





Vakıf Leasing is a  **VakıfBank** Subsidiary

2010 activity report
Vakıf Finansal Kiralama A.Ş.

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Let your burden be lighter with Vakıf Leasing

You can easily make investments by arranging your cash flow with the flexible payment plan.



Message From the Chairman



ur Distinguished Shareholders,

Vakıf Leasing was founded in 1988 under the leadership of Vakıfbank, the majority shareholder, which has an important position in the Turkish banking sector. In 2010, as in the previous years, Vakıf Leasing continued to contribute to the Turkish economy, despite the lingering effects of the global economic crisis. Thanks to the pursuit of strong fiscal policies and the adoption of determined economic measures, Turkey has been able to overcome the impacts of the global crisis much earlier than many other countries, which has enabled the re-introduction of many postponed investments that, in turn, also stimulate private sector fixed investment demands within the leasing sector.

The leasing sector -which, in a sense, feels the pulse of the economy by directly financing investment and production- increased its assets by 8.1%, shareholders' equity by 12.7% and transaction volume by 45% (reached USD 3.2 billion) in 2010 compared to 2009. Compared with these average figures recorded throughout the sector, Vakıf Leasing displayed above average performance in 2010 by achieving 27% increase in shareholders' equity and 61% increase in its transaction volume, making a net profit of 17.4 million TL.

When compared to the developed countries (the USA: 17%; Germany: 14%; Switzerland: 18%; and UK: 17%), the leasing sector in Turkey is far behind its potential. However, the sector will continue to grow and expand in coming years, with momentum gained from implementation of the draft law presenting important provisions such as private sector fixed investment share-which is currently around 4%- and operating lease/sell/lease back. This draft law, which will make significant contributions to the depth and maturity of the sector, will address many current problems but, more importantly, will enable enterprises to be rapidly involved in the production process of modern machinery and equipment that will enhance domestic and international competitiveness.

Aimed at achieving growth in the new period by enlarging its product range but without conceding its service quality, Vakıf Leasing adopts a success-focused, customer-oriented approach and plans to be effective, primarily, on SMEs and project financing in parallel with the growth strategy of Vakıf Bank.

On behalf of Vakıf Leasing, I would like to thank our shareholders, customers and investors for their confidence in us during 2010, a year full of success, and would like to congratulate all those who contributed to this success.

Kind regards,

Ahmet CANDAN
Chairman of the Board of Directors



Speed Up With Vakıf Leasing

Future-oriented plans and investments are much easier
with fixed payment advantages.





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Having celebrated its 22nd anniversary, Vakıf Leasing completed 2010 successfully thanks to its efficient, flexible and customer-oriented service mentality, which does not concede service quality. The company achieved all projected 2010 targets with the help of its experienced and innovative human resources and its strong financial structure. Carrying out its activities -since its establishment- to contribute to the growth and development of the national economy and its integration with the global economy, Vakıf Leasing utilizes its resources in line with the requirements of economic development and continues to be the symbol of the deep-rooted tradition and experience in the Leasing sector.

An important and efficient actor of the nonbank financial sector, the Leasing sector grew by 45% in 2010, with a transaction volume of USD 3.2 billion, when compared to the previous year. By increasing its total assets by 8% in 2010, the sector contributed to the economic recovery recorded, particularly in the second half of the year.

Having increased its transaction volume by 65% in 2010, Vakıf Leasing recorded a growth of 27% in shareholders' equity and 67% in total assets. Thus, it achieved 20% profitability in shareholders' equity, a rate above the sector average, and made a net profit of 17.4 million TL in 2010, a year full of significant success for the company.

In addition to ensuring its usual customer loyalty and retention without conceding its asset quality during 2010, Vakıf Leasing benefitted from the synergy of Vakıfbank -the majority shareholder- to add many new customers to its portfolio. Vakıf Leasing, traded on the Istanbul Stock Exchange (IMKB), also continued to attract investors thanks to its compliance with corporate governance principles and transparent management approach. Therefore, in line with these successful financial results, its share value rose from 2.99 TL in January 2010 to 4.40TL in December 2010, which brought a 65% value increase for its investors. Vakıf Leasing deems this result a confirmation of the reliance its customers and shareholders place on it.

The target for Vakıf Leasing in 2011 is to strengthen the position it has always enjoyed among the best service providers of the sector by preserving its values via the its modern, success-focused and customer-oriented approach and to make greater contributions to its shareholders and the national economy in line with its strategy for sustainable development.

In presenting Vakıf Leasing's 2010 Activity Report and Financial Statements attached hereto, prepared in accordance with the International Financial Reporting Standards (IFRS), I would like to thank all customers, shareholders, particularly the company management and all employees for their great support, reliance and contribution to the company's achievements during and wish a successful 2011 for our national economy, the leasing sector and Vakıf Leasing.

