	-	17,393
14.5	Non-controlling interest		278	-	278	285	-	285
	TOTAL LIABILITIES AND EQUITY		146,136	454,595	600,731	334,534	241,055	575,589

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED OFF-BALANCE SHEET ITEMS

			Audited Current Period 31 December 2011			Audited Prior Period 31 December 2010		
		Notes	TL	FC	Total	TL	FC	Total
I.	REVOCABLE FACTORING TRANSACTIONS		-	-	-	-	-	-
II.	IRREVOCABLE FACTORING TRANSACTIONS		-	-	-	-	-	-
								-
III.	COLLATERALS RECEIVED	22	50,161	164,676	214,837	46,781	105,163	151,944
IV.	COLLATERALS GIVEN	22	504		504	80	-	80
V.	COMMITMENTS	22	-	18,247	18,247	-	17,770	17,770
5.1	Irrevocable commitments	22	-	18,247	18,247	-	17,770	17,770
5.2	Revocable commitments		-	-	-	-	-	-
5.2.1	Revocable lease granting commitments		-	-	-	-	-	-
5.2.1.1	Finance lease commitments		-	-	-	-	-	-
5.2.1.2	Operational lease commitments		-	-	-	-	-	-
5.2.2	Other revocable commitments		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
6.1	Derivative financial instruments held for risk management purpose		-	-	-	-	-	-
6.1.1	Fair value hedges		-	-	-	-	-	-
6.1.2	Cash flow hedges		-	-	-	-	-	-
6.1.3	Net foreign investment hedges		-	-	-	-	-	-
6.2	Derivative financial instruments held for trading purpose		-	-	-	-	-	-
6.2.1	Forwards – purchases and sales		-	-	-	-	-	-
6.2.2	Swaps – purchases and sales		-	-	-	-	-	-
6.2.3	Options – purchases and sales		-	-	-	-	-	-
6.2.4	Futures – purchases and sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY		-	-	-	-	-	-
	TOTAL OFF-BALANCE SHEET ITEMS		50,665	182,923	233,588	46,861	122,933	169,794

The accompanying notes are an integral part of these consolidated financial statements.

OPERATING INCOME		Notes	Audited Current Period 31 December 2011	Audited Prior Period 31 December 2010
I.	OPERATING INCOME		26,031	18,114
	INCOME FROM FACTORING OPERATIONS		-	-
1.1	Interest income from factoring receivables		-	-
1.1.1	Discounted		-	-
1.1.2	Others		-	-
1.2	Fees and commissions received from factoring receivables		-	-
1.2.1	Discounted		-	-
1.2.2	Others		-	-
	INCOME FROM FINANCING LOANS		-	-
1.3	Interest income from financing loans		-	-
1.4	Fees and commissions received from financing loans		-	-
	INCOME FROM LEASING OPERATIONS		26,031	18,114
1.5	Finance lease income		26,031	18,114
1.6	Operational lease income		-	-
1.7	Fees and commission income on leasing operations		-	-
II.	OPERATING EXPENSES (-)		(8,979)	(7,284)
2.1	Personnel expenses	19	(5,635)	(4,776)
2.2.	Provision expense for employee termination indemnity	17	(116)	(214)
2.3	Research and development expenses		-	-
2.4	General administrative expenses	19	(3,228)	(2,294)
2.5	Others		-	-
III.	OTHER OPERATING INCOME	20	82,772	42,405
3.1	Interest income on banks	20	4,082	17,513
3.2	Interest income on reverse repurchase agreements		-	-
3.3	Interest income on securities	20	437	56
3.3.1	Interest income on trading financial assets	20	36	11
3.3.2	Interest income on financial assets designated at fair value through profit or loss		-	-
3.3.3	Interest income on available for sale financial assets	20	401	45
3.3.4	Interest income on held to maturity investments		-	-
3.4	Dividend income	20	32	271
3.5	Trading income		-	-
3.5.1	Derivatives		-	-
3.5.2	Others		-	-
3.6	Foreign exchange gains	20	65,380	12,490
3.7	Others	20	12,841	12,075
IV.	FINANCING EXPENSES (-)		(17,608)	(21,811)
4.1	Interest expense on funds borrowed		(17,549)	(21,696)
4.2	Interest expense on factoring payables		-	-
4.3	Interest expense on financial leases		-	-
4.4	Interest expense on securities issued		-	-
4.5	Other interest expenses		(22)	(26)
4.6	Fees and commission expenses		(37)	(89)
V.	SPECIFIC PROVISIONS FOR LOANS AND RECEIVABLES UNDER FOLLOW-UP (-)	8	(3,429)	(1,792)
VI.	OTHER OPERATING EXPENSES (-)		(64,667)	(12,415)
6.1	Impairment in value of securities		(35)	-
6.1.1	Impairment in value of financial assets designated at fair value through profit or loss		-	-
			(35)	-
6.1.2	Impairment in value of available for sale financial assets			
6.1.3	Impairment in value of held to maturity investments		-	-
6.2	Impairment in value of noncurrent assets		-	(110)
6.2.1	Impairment in value of tangible assets		-	-
6.2.2	Impairment in value of assets held for sale and assets related to discontinued operations		-	(110)
6.2.3	Impairment in value of goodwill		-	-
6.2.4	Impairment in value of other intangible assets		-	-
6.2.5	Impairment in value of subsidiaries, associates and joint-ventures		-	-
6.3	Trading losses from derivatives		-	-
6.4	Foreign exchange losses		(64,109)	(12,095)
6.5	Others		(523)	(210)
VII.	OPERATING PROFIT/(LOSSES), NET (I+…+VI)		14,120	17,217
VIII.	INCOME RESULTED FROM MERGERS		-	-
IX.	GAINS/(LOSSES) ON NET MONETARY POSITION		-	-
X.	PROFIT/(LOSSES) FROM CONTINUING OPERATIONS BEFORE TAXES (VII+VIII+IX)		14,120	17,217
XI.	PROVISION FOR TAXES FROM CONTINUING OPERATIONS (±)	11	339	225
11.1	Current tax charge	11	(957)	(75)
11.2	Deferred tax charges	11	(330)	(6)
11.3	Deferred tax income	11	1,626	306
XII.	NET PROFIT/(LOSSES) AFTER TAXES FROM CONTINUING OPERATIONS (X±XI)		14,459	17,442
XIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
13.1	Income from assets held for sale		-	-
13.2	Income from sale of associates, subsidiaries and joint-ventures		-	-
13.3	Other income from discontinued operations		-	-
XIV.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
14.1	Expense from assets held for sale		-	-
14.2	Expense from sale of associates, subsidiaries and joint-ventures		-	-
14.3	Other expense from discontinued operations		-	-
XV.	PROFIT/(LOSSES) BEFORE TAXES ON DISCONTINUED OPERATIONS (XIII-XIV)		-	-
XVI.	PROVISION FOR TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
16.1	Current tax charge		-	-
16.2	Deferred tax charges		-	-
16.3	Deferred tax income		-	-
XVII.	NET PROFIT/(LOSSES) AFTER TAXES FROM DISCONTINUED OPERATIONS (XV±XVI)		-	-
XVIII.	NON-CONTROLLING INTEREST		(69)	(49)
XIX.	NET PROFIT/(LOSSES) FOR THE YEAR (XII+XVIII)		14,390	17,393
	Earnings per share (full TL)	2.7.14	0.002878	0.003479

The accompanying notes are an integral part of these consolidated financial statements.

GAINS AND LOSSES RECOGNIZED IN EQUITY		Audited Current Period 31 December 2011	Audited Prior Period 31 December 2010
I.	CHANGES IN 'VALUATION DIFFERENCES OF THE MARKETABLE SECURITIES' DUE TO AVAILABLE FOR SALE FINANCIAL ASSETS	(106)	904
1.1	Net change in the fair value of available for sale financial assets	(106)	904
1.2	Net change in the fair value of available for sale financial assets (transfer to profit and loss)	-	-
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES	-	-
V.	GAINS/(LOSSES) ON CASH FLOW HEDGES	-	-
5.1	Change in fair values (Effective portion)	-	-
5.2	Portion reclassified and presented in the consolidated statement of income	-	-
VI.	GAINS/(LOSSES) ON HEDGE OF A NET INVESTMENT IN FOREIGN OPERATIONS	-	-
6.1	Change in fair values (Effective portion)	-	-
6.2	Portion reclassified and presented in the consolidated statement of income	-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII.	OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TAS	-	-
IX.	DEFERRED TAXES ON VALUATION DIFFERENCES	6	(46)
X.	NET GAINS/(LOSSES) RECOGNIZED DIRECTLY IN EQUITY	(100)	858
XI.	NET PROFIT/(LOSSES) FOR THE YEAR	14,459	17,442
XII.	TOTAL GAINS/(LOSSES) RECOGNIZED IN THE YEAR	14,359	18,300

The accompanying notes are an integral part of these consolidated financial statements.

CHANGES IN EQUITY

	Notes	CHANGES IN EQUITY	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Net Profit/(Losses) For the Year	Retained earnings/ (Accumulated losses)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible and Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Discount. Op.s	Shareholders' Equity	Non-Controlling Interest	Total Equity
Prior Year – 31 December 2010																			
I. Balances at the beginning of the year		25,000	-	-	-	207	-	11,680	353	19,734	10,617	-	-	-	-	-	67,591	278	67,869
II. Corrections per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of correction of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at the beginning of the year (I+II)		25,000	-	-	-	207	-	11,680	353	19,734	10,617	-	-	-	-	-	67,591	278	67,869
Changes during the year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease related to mergers and acquisitions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Hedging net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Valuation differences of the marketable securities		-	-	-	-	-	-	-	-	-	-	858	-	-	-	-	858	-	858
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Translation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from disposal of the assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes resulted from reclassifications of the assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Issuances of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Bonds Convertible to Securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Net profit/(losses) of the year		-	-	-	-	-	-	-	-	17,393	-	-	-	-	-	-	17,393	49	17,442
XVIII. Profit distribution		-	-	-	-	1,505	-	28,846	-	(19,734)	(10,617)	-	-	-	-	-	-	(42)	(42)
18.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(42)	(42)
18.2 Transferred to reserves		-	-	-	-	1,505	-	28,846	-	(19,734)	(10,617)	-	-	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the year		25,000	-	-	-	1,712	-	40,526	353	17,393	-	858	-	-	-	-	85,842	285	86,127
Current Year – 31 December 2011																			
I. Balances at the beginning of the year		25,000	-	-	-	1,712	-	40,526	353	17,393	-	858	-	-	-	-	85,842	285	86,127
II. Corrections per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of correction of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at the beginning of the year (I+II)		25,000	-	-	-	1,712	-	40,526	353	17,393	-	858	-	-	-	-	85,842	285	86,127
Changes during the year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease related to mergers and acquisitions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Hedging reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1 Cash Flow Hedges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2 Hedging net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Valuation differences of the marketable securities		-	-	-	-	-	-	-	-	-	-	(100)	-	-	-	-	(100)	-	(100)
VII. Revaluation surplus on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Translation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from disposal of the assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes resulted from reclassifications of the assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase	18	25,000	-	-	-	-	-	(9,000)	-	(16,000)									
XIII. Issuances of share certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital reserves from inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Bonds Convertible to Securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Net profit/(losses) of the year		-	-	-	-	-	-	-	-	14, 390	-	-	-	-	-	-	14,390	69	14,459
XVIII. Profit distribution		-	-	-	-	912	-	481	-	(1,393)	-	-	-	-	-	-	-	(76)	(76)
18.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(76)	(76)
18.2 Transferred to reserves	18	-	-	-	-	912	-	481	-	(1,393)	-	-	-	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the year		50,000	-	-	-	2,624	-	32,007	353	14,930	-	758	-	-	-	-	100,132	278	100,410

The accompanying notes are an integral part of these consolidated financial statements.

		Notes	Audited Current Period 31 December 2011	Audited Prior Period 31 December 2010
A.	CASH FLOWS FROM OPERATING ACTIVITIES			
1.1	Operating profit before changes in operating assets and liabilities		9,268	8,489
1.1.1	Interests received/lease income		33,278	32,465
1.1.2	Lease expenses		-	-
1.1.3	Dividends received	20	32	271
1.1.4	Fee and commissions received		688	1,207
1.1.5	Other income		882	1,249
1.1.6	Collections from lease receivables under follow-up	8	3,875	3,193
1.1.7	Payments to personnel and service suppliers		(8,447)	(4,776)
1.1.8	Taxes paid		(807)	-
1.1.9	Others		(20,233)	(25,120)
1.2	Changes in operating assets and liabilities		(238,714)	124,152
1.2.1	Net (increase) decrease in factoring receivables		-	-
1.2.1	Net (increase) decrease in financing loans		-	-
1.2.1	Net (increase) decrease in receivables from leasing operations		(247,318)	(84,471)
1.2.2	Net (increase) decrease in other assets		(5,700)	(3,645)
1.2.3	Net increase (decrease) in factoring payables		-	-
1.2.3	Net increase (decrease) in payables due to leasing activities		-	-
1.2.4	Net increase (decrease) in funds borrowed		(2,841)	184,835
1.2.5	Net increase (decrease) in overdue payables		-	-
1.2.6	Net increase (decrease) in other liabilities		17,145	27,433
I.	Net cash from operating activities		(229,446)	132,641
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
2.1	Acquisition of associates, subsidiaries and joint-ventures		-	-
2.2	Disposal of associates, subsidiaries and joint-ventures		-	-
2.3	Acquisition of tangible and intangible assets	9-10	(894)	(45)
2.4	Disposal of tangible and intangible assets		6,123	6,728
2.5	Acquisition of available-for-sale financial assets		-	(860)
2.6	Disposal of available-for-sale financial assets		-	-
2.7	Acquisition of held-to-maturity investments		-	-
2.8	Disposal of held-to-maturity investments		-	-
2.9	Others		(1,526)	269
II.	Net cash from investing activities		3,703	6,092
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(76)	(42)
3.5	Payments for finance leases		-	-
3.6	Others		-	-
III.	Net cash from/(used in) financing activities		(76)	(42)
IV.	Effect of change in foreign exchange rates on cash and cash equivalents		-	-
V.	Net increase in cash and cash equivalents		(225,819)	138,691
VI.	Cash and cash equivalents at the beginning of the year	2.7.16	254,747	116,056
VII.	Cash and cash equivalents at the end of the year	2.7.16	28,928	254,747

The accompanying notes are an integral part of these consolidated financial statements.

		Current Period 31 December 2011	Prior Period 31 December 2010
I	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	NET PROFIT FOR THE YEAR	14,051	17,168
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	339	225
1.2.1	Corporate tax (income tax)	(957)	(75)
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	1,296	306
A.	NET PROFIT FOR THE YEAR (1.1-1.2)	14,390	17,393
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(867)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)] (*)	-	16,526
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)(**)	-	16,000
1.6.1	To owners of ordinary shares	-	16,000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of redeemed shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	526
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION FROM RESERVES		-
2.1	DISTRIBUTION OF RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENTS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of redeemed shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES (Full TL) (***)	0.002878	0.003479
3.2	TO OWNERS OF ORDINARY SHARES (%)	0.29	0.35
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	0.0032
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	0.32
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the Board of Directors has not made any decision regarding profit distribution for the year 2011, only net profit for the year has been presented in the profit distribution table above.
(**) Dividend amount in year 2010 has been distributed as bonus shares.
(***) Earnings per share is calculated by dividing net profit for the year to weighted average number of shares.
The accompanying notes are an integral part of these consolidated financial statements.

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
Notes to the Consolidated Financial Statements
As at and for the Year Ended 31 December 2011

(Cuurency: Thousandsof Turkish Lira ("TL"))

1 Organization and nature of operations of the Group

1.1 Brief history

Vakıf Finansal Kiralama Anonim Şirketi ("the Company") was established on 15 September 1988, for the purpose of operating in finance lease business as permitted by the 3226 numbered Law on Finance Leasing published on the Official Gazette no.18795 dated 28 June 1985.
The Company is a subsidiary of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("Vakıfbank") and the 22.53% of the outstanding shares of the Company are publicly traded at İstanbul Stock Exchange ("ISE"). The Company has no preferred stock. Vakıf Sigorta Aracılık Hizmetleri Limited Şirketi ("Vakıf Sigorta") was established on 3 January 1995 to act as an insurance intermediary between Güneş Sigorta Anonim Şirketi and the customers of the Company for the insurance of the assets subject to finance lease agreements. Vakıf Sigorta gives insurance consultancy, risk management and damage controlling both in Turkey and abroad. Vakıf Sigorta also gives brokerage services between insurance and reinsurance companies. The Company owns 84.85% of the outstanding shares of Vakıf Sigorta and Vakıf Sigorta's financial statements are fully consolidated in the accompanying consolidated financial statements. As at 31 December 2011, the Group has 56 employees; 52 at the Company, 4 at Vakıf Sigorta (31 December 2010: 46 at the Company, 3 at Vakıf Sigorta, in total 49). The registered address of the Company is as follows: Büyükdere Caddesi Matbuat Sokak Gazeteciler Sitesi No:13 34394 Esentepe - Şişli Istanbul/Turkey

1.2 Ownership

The ultimate shareholder having direct or indirect control over the shares of the Company is Vakıfbank Group. As at 31 December 2011 and 2010, the share capital and ownership structure of the Company are as follows:

	31 December 2011		31 December 2010	
	Nominal Value of the Shares (TL)	Share Percentage (%)	Nominal Value of the Shares (TL)	Share Percentage (%)
Vakıfbank	29,356	58.71	14,678	58.71
Güneş Sigorta Anonim Şirketi	7,825	15.65	3,912	15.65
Publicly traded (*)	11,266	22.53	5,633	22.53
Others	1,553	3.11	777	3.11
Paid-in capital	50,000	100.00	25,000	100.00

(*) The ratio is calculated from the shares of the Company registered at Takasbank.

As per the resolution the Annual General Assembly held on 31 March 2011, the consolidated net profit of the year 2010 amounting to TL 17,393 has been decided to be distributed as legal reserves amounting to TL 867, as extraordinary reserves amounting to TL 526. It has been decided to increase share capital by TL 16,000 with the remaining net distributable profit through bonus shares. It has also been decided to increase share capital by TL 9,000 with extraordinary reserves and therefore increase the share capital of the Company from TL 25,000 to TL 50,000. Shares issued after the capital increase have been registered by the Capital Market Board on 1 July 2011.

2 Basis of presentation

2.1 Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with "Communiqué Related To The Uniform Chart of Accounts and Its Prospects to be Adopted by Finance Lease, Factoring and Financing Companies and the Form and Content of the Financial Statements to be Publicly Announced" ("BRSA Communiqué") published on the Official Gazette no.26525 dated 17 May 2007 promulgated by Banking Regulation and Supervision Agency ("BRSA"), Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and the appendices and interpretations promulgated by Turkish Accounting Standards Board ("TASB") and the statements and guidance published by BRSA on accounting and financial reporting principles (together referred as "Reporting Standards").
Per decree no 660 published on the Official Gazette dated 2 November 2011 and became effective, additional article no:1 of the 2499 numbered Law on establishment of TASB has been abrogated and establishment of Public Oversight, Accounting and Auditing Standards Association ("Board") has been decided by the Council of Ministers. In accordance with this additional temporary article no 1 of the decree, current regulations will prevail until related standards and regulations will be issued by the Board become effective. As at the report date, the above mentioned issue does not cause a change in Basis of Presentation.
"Communique on Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their receivables" which is published on 26558 numbered and 20 July 2007 dated Official Gazzette, and is prepared on the basis of "Regulation on Procedures and Principles for Establishment and Operation of Financial Leasing, Factoring and Financing Companies" published on 26315 numbered 10 October 2006 dated official gazette is applied.
The consolidated balance sheet and consolidated statement of income of Vakıf Finansal Kiralama AŞ and its subsidiary ("Group") as at for the year ended 31 December 2011 were approved by the Company's Board of Directors on XX March 2012. The general shareholders' meeting and other related legal institutes have the right to amend the legal financial statements and these financial statements.