Kind regards,

Osman Zeki ÖZGER
General Manager

Our Managers



Those sitting (Left to right): Aysun Tandoğan, Osman Zeki Özger, Özgür Selçuk
Those standing (Left to right): Selahattin Aşar, Iker Öztürk, Yılmaz A. Aydın, Erdoğan Nehrozoğlu, E.Şebnem Üreyen, Vedat Yılmaz, Tolga Akocak, Hasan B. Bahadır, Rabia Özaslan Doğan, Arif Arıoğlu, M. İlay Coşkun, R. Sema Sesigür

Our Vision

is to be a leader company

which is the first preference of investors in the leasing sector
which offers its customers the most appropriate financing options for their investments
in such a way to ensure maximum customer satisfaction and highest service quality and
which is respected by its employees who are proud to be a member of this company

Our Values

High-quality service mentality, based on information and creativity
Rapid and efficient decision-making
A strong sense of responsibility, based on a continuous development approach
Open communication, based on mutual trust
Employees devoted to success and demonstrating team spirit
Commitment to ethical and professional codes of conduct



Our Mission

To Continuously Create Value

For our customers

Employees

Shareholders

With a modern, success-based and customer-oriented approach

Our Ethical Code 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 of the sector.

ISSUES RELATED TO THE GENERAL ASSEMBLY

Agenda Of The 22Nd General Assembly

1. Council Committee election and Authorization of the Council Committee to sign the Minutes of the General Assembly
2. Submission for the Approval of the General Assembly of the Membership Changes to the Board of Directors and Board of Supervisors made during 2010
3. Reading and Approval of 2010 Activity Report and Audit Certificate in the General Assembly
4. Reading and Approval of 2010 Balance Sheet and Profit and Loss Account in the General Assembly
5. Discharge of the Board of Directors and the Auditors separately
6. Discussion and finalization of Profit Distribution Proposal
7. Election of and Rate Setting for the Members of the Board of Directors
8. Election of and Rate Setting for the Auditors
9. Deciding on the Independent Audit Institution for 2011
10. Wishes and Requests

Auditors' Report

TO THE GENERAL ASSEMBLY OF VAKIF FİNANSAL KİRALAMA A.Ş.

Title of the Partnership : VAKIF FİNANSAL KİRALAMA A.Ş.
 Headquarters : Büyükdere Caddesi, Matbuat Sok., Gazeteciler Sitesi No:13
 Esentepe-Istanbul
 Registered Capital : 100.000.000 - TL
 Paid-in Capital : 25.000.000 - TL
 Field of Activity : Lease

Names and Duty Term of the Auditor/s / Whether the Auditor/s is/are partner/s or employee/s of the Company Mehmet KAYABAŞ, Nuriddin DÖNMEZ, İbrahim ÖZEKİNCİ

Number of Participated Board of Directors Meetings and Board of Auditors Meetings Held

Participated in 4 Board of Directors Meetings and held 12 Board of Auditors Meetings

Scope, Dates and Results of Audits of the Accounts, Books and Documents of the Partners

Audits were conducted on 31.03.2010, 30.06.2010, 30.09.2010 and 31.12.2010 and the records were found to be in compliance with the provisions of the Turkish Commercial Code.

Dates and Results of the Audits Made As Per Article 353, Paragraph 1, Subparagraph 4 of Turkish Commercial Code

Cash count was performed on 31.01.2010, 28.02.2010, 31.03.2010, 30.04.2010, 31.05.2010, 30.06.2011, 31.07.2010, 31.08.2010, 30.09.2010, 31.10.2010, 30.11.2010 and 31.12.2010 and the cash count was found to be in compliance with the records.

Dates and Results of the Audits Made As Per Article 353, Paragraph 1, Subparagraph 4 of Turkish Commercial Code

Audits were performed on 31.01.2010, 28.02.2010, 31.03.2010, 30.04.2010, 31.05.2010, 30.06.2011, 31.07.2010, 31.08.2010, 30.09.2010, 31.10.2010, 30.11.2010 and 31.12.2010 and the records were found to be kept in compliance with the Turkish Commercial Code, Income Tax Law, Tax Procedural Law, Corporate Tax Law and other related laws.

Devolved Complaints, Frauds and Related Procedures

No complaints were devolved.

We audited the accounts and transactions of Vakıf Finansal Kiralama A.Ş. pertaining to the period 01.01.2010-31.12.2010 in accordance with the Turkish Commercial Code, Partnership Master Agreement, other legislation and generally accepted accounting principles and standards.

In our opinion, the accompanying balance sheet -issued as of 31.12.2010 , the content of which was adopted by us- accurately represents the financial position of Vakıf Finansal Kiralama Anonim Şirketi as at 31 December 2010 and the result of its transactions for the period 01.01.2010-31.12.2010 in accordance with the profit distribution proposal, laws and Partnership Master Agreement. We submit the balance sheet and income statement for your approval and ask acquaintance of the Board of Directors.