2.2 Basis of measurement

The accompanying consolidated financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until 31 December 2004, except for the available for sale financial assets and assets held for sale which are measured at their fair values unless reliable measures are available.

2.3 Functional and presentation currency
The accompanying consolidated financial statements are presented in TL, which is the Group's functional currency. Unless otherwise stated, financial information stated as TL is rounded to the nearest thousand digits.

2.4 Accounting in hyperinflationary economies
The consolidated financial statements of the Group have been adjusted for the effects of inflation in accordance with TAS 29 – Inflation Accounting in Hyperinflationary Economies until 31 December 2004. By a circular issued on 28 April 2005, BRSA declared that the application of inflation accounting has been ceased to be applied for the companies operating in Turkey starting from 1 January 2005, since the provisions of hyperinflationary economy do not exist anymore. Accordingly, non-monetary assets and liabilities, and components of equity as at 31 December 2010 were adjusted for the effects of inflation that lasted till 31 December 2004 for the items acquired before 31 December 2004 and the items which were acquired after 1 January 2005 were accounted for at their respective costs.

2.5 Accounting estimates
The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.
In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:
Note 6 – Available-for-sale assets
Note 8 – Receivables under follow-up
Note 9 and 10 – Tangible and intangible assets
Note 17 – Provisions and other liabilities
Note 22 – Contingent asset and liabilities
Note 23 – Characteristics and degree of risk arising from financial instruments
Note 24 – Financial instruments

Changes in accounting estimates
There is no important changes in accounting estimates of the Group in the current year.

Investment incentive
As further detailed in "Note 2.7.12 – Taxation", temporary Article no. 69, added Income Tax Law no. 193 by Law no. 5479, stating that investment incentive calculated in accordance with the legislation provisions effective as at 31 December 2005 could be deducted from the profits of only 2006, 2007 and 2008 has been abrogated upon decision taken by the Turkish Constitutional Court on 15 October 2009 dated meeting since the clause of "only 2006, 2007 and 2008 …" contradicting Constitutional Law. The Turkish Constitutional Court's decision has been published on 8 January 2010 dated and 27456 numbered Official Gazette. Based on this decision the Group will be able to deduct investment incentives from future taxable profit without any time limitation. Hence, the Group has recognized deferred tax assets amounted to TL 25,342 as at and for the year ended 31 December 2010. Due to revaluations made according to the relevant legislation, the amount of deferred tax assets calculated on investment incentives amounted to TL 28,436 as at and for the year ended 31 December 2011.

2.6 Changes in Accounting Policies
Important changes in accounting policies are implemented retrospectively and financial statements of the previous year are restated. The Group has applied its accounting policies consistent with the previous year.

2.7 Significant accounting policies

2.7.1 Basis of consolidation
The accompanying consolidated financial statements include the accounts of the Company and its subsidiary on the basis set out in sections below. Financial statements of Vakıf Sigorta are prepared as of the same date as consolidated financial statements.
Subsidiaries
Subsidiaries are the entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that control commences until the date that control ceases.
As at 31 December 2011 and 2010, the Company owns 84.85% of Vakıf Sigorta. As the Company has the power to control the operations of the Vakıf Sigorta, the financial statements of Vakıf Sigorta have been fully consolidated in the accompanying consolidated financial statements.
Transactions eliminated on consolidation
Financial statements of Vakıf Sigorta have been fully consolidated and the investment balance in the Company's balance sheet has been eliminated against the paid-in capital of Vakıf Sigorta. Intra-group balances, transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.
The accounting policies of the subsidiary have been changed when necessary to align them with the policies adopted by the Group.
Non-controlling interest
The non-controlling interest in the net asset of the subsidiary of the Company is presented separately in the Group's equity. Non-controlling interest comprises the amount of those non-controlling interests at the date of the first combination and the changes in equity since the date of the combination. Losses applicable to the non-controlling interest in a consolidated subsidiary may exceed the non-controlling interest in the subsidiary's equity.

2.7.2 Foreign currency transactions
Transactions in foreign currencies are translated to TL at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into TL at the exchange rates ruling at the balance sheet date. Gains and losses arising from foreign currency transactions are reflected in the consolidated statement of income.

As at 31 December 2011 and 2010, foreign exchange rates prevailing at the balance sheet dates are as follows:

	31 December 2011	31 December 2010
USD Dollar	1.8889	1.5460
Euro	2.4438	2.0491

2.7.3 Financial instruments
Financial instruments are composed of finance lease receivables and other receivables, cash and cash equivalents, financial assets at fair value through profit or loss, available-for-sale financial assets, funds borrowed, trade payables and other liabilities.
A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.
Financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Recognition
The Group, recognizes a financial asset or liabilities only when the relevant financial instrument is a party to the contractual terms.
All financial assets and liabilities except for financial assets at fair value through profit or loss are initially recognized at acquisition costs including transaction costs.

Classification and measurement
Finance lease receivables: Gross finance lease receivable comprise the total minimum lease receivable including principle and interest. The difference between the total of lease receivables and the cost of the asset leased is recognized as unearned interest income. As the lease payments occur, lease payments are deducted from the total lease receivables and the interest component in these lease payments are reflected in the consolidated statement of income as interest income.

Finance lease receivables and other assets which are subject to limited collection or doubtful are classified to ‘receivables from leasing activities under follow-up’ and reflected to the consolidated financial statements after deducting the impairment losses in accordance with the “Communiqué on Method and Principles for Specific Provisioning for Receivables of Finance Lease, Factoring and Consumer Financing Companies” published on the Official Gazette no.26588 dated 20 July 2007 promulgated by BRSA. A doubtful finance lease receivable is written of after the completion of all legal procedures and the determination of net loss.

In case of objective evidence that finance lease receivables may not be collected, Group classifies these receivables to “Receivables to be Liquidated” and “Receivables Having the Nature of Loss” in accordance with 93rd Article of 19 October 2005 dated, Banking Law no. 5411; Communique on Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their receivables” which is published on 26588 numbered and 20 July 2007 dated Official Gazzette and is prepared on the basis of “Regulation on Procedures and Principles for Establishment and Operation of Financial Leasing, Factoring and Financing Companies” published on 26315 numbered and 10 October 2006 dated Official Gazette; and Amendment Communiques published on 26808 numbered and 6 March 2008 dated, and 27201 numbered and 15 April 2009 dated Official Gazzettes. All receivables that exceed their delay time stated in the communiqués are provided 100% provision regardless of the values of the assets pledged as collateral.

Financial assets at fair value through profit or loss are measured at their fair values and gain/loss arising is recorded in the consolidated statement of income. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the consolidated statement of income. The gains/losses in case of disposal of such securities before their maturities are recorded under trading income/losses in the consolidated statement of income.

Investments in equity shares for which the Group has not the power to control or significant influence are classified as available for sale financial assets in the consolidated financial statements. Available for sale financial assets, traded in an active market or whose fair value can be reliably measured, measured at their fair values. Available for sale financial assets, not traded in an active market and whose fair value cannot be reliably set are measured at cost, less impairment losses, if any in the consolidated financial statements.

Funds borrowed, subsequent to initial recognition, are measured at amortized cost using the effective interest method in the accompanying consolidated financial statements.

Other financial instruments: Demand deposits with banks are measured at their costs. Other financial assets and liabilities are measured at amortized cost using effective interest method.

Derecognition
A financial asset is derecognized when the control over the contractual rights that comprise that asset is lost. This occurs when the rights are realized, expire or are surrendered.
Financial liabilities are derecognized when the Group’s contractual obligations are discharged or expired or cancelled.

Specific instruments
Cash and cash equivalents comprise cash on hand, bank balances with an original maturity less than three months. Cash equivalent assets comprise current assets easily convertible to cash with an original maturity less than three months and does not subject to impairment.

2.7.4 Tangible assets
In the accompanying consolidated financial statements, items of tangible assets acquired before 1 January 2005 are measured at cost restated for the effects of inflation at 31 December 2004 less accumulated depreciation. Tangible assets acquired after 1 January 2005 are measured at cost, less accumulated depreciation.
Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net carrying value and the proceeds from the disposal of related tangible assets and reflected to the consolidated statement of income of the related period.
Maintenance and repair costs incurred in the ordinary course of the business are recorded as expense.
There are no pledges, mortgages and other encumbrances on tangible assets.

Tangible assets are depreciated over the estimated useful lives of the related assets from the date of acquisition or the date of installation, on a straight-line basis over the cost. Useful lives and residual values are reviewed at each reporting date. The estimated useful lives of tangible assets are as follows:

Tangible assets	Expected Useful Life (Year)	Depreciation Rate (%)
Buildings	50	2
Furniture and fixture	5	20
Motor vehicles	5	20
Other tangible assets – Leasehold improvements	5	20

2.7.5 Intangible assets
The Group's intangible assets consist of software.

The cost of the intangible assets purchased before 1 January 2005 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization method.

2.7.6 Assets held for resale
The assets providing the necessary conditions of being classified as the assets held for resale are recognized with the lower of their book value and fair value less cost of sales. These assets are presented separately on the balance sheet and are not subjected to depreciation following the classification. To classify an asset as asset held for resale, the sale potential of the asset (or the asset group to be disposed) should be high and the asset should be available to immediately sell under ordinary circumstances in sale of this kind of assets. To have high sale potential, there should be a proper scheme for sale of the asset (or asset group to be disposed) which is prepared by a proper administrative level and an active sales programme should be launched to complement the scheme and determine the buyers. Futhermore, the asset should be marketed actively with a price coherent to its fair value. Various incidents and conditions may extend the completion of the sale term to more than a year. The asset is remained to be classified as the asset held for resale, if the reason of the delay is the incidents and conditions out of the control of the firm, and there is no sufficient evidence that the firm is continuing its sales programme of the asset.

The impairment losses, and profit and loss from subsequent valuation of the assets classified as the assets held for resale are recognized on consolidated income statement.

Within this framework, as at 31 December 2011 and 2010, net book values of Group's assets held for resale are composed of movables and immovables that are added to assets as a result of legal follow ups with regard to non-performing loans, listed below:

	31 December 2011	31 December 2010
Lands and buildings held for sale	1,677	156
Movables held for sale	464	1,272
Total	2,141	1,428

2.7.7 Leases

Finance lease
Disclosures related to the accounting of the finance leasing activities as the lessor is presented above in Note 2.7.3.
As at balance sheet date, the Group has no finance lease payables.

Operational lease
Payments made under operational leases are recognized in the consolidated statement of income on a straight-line basis over the term of the lease.

2.7.8 Impairment
Financial assets
Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Company estimates the amount of impairment. Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) ("loss event(s)") incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.
Specific provision for finance lease receivables are recorded in accordance with the Communiqué published on the Official Gazette no.26588 dated 20 July 2007 promulgated by BRSA.

The recoverable amount of an equity instrument is its fair value.
Impairment losses are recorded in the consolidated statement of income.
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the consolidated statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

Non-financial assets
The carrying amonts of the Group'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.
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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash -generating unit").
An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of income.

2.7.9 Employee benefits
Reserve for employee termination benefits
In accordance with existing Turkish Labour Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is the based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2011 is TL 2,732 (full TL) (31 December 2010: TL 2,571(full TL)).
The Group provided reserve for employee severance indemnities in the accompanying consolidated financial statements using actuarial method in compliance with the TAS 19 – Employee Benefits.

As at 31 December 2011 and 2010, the actuarial assumptions are as follows:

	31 December 2011	31 December 2010
Discount rate	3.78%	4.66%
Expected rate of salary/ceiling increase	5,00%	5.10%
Estimated employee turnover rate	3.09%	1.93%

Expected rate of salary/ceiling increase is determined based on inflation estimates of the government. The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

Other benefits to employees
The Group has provided reserve for short-term employee benefits in the financial period as per services rendered in compliance with TAS 19 – Employee Benefits in the accompanying consolidated financial statements.

2.7.10 Provisions, contingent assets and liabilities
In the consolidated financial statements, a provision is made for an existing liability resulted from past events if it is probable that the liability will be settled and a reliable estimate can be made for the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the consolidated financial statements.
A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in consolidated financial statements. Contingent assets are assessed continuously to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset in the accompanying consolidated financial statements.

2.7.11 Income and expense recognition

Finance lease income
The values of the assets leased within the context of Financial Lease Law are shown as finance lease receivables on balance sheet at their value determined at the beginning of the leasing transaction. The interest income generated by the difference between total finance lease receivable and the investment value of the asset subject to leasing is recorded to the income statement of the period by means of distribution of the receivables with fixed interest rate to the related periods. The interest income not accrued in relevant period is followed under unearned interest income.

Interest income and expenses
Interest income and expense are recognized according to the effective interest method based on accrual basis. Effective interest rate is the rate that discounts the expected cash flows of financial assets or liabilities during their lifetimes to their carrying values. Effective interest rate is calculated when a financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises discounts and premiums, fees and commissions paid or received and transaction costs which are indispensable parts of effective interest. Transaction costs are additional costs that are directly related to the acquisition or disposal of financial assets or liabilities.

Fees and commissions

The fees and commissions received from and paid due to finance lease operations are recognized in the consolidated statement of income when the related service is rendered or received.

Dividend

Dividend income is recognized when the Company's right to receive payment is ascertained.

Other income and expenses

Other income and expenses are recognized on an accrual basis.

2.7.12 Taxation

Corporate taxes

Taxable income is subject to corporate tax at 20%. This rate is applied to net income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.
Withholding tax rate on dividend payments which are made to the companies except those are domicilied in Turkey or generate income in Turkey via a business or a regular agent is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.
The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.
Under the Turkish taxation system, tax losses can be carried forward up to five years. As at 31 December 2011, the Group has no deductable tax losses (31 December 2010: TL 2,834).
In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the end of the 25th day of the 4th month following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

Deferred taxes

Deferred tax assets and liabilities are recognized, in accordance with TAS 12- Income Taxes, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.
The deferred tax assets and liabilities are reported as net in the consolidated financial statements only if the Group has legal right to present the net value of current year tax assets and current year tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of the same taxable entity.

Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.
According to the Communiqué, if a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Investment incentive

As per the provisional 69th article which is added to the 193 numbered Income Tax Law by 5479 numbered Law that is published on 8 April 2006 dated and 26133 numbered Official Gazette and became effective since 1 January 2006 , tax payers could deduct investment incentives calculated according to the legislation provisions (including tax rate related provisions) in force as at 31 December 2005, only from the taxable income of the years 2006, 2007, and 2008. In this context, income and corporate taxpayers could deduct the following items only from the taxable income of 2006, 2007, and 2008;
1- The carried forward investment incentive exemptions which could not be deducted from 2005 revenue and available as at 31 December 2005,
2- For the investments which made in the scope of investment incentive certificates drawn upon taxpayer's application before 24 April 2003 and started within the frame of 193 numbered Income Tax Law's additional 1,2,3,4,5 and 6th articles - later repealed by 4842 numbered law- the amounts that realized in the scope of certificate after the date 1 January 2006.
3- Within the frame of Article 19 of 193 numbered Law which repealed 5479 numbered Law, investment expenditures incurred after 1 January 2006 will be deductible only from the profits of years 2006, 2007 and 2008 provided that they are economically and technically integral parts of the investment started before 1 January 2006.
In this frame the rights of tax payers who could not deduct investment incentives fully or partially due to insufficient taxable income during those years, are abrogated as at 31 December 2008. According to this regulation limiting the right to deduct the investment expenditure from taxable profit, investment incentive exemption will be applied to the taxable profit of 2008 at the latest. Investment incentive exemption amount which could not be deducted due to lack of taxable profit till the end of 2009 is not possible to be deducted from the taxable profit of 2009 and subsequent years. Meanwhile, this exemption amount can not be recorded as expense in the tax books.

In accordance with the decision taken by the Turkish Constitutional Court on 15 October 2009, "2006, 2007 and 2008 ...." clause of the provisional Article no. 69 of Income Tax Law mentioned above, is repealed and time limitation for the use of investment incentive is removed. The repeal related to investment incentive is enacted and issued in the 8 January 2010 dated and 27456 numbered Official Gazette.
Accordingly, investment incentive amounts carried forward to 2006 due to lack of taxable profit and the other investment incentive amounts which arising from investments prior to 2006 and ongoes after this date in the context of economic and technical integrity can be applied for not only 2006, 2007 and 2008 but also in subsequent years. Accordingly, the Group will be able to deduct its remaining investment incentives from taxable profit in the future without any time limitation.
Pursuant to the 6009 numbered Law published on 1 August 2010 dated and 27659 numbered Offical Gazette and became effective accordingly, the amount of investment incentive exemption which is deducted from income to estimate the tax base can not be more than 25% of the income, and the remaining income will be subject to income tax at the preveailing tax rate. In accordance with this law and Constitutional Court decision there is no time limitiation in using invesment incentive amount carried forward from year 2005 but the amount could not be more than 25% of income.
As stated in tax certification report prepared as at 31 December 2005, the Group has in total TL 170,479 investment incentive which was subject to investment incentive provisions before 24 March 2003 but indexed and carried forward to 2006 because of not being deducted before. TL 84,818 of this amount was subject to investment incentives before 24 March 2003, TL 52,098 occurred in year 2004 without incentive certificate and was subject to investment incentives provisions after 24 April 2003, TL 28,640 occurred in year 2005, TL 4,923 was subject to investment incentive provisions 1 January- 8 April 2006 as temporary article 69 of Income Tax Legislation became effective after 1 January 2006.
The company's investment incentive amount belonging to the periods after 24 April 2003 has been indexed with re-valuation rates and calculated as TL 133,231 as at 31 December 2011. Because withholding tax of 19.8% over investment incentive amount concerning investment incentive certificates obtained prior to 24 April 2003 is foreseen, the benefit of using investment incentive to the Group, is computed as %0.2 that is the difference between current tax rate and withholding tax rate. Accordingly, as at 31 December 2011, TL 266 (31 December 2010: TL 242) deferred tax asset is calculated over TL 133,231 (31 December 2010: TL 120,834) that will be deductible from future taxable income.
The total investment incentive qualified after 24 April 2003 amounted to TL 80,738 has been indexed by the growth rate of producer price index and calculated as TL 134,852 (31 December 2010:118,995) as at 31 December 2011 and TL 1,372 of this amount has been deducted in 2011. Since the Group will be able to deduct remaining TL 133,480 amount investment incentive from its future taxable profit, deferred tax assets amounting to TL 26,696 (31 December 2010: TL 23,799) has recognized as at 31 December 2011.
Due to cancellation of the article which repalled from the date of 1 January 2006 the temporary article 19 of Income Tax Legislation mentioned above, TL 4,923 amounting investment incentive amount which is subject investment incentive provisions between 1 January- 8 April 2006, has been indexed with the growth rate of producer price index and calculated as TL 7,369 as at 31 December 2011. Since the Group will be able to deduct this amount form its future taxable profit, deferred tax asset amounting amounting to TL 1,474 has been recognized as at 31 December 2011.

2.7.13 Related party

In accordance with TAS 24 – Related Party Disclosures shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.
For the purpose of the accompanying consolidated financial statements, shareholders of the Company the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties.

2.7.14 Earnings per shares

Earnings per share are determined by dividing the net profit for the year by the weighted average number of shares outstanding during the year attributable to the shareholders of the Group. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such Bonus Shares issued are regarded as issued shares.

	31 December 2011	31 December 2010
Net profit fort he year	14,390	17,393
Weighted average number of shares	5.000.000.000	5.000.000.000
Earnings per share (TL)	0.002878	0.003479

2.7.15 Subsequent events

Subsequent events means the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with TAS 10 - Events After the Balance Sheet Date; post-balance sheet events that provide additional information about the Group's position at the balance sheet dates (adjusting events) are reflected in the consolidated financial statements. Post- balance sheet events that are not adjusting events are disclosed in the notes when material.

2.7.16 Statement of cash flows

The Group prepares consolidated statement of cash flows to inform the users of the consolidated financial statements about the changes in its net assets, its consolidated financial structure and its ability to affect the amount and timing of its consolidated cash flows with respect to changing external conditions.
In the consolidated statement of cash flows, consolidated cash flows of the period are reported with a classification based on operating, investing and financing activities. Consolidated cash flows from operating activities represent cash flows from activities within the scope of business. Consolidated cash flows relating to investment activities represent cash flows used and generated from investment activities (fixed investments and financial investments). Consolidated cash flows relating to financing activities represent the sources of financing the Group used and the repayments of these sources.
As at 31 December 2011 and 2010, for the purposes of the consolidated statement of cash flows, cash and cash equivalents and bank balances with an original maturity less than three months, excluding accrued interests are presented below:

	31 December 2011	31 December 2010
Banks	28,930	257,971
Interest accruals on bank deposits	(2)	(3,224)
Cash and cash equivalents in the consolidated statement of cash flows	28,928	254,747

2.7.17 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments and whose operation results are regulary reviewed by Board of Directors.

Segment information is presented in respect of the Group's business as all the group entities operate in one geographical area, Turkey. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

2.7.18 New standards and interpretations not yet adopted

There are some new standards, amendments to standards and interpretations which are not effective as at 31 December 2011 and they have not been applied in preparing the accompanying financial statements. These new standards, amendments to standards and interpretations which are not effective and are not expected to have any impact on the consolidated financial statements of the Group are as follows:

• UFRS 9 – Financial Instruments amendments to supersede IAS 39 – Financial Instruments: Recognition and Measurement. Amendments will be effective annual periods beginning on or after 1 January 2015.

• TFRS 10 – Consolidated Financial Statements supersedes TAS 27 (2008) and SIC-12 Consolidation—Special Purpose Entities. Amendments will be effective for annual periods beginning on or after 1 January 2013.

• TFRS 11 – Joint Arrangements supersedes TAS 31 and addresses the rights and obligations of the joint arrangements instead of the legal form. Amendments will be effective for annual periods beginning on or after 1 January 2013.

• TFRS 12 – Disclosure of Interests in Other Entities contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. Amendments will be effective for annual periods beginning on or after 1 January 2013.

• IFRS 13 – Fair Value Measurement replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. Amendments will be effective for annual periods beginning on or after 1 January 2013.

• The amendments to TAS 1 – Presentation of Items of Other Comprehensive Income require changes in presentation of other comprehensive income. Amendments bill be effective for annual periods beginning on or after 1 July 2012.

• The amendments to TAS – 12 Deferred Tax: Recovery of Underlying Assets introduce an exception to the general measurement requirements. Amendments will be effective for annual periods beginning on or after 1 January 2012.

• Amendments to IAS 19 – Employee Benefits include changes in the accounting of defined benefit plans. Amendments will be effective for annual periods beginning on or after 1 January 2013.

• The amendments to TAS 27 – Separate Financial Statements include explanations regarding the existing accounting and disclosure guidance. Amendments will be effective for annual periods beginning on or after 1 January 2013.

• TAS 28 – Investments in Associates and Joint Ventures; include changes related to Joint Ventures. Amendment will be effective annual periods beginning on or after 1 January 2013.

3 Segment reporting

Business Segments

The Group comprises of two main business segments

• Finance lease includes the Group's finance lease operations

• Insurance includes the Group's insurance brokerage operations

31 December 2011	Finance lease	Insurance brokerage	Consolidation adjustments	Total
Finance lease income	26,031	-	-	26,031
Insurance brokerage service income	-	725	-	725
Total segment revenue	**26,031**	**725**	-	**26,756**
Net operating profit	13,960	585	(425)	14,120
Income taxes	476	(137)	-	339
Net profit for the year	**14,436**	**448**	(425)	**14,459**
Specific provisions for loans and receivables under follow up	(3,429)	-	-	(3,429)
Depreciation and amortization	(196)	-	-	(196)

31 December 2010	Finance lease	Insurance brokerage	Consolidation adjustments	Total
Finance lease income	18,114	-	-	18,114
Insurance brokerage service income	-	1,062	-	1,062
Total segment revenue	**18,114**	**1,062**	-	**19,176**
Net operating profit	17,043	406	(232)	17,217
Income taxes	306	(81)	-	225
Net profit for the year	**17,349**	**325**	(232)	**17,442**
Specific provisions for loans and receivables under follow up	(1,792)	-	-	(1,792)
Depreciation and amortization	(191)	-	-	(191)

As at 31 December 2011 and 2010 the Group's segment assets, segment liabilities and capital expenditures are as follows:

31 December 2011	Finance Lease	Insurance brokerage	Consolidation adjustments	Total
Other Information				
Segment assets	597,340	3,600	(209)	600,731
Segment liabilities	498,656	1,765	(100)	500,321
Capital expenditures	906	-	-	906

31 December 2010	Finance Lease	Insurance brokerage	Consolidation adjustments	Total
Other Information				
Segment assets	570,281	5,428	(120)	575,589
Segment liabilities	485,933	3,541	(12)	489,462
Capital expenditures	45	-	-	45

Capital expenditures of the segments comprise of the acquisitions of tangible and intangible assets in the related years.

4 Financial assets at fair value through profit or loss

As at 31 December 2011, Vakıfbank B Tipi Likit Fon with a carrying value of TL1,885 (31 December 2010: TL 371) has been classified as "Financial asset held for trading purpose" under "Financial assets at fair value through profit or loss".

5 Banks

As at 31 December 2011 and 2010, details of bank balances are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Demand deposits	558	1,817	991	16,496
Time deposits	5,855	20,700	238,225	2,259
Total	6,413	22,517	239,216	18,755

As at 31 December 2011, time deposits consist of bank placements with maturity less than three months and interest rates of 9% - 10.3% for TL and 1.6% for Euro and US Dollar bank placements.
As at 31 December 2010, time deposits consist of bank placements with maturity less than three months and interest rates of 8.60% for TL, 9.25% for US Dollar and 1.26% for Euro placements.

6 Available for sale financial assets

As at 31 December 2011 and 2010, available for sale financial assets are as follows:

	31 December 2011		31 December 2010	
	Net Book Value	Share (%)	Net Book Value	Share (%)
Not Traded at Stock Market:				
Vakıf Finans Factoring Hizmetleri AŞ	2,438	3.79	2,438	3.79
Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	478	3.27	-	-
Vakıf Yatırım Menkul Değerler AŞ	101	0.25	126	0.25
Doğu Yatırım Holding AŞ	-	1.43	-	1.43
World Vakıf UBB Ltd.	-	1.00	-	1.00
Obaköy Gıda İşletmeleri San. Ve Tic. AŞ	-	0.001	-	0.001
Vakıf Pazarlama ve Ticaret AŞ (*)	-	-	-	2.9
Vakıf Sistem Pazarlama Yazılım Servis Tic. Ve San. AŞ (*)	-	-	557	5
	3,017		3,121	
Traded at Bond Market:				
Corporate Bond	907	-	905	-
Total Available for Sale	3,924		4,026	

(*) At 30 December 2011 Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ has been merged with Vakıf Pazarlama Ticaret AŞ with disolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with article 451 of Turkish Commercial Code.

Legal entity of Vakıf Sistem Pazarlama Yazılım AŞ has ended with the merger and the title of the Company has been amended as Vakıf Pazarlama Sanayi ve Ticaret AŞ. The share of the Group in Vakıf Pazarlama Sanayi ve Ticaret AŞ has become 3.27% amounting to TL 988 after the merger.

The detailes of available for sale assets traded at bond market are as follows:

	31 December 2011		31 December 2010	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Corporate Bond	860	907	860	905

The maturity of the corporate bond is 27 July 2012 and the yearly interest rate is 12.30%.

7 Finance lease receivables

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Finance lease receivables	89,462	486,534	46,408	249,871
Invoiced finance lease receivables	509	3,361	457	2,392
Subtotal	**89,971**	**489,895**	**46,865**	**252,263**
Unearned interest income	(16,502)	(56,148)	(7,541)	(28,719)
Finance lease receivables, net of unearned income	**73,469**	**433,747**	**39,324**	**223,544**
Finance lease receivables under follow-up	10,024	21,795	11,164	25,199
Specific provision	(10,024)	(21,795)	(11,164)	(25,199)
Financial lease receivables under follow-up, net	-	-	-	-
Finance lease receivables, net	**73,469**	**433,747**	**39,324**	**223,544**

The maturity profile of finance lease receivables is as follows:

31 December 2011	Up to 1 year	1-2 year	2-3 year	3-4 year	4 year and over	Total
Finance lease receivables	195,121	161,638	124,931	74,169	24,007	579,866
Unearned interest income	(33,019)	(21,828)	(12,004)	(4,768)	(1,031)	(72,650)
Finance lease receivables, Net	**162,102**	**139,810**	**112,927**	**69,401**	**22,976**	**507,216**

31 December 2010	Up to 1 year	1-2 year	2-3 year	3-4 year	4 year and over	Total
Finance lease receivables	105,902	86,503	57,299	36,742	12,682	299,128
Unearned interest income	(17,863)	(11,060)	(5,003)	(1,945)	(389)	(36,260)
Finance lease receivables, Net	**88,039**	**75,443**	**52,296**	**34,797**	**12,293**	**262,868**

As of 31 December 2011, the average interest rates for finance lease receivables are 14.86% for TL, 7.56% for US Dollar, and 9.41% for Euro (As of 31 December 2010, 20.21% for TL, 10.81% for US Dollar, 12.17% for Euro).

8 Receivables under follow-up

As at 31 December 2011 and 2010, details of the finance lease receivables under follow-up and related specific provisions are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Finance lease receivables under follow-up	10,024	21,795	11,164	25,199
Specific provisions	(10,024)	(21,795)	(11,164)	(25,199)
Finance lease receivables under follow-up, net	-	-	-	-

As at 31 December 2011 and 2010, the aging of the finance lease receivables under follow-up and related specific provisions are as follows:

	31 December 2011		31 December 2010	
	Finance lease receivables	Specific provisions	Finance lease receivables	Specific provisions
Not past due	503,346	-	260,019	-
Past due 0-150 days	3,870	-	3,397	(548)
Past due 150-240 days	1,329	(1,329)	121	(121)
Past due 240-1 year	515	(515)	679	(679)
Past due more than one year	29,975	(29,975)	35,015	(35,015)
Finance lease receivables	**539,035**	**(31,819)**	**299,231**	**(36,363)**

The movement of the specific provision during the year is as follows:

	31 December 2011	31 December 2010
Balances at the beginning of the year	**36,363**	**44,030**
Provision for the year	3,429	1,792
Collections during the year	(3,875)	(3,193)
Finance lease receivables written off during the year	(4,097)	(6,266)
Specific provisions at the end of the year	**31,819**	**36,363**

The details of collaterals taken for finance lease receivables that has specific provisions are as follows:

	31 December 2011	31 December 2010
Mortgage	5,340	7,693
Notes recieved	26,479	28,670
Total collateral	**31,819**	**36,363**

The group reviews any change in credit quality related to receivables from the date it is created to the balance sheet date in order to decide whether the receivable can be collected or not. Since the Group has many customers, credit risk concentration of the Group is not at a significant level. Sectoral distribution of the finance lease receivables is presented in Note 23.

9 Tangible assets

Movement in tangible assets in the period from 1 January to 31 December 2011 is as follows:

	1 January 2011	Additions	Disposals	31 December 2011
Cost:				
Buildings	3,837	238	-	4,075
Furniture and fixture	510	207	(41)	676
Motor vehicles	553	449	-	1,002
Other tangible assets (inc. leasehold improvements)	114	-	-	114
	5,014	894	(41)	5,867
Accumulated depreciation:				
Buildings	(513)	(78)	-	(591)
Furniture and fixture	(373)	(53)	41	(385)
Motor vehicles	(535)	(41)	-	(576)
Other tangible assets (inc. leasehold improvements)	(113)	(13)	-	(126)
	(1,534)	(185)	41	(1,678)
Net book value	**3,480**			**4,189**

Movement in tangible assets in the period from 1 January to 31 December 2010 is as follows:

	1 January 2010	Additions	Disposals	31 December 2010
Cost:				
Buildings	3,831	6	-	3,837
Furniture and fixture	497	13	-	510
Motor vehicles	553	-	-	553
Other tangible assets (inc. leasehold improvements)	114	-	-	114
	4,995	19	-	5,014
Accumulated depreciation:				
Buildings	(435)	(78)	-	(513)
Furniture and fixture	(343)	(30)	-	(373)
Motor vehicles	(495)	(40)	-	(535)
Other tangible assets (inc. leasehold improvements)	(78)	(35)	-	(113)
	(1,351)	(183)	-	(1,534)
Net book value	**3,644**			**3,480**

As 31 December 2011 and 2010, there is no mortgage on the tangible assets of the Group.
As of 31 December 2011, total insurance coverage for tangible assets of the Group is TL 5,032 (31 December 2010: TL 3,185).

10 Intangible assets

Movement in intangible assets in the period from 1 January to 31 December 2011 is as follows:

	1 January 2011	Additions	Disposals	31 December 2011
Cost:				
Software	379	12	-	391
	379	12	-	391
Accumulated amortization:				
Software	(347)	(11)	-	(358)
	(347)	(11)	-	(358)
Net book value	32			33

1 Ocak – 31 Aralık 2010 dönemleri arasındaki maddi olmayan duran varlık hareketleri aşağıdaki gibidir:

	1 January 2010	Additions	Disposals	31 December 2011
Cost:				
Software	353	26	-	379
	353	26	-	379
Accumulated amortization:				
Software	(339)	(8)	-	(347)
	(339)	(8)	-	(347)
Net book value	14			32

11 Tax assets and liabilities

Deferred taxes as at 31 December 2011 and 2010 are attributable to the items below:

	31 December 2011	31 December 2010
Unused investment incentives	28,436	25,342
Specific provisions for finance lease receivables under follow up	4,690	5,650
Provision for unused vacations	158	133
Provision for employee termination benefit	153	132
Other short term employee benefits	66	82
Finance lease income accruals	(515)	(180)
Tax losses carried forward	-	567
Other	18	(20)
Deferred tax assets, net	33,006	31,706

As further detailed in Note 2.7.12 – Taxation, temporary Article no. 69, added Income Tax Law no.193 by Law no. 5479, stating that investment incentive calculated in accordance with the legislation provisions effective as at 31 December 2005 could be only deducted from the profits of only 2006, 2007 and 2008 has been abrogated upon decision taken by the Turkish Constitutional Court on 15 October 2009 dated meeting since the clause of “only 2006, 2007 and 2008 …” was contradict to Constitutional Law. The Turkish Constitutional Court’s decision has been published in 8 January 2010 dated and 27456 numbered Official Gazette. Based on this decision the Group will be able to deduct investment incentives from future taxable profit without any time limitation. Hence, the Group has recognized deferred tax assets amounting to TL 28,436 as at and for the year ended 31 December 2011 (31 December 2010: TL 25,342).

Income tax expense in the accompanying consolidated statement of income is as follows:

	31 December 2011	31 December 2010
Corporate tax:		
Corporate tax liability	(957)	(75)
Deferred tax:		
Arising from origination or reversal of deductible temporary differences	1,626	294
Arising from origination or reversal of taxable temporary differences	(330)	6
Total income tax income/(expense) in the consolidated statement of income	339	225

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

	31 December 2011		31 December 2010	
Profit before taxes	14,120	Vergi oranı (%)	17,217	Vergi oranı (%)
Taxes on income per statutory tax rate	(2,824)	(20.0)	(3,443)	(20.0)
Unused investment incentives	3,095	21.9	3,957	23.0
Income exempt from taxation	74	0.5	720	4.2
Non-deductable expenses	(31)	(0.2)	(17)	(0.1)
Others	25	0.2	(992)	(5.8)
Total income tax income/(expense) in the consolidated statement of income	339	2.4	225	1.3

12 Other asset

As at 31 December 2011 and 2010, details of other assets are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Deductible value added tax	16,258	-	8,646	-
Insurance premium receivables	1,385	-	4,250	-
Prepaid expenses	375	-	242	-
Cheques and notes received	166	-	33	-
Prepaid taxes	-	-	44	-
Others	1,190	33	473	19
Total other assets	19,374	33	13,688	19

13 Funds borrowed

As at 31 December 2011 and 2010, details of the funds borrowed are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Domestic banks	5,430	289,066	235,858	174,348
Foreign banks	29,468	116,189	5,067	31,652
Total funds borrowed	34,898	405,255	240,925	206,000

			Carrying value			
31 December 2011	Amount in original currencies	Average interest rates (%)	Up to 3 months	3 months to 1 year	Over 1 year	Total
Funds borrowed from domestic banks						
Fixed rate borrowings:						
TL	5,430	8.60	5,430	-	-	5,430
Euro (thousand)	62,660	4.51	371	120,988	31,768	153,127
US Dollar (thousand)	71,967	4.79	41,007	71,312	23,620	135,939
Floating rate borrowings:						
US Dollar (thousand)	-	-	-	-	-	-
Total funds borrowed from domestic banks			46,808	192,300	55,388	294,496
Funds borrowed from foreign banks						
Fixed rate borrowings:						
TL	29,468	13.48	19,341	10,127	-	29,468
Euro (thousand)	11,332	5.73	8,129	19,565	-	27,694
US Dollar (thousand)	40,379	4.61	19,630	56,642	-	76,272
Floating rate borrowings:						
Euro (thousand)	5,002	4.00	-	12,223	-	12,223
Total funds borrowed from foreign banks			47,100	98,557	-	145,657
Total funds borrowed			93,908	290,857	55,388	440,153

31 December 2010	Amount in original currencies	Average interest rates (%)	Carrying value Up to 3 months	3 months to 1 year	Over 1 year	Total
Funds borrowed from domestic banks						
Fixed rate borrowings:						
TL	235,858	7.93	235,858	-	-	235,858
Euro (thousand)	40,347	3.47	100	18,028	64,547	82,675
US Dollar (thousand)	58,249	3.58	634	26,390	63,612	90,636
Floating rate borrowings:						
US Dollar (thousand)	666	1.42	1,037	-	-	1,037
Total funds borrowed from domestic banks			**237,629**	**44,418**	**128,159**	**410,206**
Funds borrowed from foreign banks						
Fixed rate borrowings:						
TL (thousand)	5,067	8.10	5,067	-	-	5,067
Euro (thousand)	3,095	3.75	-	-	6,341	6,341
US Dollar (thousand)	3,085	3.55	4,801	-	-	4,801
Floating rate borrowings:						
Euro (thousand)	10,009	3.50	-	10,264	10,246	20,510
Total funds borrowed from foreign banks			9,868	**10,264**	**16,587**	**36,719**
Total funds borrowed						
Total funds borrowed			**247,497**	**54,682**	**144,746**	**446,925**

14 Miscellaneous payables

As at 31 December 2011 and 2010, details of miscellaneous payables are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Provisions for suppliers for finance lease operations (*)	6,175	39,624	690	33,160
Payables to suppliers for finance lease operations	514	7,245	1,255	1,108
Other trade payables	1,520	4	3,421	-
Total miscellaneous payables	**8,209**	**46,873**	**5,366**	**34,268**

(*) Consists of provisions for the finance lease contracts whose invoices have not been received yet from suppliers. The amounts in this account are transferred to finance lease payables account when the invoices of the goods that are subject to finance lease transactions are received.

15 Other payables

As at 31 December 2011 and 2010, details of other external resources payable are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Advances received	227	2,139	224	547
Total other external resources payables	**227**	**2,139**	**224**	**547**

Advances received consists of advances received from the customers for the finance lease contracts under which related machinery and equipments were not yet delivered to the customers.

16 Taxes and duties payable

As at 31 December 2011 and 2010, details taxes and duties payable are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Corporate taxes payable	150	-	-	-
Taxes other than on income and duties payable	312	-	210	-
Taxes and duties payable	**462**	-	**210**	-

17 Provisions

As at 31 December 2011 and 2010, details of provisions and other liabilities are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Reserve for employee benefits	1,864	-	1,682	-
Provision for unused vacations	792	-	664	-
Reserve for employee termination benefit	766	-	659	-
Reserve for bonuses	188	-	157	-
Provisions for other employee rights	118	-	202	-
Provisions for World Vakıf UBB Ltd with regard to its negative equity	-	328	-	240
Other provisions	66	-	-	-
Total provisions	1,930	328	1,682	240

Movement of reserve for employee termination benefits during the period is as follows:

	31 December 2011	31 December 2010
At the beginning of the year	659	486
Interest rate cost	21	39
Service cost	64	53
Payments during the year	-	(41)
Actuarial Difference	22	122
At the end of the year	766	659

18 Equity

Share capital

As at 31 December 2011, the share in capital of the Company amounts to TL 50,000 and composed of 5.000.000.000 shares with a face value of TL 0.01 each.
As at 31 December 2011 and 2010, the share capital and ownership structure of the Company is as follows:

	31 December 2011		31 December 2010	
	Amount of Shares	Share Percentage (%)	Amount of Shares	Share Percentage (%)
Vakıfbank	29,356	58.71	14,678	58.71
Güneş Sigorta Anonim Şirketi	7,825	15.65	3,912	15.65
Publicly traded (*)	11,266	22.53	5,633	22.53
Other	1,553	3.11	777	3.11
Paid-in capital	50,000	100.00	25,000	100.00

(*) The ratio is calculated from the shares of the Company registered at Takasbank.

Capital reserves

As at 31 December 2011 and 2010, capital reserves amounted to TL 353 consists of inflation adjustment differences of paid-in capital of the Company.

Profit reserves

As at 31 December 2011, profit reserves of the Group consists of first legal reserves amounting to TL 2,624 (31 December 2010: TL 1,712) and extraordinary reserves amounting to TL 32,007 (31 December 2010: TL 40,526).

Profit distribution

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below:
The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital.
The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's paid-in 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. Within this context, the Company has provided first legal reserve amounted to TL 912 from the net profit of 2010.
As per the resolution the Annual General Assembly held on 31 March 2011, the consolidated net profit of the year 2010 amounting to TL 17,393 has been decided to be distributed to legal reserves amounting to TL 867, to extraordinary reserves amounting to TL 526. It has been decided to increase share capital by TL 16,000 with the remaining net distributable profit through bonus shares. It has also been decided to increase share capital by TL 9,000 with extraordinary reserves and therefore increase the share capital of the Company from TL 25,000 to TL 50,000.
Shares issued after the capital increase have been registered by the Capital Market Board on 1 July 2011.

19 Operating expenses

For the years ended 31 December 2011 and 2010, personnel expenses included in the operating expenses are as follows:

	31 December 2011	31 December 2010
Salaries	4,155	3,323
Personnel insurance expenses	608	494
Social security premiums and other contributions	520	400
Other personnel expenses	352	559
Total personnel expenses	**5,635**	**4,776**

For the years ended 31 December 2011 and 2010, general administrative expenses included in the operating expenses are as follows:

	31 December 2011	31 December 2010
General administration expenses	658	525
Transportation expenses	538	105
Notary expenses	368	345
Taxes other than on income and duties	230	191
Marketing expenses	226	164
Depreciation and amortization expenses	196	191
Court expenses	134	180
Non-deductible expenses	128	72
Consultancy expenses	74	55
Printing, stationary and office expenses	43	36
Registration expenses	16	32
Other operating expenses	617	398
Total general operating expenses	**3,228**	**2,294**

20 Other operating income

For the years ended 31 December 2011 and 2010, other operating income is as follows:

	31 December 2011	31 December 2010
Foreign exchange gains	65,380	12,490
Income from sales of assets held for sale	5,158	5,866
Interest income from bank deposits	4,082	17,513
Provisions reversed during the year	3,884	3,193
Interest income from delayed payments	1,138	615
Insurance commission income	725	1,296
Interest income from available for sale asstes	401	45
Interest income on trading financial assets	36	11
Dividend income	32	271
Rent income	28	68
Other income	1,908	1,037
Total other operating income	**82,772**	**42,405**

21 Related party balances and transactions

As at 31 December 2011 and 2010, details of related party balances are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Vakıfbank	401	21,448	989	16,317
Bank deposits	**401**	**21,448**	**989**	**16,317**
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	2,261	-	59	-
Güneş Sigorta AŞ	1,487	-	-	-
Finance lease receivables	**3,748**	-	**59**	-
Vakıf Pazarlama Sanayi ve Ticaret AŞ	79	-	15	-
Vakıf Emeklilik AŞ	27	-	27	-
Güneş Sigorta AŞ	2	-	-	-
Vakıf Yatırım Menkul Değerler AŞ	1	-	1	-
Due from related parties	**109**	-	**43**	-
Vakıfbank	30,428	91,689	210,339	68,489
Funds borrowed	**30,428**	**91,689**	**210,339**	68,489
Güneş Sigorta AŞ	1,332	-	3,375	-
Vakıf Pazarlama Sanayi ve Ticaret AŞ	2	-	-	-
Due to related parties	**1,334**	-	**3,375**	-

As at and for the year ended 31 December 2011 and 2010, details of related party transactions are presented below:

	31 December 2011	31 December 2010
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	195	-
Güneş Sigorta AŞ	141	-
Vakıfbank	4	30
Vakıf Emeklilik AŞ	-	-
Finance lease income	340	30
Vakıfbank	317	78
Interest income	317	78
Vakıfbank Yatırım Fonları	36	11
Invetsment fund income	36	11
Vakıfbank – alınan krediler faiz giderleri	5,067	15,119
Vakıfbank – banka masrafları	20	20
Finance expenses	5,087	15,139
Vakıfbank	18	53
Vakıf Pazarlama ve Ticaret AŞ	15	15
Rent income	53	68
Güneş Sigorta AŞ	757	1,062
Vakıf Pazarlama ve Ticaret AŞ	54	-
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	46	-
Other income	857	1,062
Güneş Sigorta AŞ	402	361
Vakıf Pazarlama Sanayi ve Ticaret AŞ	66	36
Vakıf Yatırım Menkul Değerler AŞ	20	13
Vakıf Gayrimenkul Değerleme AŞ	8	15
Vakıfbank	7	45
Other expenses	503	470
Vakıf Yatırım Menkul Değerler AŞ	25	13
Vakıf Pazarlama Sanayi ve Ticaret AŞ	7	40
Vakıf Finans Factoring Hizmetleri AŞ	-	218
Dividend income	32	271

Key management compensation

Total compensation to the key management of the Group as at 31 December 2011 and 2010 are as follows:

	31 December 2011	31 December 2010
Salary and other short-term benefits	711	587
Total	711	587

The key management of the Group consists of general manager, assistant general managers, members of the board of directors and the members of the audit committe.

22 Contingent assets and liabilities

Collaterals received

As at 31 December 2011 and 2010, the collaterals obtained by the Group against finance lease receivables are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Mortgages	46,553	144,955	42,843	92,800
Letters of guarantee	343	6,747	641	1,584
Cash blockage	667	3,695	699	1,170
Others	2,598	9,279	2,598	9,609
	50,161	164,676	46,781	105,163

Collaterals given
As at 31 December 2011 and 2010, collaterals given are as follows:

	31 December 2011		31 December 2010	
	TL	FC	TL	FC
Letters of guarantee	504	-	80	-
Total	**504**	-	**80**	-

Letters of guarantees are given to custom authority and banks.
Commitments
As at 31 December 2011, the Group has irrevocable commitments amounted to TL 18,247 (31 December 2010: TL 17,770) arising from letter of credits used for the tangible asset purchases subject to finance leases. The distribution of the commitments according to currency types is as follows:

	31 December 2011	31 December 2010
Euro	11,149	15,669
GBP	535	-
US Dollar	6,563	2,101
Total	**18,247**	**17,770**

23 Nature and level of risks from financial instruments

Overview
This note presents information about the Group's exposure to each of the below risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors monitors the effectiveness of the risk management system through various mechanism established within the Group.
The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Credit risk
Credit risk is basically defined as the possibility that a counterparty will fail to meet its obligations in accordance under agreed terms of a contract. The Group aims to reduce exposed credit risks by entering into contracts with the counterparties having high credibility and by obtaining sufficient collateral against the loans provided. Besides, the Group analyse the financial position and the credibility of the customers and aims to support these analysis with intelligence reports obtained from the third parties. Also the sector and the geographical position of customers, where they operate and other factors that may effect their operations are considered in the evaluation process of loans. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis to minimize the credit risk. Credit risk is aimed to be controlled by the limits set by the Board of Directors.
Finance lease receivables cover many kinds of customers in different sectors. For the current balances of the customers, credit evaluations are done periodically.
Balance sheet items of the Group which are subject to credit risk are as follows:

- finance lease receivables
- available for sale financial assets
- financial assets at fair value through profit or loss
- banks
- other receivables

As at 31 December 2011 and 2010, exposure to credit risk based on categories of financial instruments are as follows:

31 December 2011	Receivables: Finance lease receivables – Related party	Receivables: Finance lease receivables – Third party	Receivables: Other receivables – Related party	Receivables: Other receivables – Third party	Banks	Financial investments	Other	Total
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	3,748	503,468	109	19,298	28,930	2,792	-	558,345
- The portion of maximum risk covered by guarantees	-	214,837	-	-	-	-	-	214,837
A. Net carrying value of financial assets which are neither impaired nor overdue	3,748	499,598	109	19,298	28,930	2,792	-	554,475
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	3,870	-	-	-	-	-	3,870
- The portion covered by guarantees	-	2,430	-	-	-	-	-	2,430
D. Net carrying value of impaired assets	-	-	-	-	-	-	-	-
- Overdue (gross)	-	31,819	-	-	-	-	-	31,819
- Impairment (-)	-	(31,819)	-	-	-	-	-	(31,819)
- net book value covered by guarantees	-	-	-	-	-	-	-	-
- Not past due (gross)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- net book value covered by guarantees	-	-	-	-	-	-	-	-
E. Off balance sheet containing with credit risks	-	-	-	-	-	-	-	-

31 Aralık 2011	Receivables: Finance lease receivables – Related party	Receivables: Finance lease receivables – Third party	Receivables: Other receivables – Related party	Receivables: Other receivables – Third party	Banks	Financial investments	Other	Total
Exposure to maximum credit risk as at reporting date (A+B+C+D+E)	59	262,809	43	13,664	257,971	1,276	-	535,822
- The portion of maximum risk covered by guarantees	-	151,944	-	-	-	-	-	151,944
A. Net carrying value of financial assets which are neither impaired nor overdue	59	259,460	43	13,664	257,970	1,276	-	532,472
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	2,849	-	-	-	-	-	2,849
- The portion covered by guarantees	-	2,016	-	-	-	-	-	2,016
D. Net carrying value of impaired assets	-	-	-	-	-	-	-	-
- Overdue (gross)	-	36,363	-	-	-	-	-	36,363
- Impairment (-)	-	(36,363)	-	-	-	-	-	(36,363)
- net book value covered by guarantees	-	-	-	-	-	-	-	-
- Not past due (gross)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- net book value covered by guarantees	-	-	-	-	-	-	-	-
E. Off balance sheet containing with credit risks	-	-	-	-	-	-	-	-

As at 31 December 2011 and 2010 sectoral distribution of finance lease receivables which are not under follow-up is as follows:

	31 December 2011		31 December 2010	
	Amount	(%)	Amount	(%)
Manufacturing	283,315	55.87	142,647	54.26
Mining	45,849	9.04	23,598	8.98
Transportation, warehousing and communication	41,749	8.23	27,423	10.42
Construction	40,921	8.07	23,962	9.12
Wholesale, retail and trading	24,566	4.84	10,394	3.95
Education	19,488	3.84	15,057	5.73
Real estate	14,774	2.91	1,329	0.51
Health and social services	13,351	2.63	9,429	3.59
Hotels and restaurants	5,887	1.16	2,109	0.80
Agriculture	5,473	1.08	388	0.15
Other social and individual services	4,486	0.88	4,195	1.60
Financial intermediary services	3,734	0.74	58	0.02
Others	3,623	0.71	2,279	0.87
Total	**507,216**	**100.00**	**262,868**	**100.00**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

Main responsibility for the liquidity risk management belongs to Board of Directors. Board of Directors has created a suitable liquidity risk management for the short, medium and long term funding and liquidity needs. The Group manages the liquidity risk by following forecasted and actual cash flows, matching the terms of financial assets and liabilities and securing necessary funds.

The following table provides undiscounted cash flows with respect to the contractual (or expected) maturities of the Group's financial liabilities:

31 December 2011	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Funds borrowed	440,153	456,601	175,693	222,654	58,254	-	-
Miscellaneous payables and other liabilities	57,448	57,448	57,448	-	-	-	-
Total	**497,601**	**514,049**	**233,141**	**222,654**	**58,254**	-	-

31 December 2010	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Funds borrowed	446,925	457,193	260,165	47,500	149,528	-	-
Miscellaneous payables and other liabilities	40,405	40,405	40,405	-	-	-	-
Total	**487,330**	**497,598**	**300,570**	**47,500**	**149,528**	-	-

Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The Group is exposed to currency risk through transactions in foreign currencies, such as lease operations and borrowings. Foreign exchange gains and losses resulting from foreign currency transactions were recorded in the period transactions occurred. Monetary assets and liabilities denominated in foreign currencies are converted into TL at the exchange rates preveiling at balance sheet date with the resulting exchange differences recognized in the statement of income as foreign exchange gain or loss.

As at 31 December 2011 and 2010, the Group's foreign currency assets and liabilities with their TL equivalents are as follows:

31 December 2011	US Dollar	Euro	Total
Banks	7,871	14,646	22,517
Finance lease receivables, net	225,890	207,857	433,747
Other assets	19	14	33
Total assets	233,780	222,517	456,297
Funds borrowed	212,211	193,044	405,255
Miscellaneous payables	20,752	26,121	46,873
Other payables	560	1,579	2,139
Provisions	328	-	328
Total liabilities	233,851	220,744	454,595
Net position	(71)	1,773	1,702

31 December 2011	US Dollar	Euro	Total
Banks	7,526	11,229	18,755
Finance lease receivables, net	98,578	124,966	223,544
Other assets	11	8	19
Total assets	106,115	136,203	242,318
Funds borrowed	96,474	109,526	206,000
Miscellaneous payables	8,073	26,195	34,268
Other payables	289	258	547
Provisions	240	-	240
Total liabilities	105,076	135,979	241,055
Net foreign currency position	1,039	224	1,263

Foreign currency sensitivity analysis

The effects of 10 percent change of the TL against the following currencies on the consolidated statement of income and consolidated equity for the years ended 31 December 2011 and 2010 are shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

31 December 2010	Profit / (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change of the US Dollar against TL				
1-Net USD asset/liability	(71)	71	(71)	71
2- Hedged portion of TL against USD (-)	-	-	-	-
3-Net effect of US Dollar (1+2)	(71)	71	(71)	71
10% change of the Euro against TL				
4-Net Euro asset/liability	177	(177)	177	(177)
5- Hedged portion of TL against Euro (-)	-	-	-	-
6-Net effect of Euro (4+5)	177	(177)	177	(177)
TOTAL (3+6)	170	(170)	170	(170)

(*) Equity effect includes profit/(loss) effect

31 December 2010	Profit / (Loss)		Equity(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change of the US Dollar against TL				
1-Net USD asset/liability	104	(104)	104	(104)
2- Hedged portion of TL against USD (-)	-	-	-	-
3-Net effect of US Dollar (1+2)	104	(104)	104	(104)
10% change of the Euro against TL				
4-Net Euro asset/liability	22	(22)	22	(22)
5- Hedged portion of TL against Euro (-)	-	-	-	-
6-Net effect of Euro (4+5)	22	(22)	22	(22)
TOTAL (3+6)	126	(126)	126	(126)

(*) Equity effect includes profit/(loss) effect.

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed to the risk of loss from fluctuations in the future cash flows because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

The Group is exposed to interest rate risk through its fixed and variable rate borrowings. The risk is managed by appropriate distribution between fixed and variable rate borrowings.

As at 31 December 2011 and 2010, the interest bearing financial assets and liabilities of the Group are as follows:

	31 December 2011	31 December 20110
Financial assets and liabilities with fixed interest rate		
Time deposits	26,555	240,484
Finance lease receivables, net	507,216	262,868
Funds borrowed	427,930	425,378
Financial assets and liabilities with variable interest rate		
Corporate bonds	907	905
Funds borrowed	12,223	21,547

Interest rate sensitivity

Interest rate sensitivity of profit or loss is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss held as at 31 December 2011 and effect on net interest income of floating rate non-trading financial assets and financial liabilities held at 31 December 2011.

31 December 2011	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	(4)	4	(4)	4
Floating rate financial liabilities	(1)	1	(1)	1
Total, net	(5)	5	(5)	5

31 December 2010	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	(4)	4	(4)	4
Floating rate financial liabilities	(30)	30	(30)	30
Total, net	(34)	34	(34)	34

(*)Equity effect includes profit/(loss) effect.

Capital management

The Group's policy is to maintain a strong capital base and to maintain a balance between the indebtedness and equity in an effective way so as to increase its profit.

Along with no change in the strategy of the Group in 2011, the ratio of the equities to the debts is 21% (31 December 2010: 38%). As of 31 December 2011 and 2010, the ratio is as follows:

	31 December 2011	31 December 20110
Funds borrowed	440,153	446,925
Miscellaneous payables	55,082	39,634
Other liabilities	2,366	771
Total Liabilities	**497,601**	**487,330**
Banks (-)	(28,930)	(257,971)
Net debt	**468,671**	**229,359**
Total Equity	**100,410**	**86,127**
Equity/Debt ratio	%21	%38

24 Financial instruments

Fair values of financial instruments

The estimated fair values of financial instruments have been determined using available market information by the Group, where it exists and appropriate valuation methodologies. However, judgment is necessary required to interpret market data to determine the estimated fair value.

Fair value of the financial lease receivables and funds borrowed have been determined by discounting the relevant cash flows by market interest rates preveailing as at balance sheet date . The carrying amounts of the bank balances and miscellaneous payables and other liabilities are assumed that they approximate their fair value due to their short term nature.

	Profit/Loss		Equity	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial assets				
Financial assets at fair value through profit or loss	1,885	1,885	371	371
Finance lease receivables, net	507,216	490,572	262,868	287,860
Banks	28,930	28,930	257,971	257,971
Financial liabilities				
Funds borrowed	440,153	443,447	446,925	451,213
Miscellaneous payables and other liabilities	57,448	57,448	40,405	40,405

Classification of Fair Value Measurement

IFRS 7 – Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

31 December 2011	1. Level	2. Level	3. Level	Total
Financial assets at fair value through profit or loss:				
Investment funds	-	1,885	-	1,885
Available for sale financial assets:				
Investments in equity participations (*)	-	-	3,017	3,017
Corporate bond	-	907	-	907
Total Financial Assets	**-**	**2,792**	**3,017**	**5,809**

31 December 2010	1. Level	2. Level	3. Level	Total
Financial assets at fair value through profit or loss:				
Investment funds	-	371	-	371
Available for sale financial assets:				
Investments in equity participations (*)	-	-	3,121	3,121
Corporate bond	-	905	-	905
Total Financial Assets	**-**	**1,276**	**3,121**	**4,397**

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows at 31 December 2011 and 2010:(*) Available for sale financial assets presented at 3. level includes fair values of equity shares whose fair value has been determined by independent valuation institutions.

25 Subsequent events

The clause " The amount which to be deducted as investment incentive to estimate tax base can not exceed 25% of related income" which has been added to first clause of the temporary 69th article of Law No:193 with the 5th article of Law No:6009 on Amendments to Income Tax Law and Some Other Laws and Decree Laws has been abrogated with the decisions no: E.2010/93 and K.2012/20. The decision has been put into stay of execution until the date of publishment in the official gazzette in order to avoid the abrogation decision become inconclusive and to prevent the situtations and losses which are impossible or difficult to componsate later and occuring due to putting the abrogation into effect. If the Company makes adjustment in accordance with the abrogation decision of Tax Administration, net profit for the year remains same but current tax charge and deferred tax income need to be reclassified. As at issue date of financial statements no adjustments has been rised due to abrogation decision of tax administration.

Strengthen Your Company's Asset Structure

Without depleting own resources

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