NAME-SURNAME	TERM OF DUTY	SIGNATURE
Mehmet KAYABAŞ	19.09.2008-present	
Nuriddin DÖNMEZ	24.11.2008-present	
İbrahim ÖZEKİNCİ	06.02.2009-present	

GENERAL COMPANY INFORMATION

Date of Establishment	: 15.09.1988
Main Field of Activity	: Leasing
Headquarters	: Istanbul
In-Paid Capital	: 25.000.000 TL
No. of Employees	: 46
Chairman of the Board of Directors	: Ahmet CANDAN
General Manager	: Osman Zeki ÖZGER
Independent Audit Institution	: Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
Address	: Headquarters: Büyükdere Cad, Matbuat Sok, Gazeteciler Sitesi No: 13 Esentepe / Istanbul
Telephone	: 90 (212) 337 67 67 (Switchboard)
Fax	: 90 (212) 337 67 99
Website	: www.vakifleasing.com.tr

Partnership Structure of Vakıf Finansal Kiralama A.Ş.

The Partnership Structure and Partnership Shares of Vakıf Finansal Kiralama A.Ş., as of 31 December 2010, are presented below:

Title of the Partner	Share (in %)	Amount (in 1.000 TL)
Vakıf Bank T.A.O.	58.71%	14,678
Offered to Public	22.53%	5,633
Güneş Sigorta A.Ş.	15.65%	3,912
Other	3.11%	777
TOTAL	100.00%	25.000

Available For Sale Financial Assets of Vakıf Finansal Kiralama A.Ş.

The net available for sale financial assets and asset shares of Vakıf Finansal Kiralama A.Ş., as of 31 December 2010, are presented below:

Title of the available for sale financial asset	Share (in %)	Amount (in 1.000 TL)
Vakıf Finansal Factoring Hizmetleri A.Ş.	3.79%	2,435
Vakıf Pazarlama ve Ticaret A.Ş.	2.90%	-
Vakıf Sistem Pazarlama Yazılım Servis Tic. Ve San. A.Ş.	5.00%	560
Doğu Yatırım Holding A.Ş.	1.80%	-
Vakıf Yatırım Menkul Değerler A.Ş.	0.25%	126
World Vakıf UBB Ltd.	1.00%	-
Obaköy Gıda İşletmeleri San. ve Tic. A.Ş.	0.001%	-
TOTAL		3,121



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Vakıf Leasing is a **VakıfBank** Subsidiary

 **Vakıf Leasing**
Size Doğru Gelecek

MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

MEMBERS OF THE BOARD OF DIRECTORS



Ahmet CANDAN
Chairman of the Board
(29.03.2010-...)

Having graduated from the Public Finance Department of the Faculty of Political Sciences of Ankara University in 1987, CANDAN started his business career as Assistant Inspector in the Inspection Board of the Ministry of Finance (MoF) of the Republic of Turkey. After working as an Inspector and Legislation and Tax Consultant in Kuveyt Türk, a private financial institution, CANDAN served in Deputy General Director and General Director positions in several private companies and Ziraat Leasing A.Ş.. In addition to his membership to the Board of Directors in 2006, CANDAN served as a permanent member of the Loan Committee of T.C. Ziraat Bankası A.Ş. CANDAN still serves as the Deputy Chairman of the Board of Directors and as Permanent Member of the Loan Committee of T.A.O. Vakıflar Bank since the General Assembly held on 19 March 2010.



Sebahattin BİRDAL
Board Member
(05.05.2010-31.12.2010)

Starting his career as an Assistant Inspector in Vakıfbank in 1977, BİRDAL served as manager in various branches and units of the same bank. BİRDAL worked as a manager in Faisal Finans Kurumu A.Ş., as manager and Deputy General Manager of Kuveyt Türk Evkaf Finans Kurumu A.Ş. and Deputy Mayor of Üsküdar Municipality; BİRDAL has served as a Member of the Board of Directors of Vakıfbank since 21.03.2008. Having graduated from the Department of Business Administration Finance of the Faculty of Economics, Istanbul University, BİRDAL, continues his membership of the Audit Committee of Vakıfbank.



Adem TATLI
Board Member
(02.05.2008-...)

Born in Giresun in 1968. Having graduated from the Faculty of Veterinary Medicine of Istanbul University, TATLI worked as an independent veterinarian for 7 years and was elected Giresun MP in the 22nd term. He still serves as Minister Consultant for the Minister of Agriculture and Rural Affairs. He speaks English.



Ömer ELMAS
Board Member
(03.08.2010-)

Having graduated from the Faculty of Law of Istanbul University, ELMAS completed his Master's degree in Private Law. He continues his doctorate on Private Law. ELMAS served as self-employed lawyer, Legal Coordinator of the T. Emlak Bank under Liquidation and manager in various private companies. When working for T.C. Ziraat Bank as the Legal Affairs Manager, ELMAS joined the Vakıfbank family in 2006 as the Legal Affairs Manager. Assigned as Deputy General Manager on 05.01.2009, ELMAS speaks German and English. March 2010.

Osman Zeki ÖZGER
Board Member
General Director
(07.04.2008-)

After differing managerial roles in various firms, ÖZGER was appointed Head of Anatolia Corporate Centre at Vakıfbank at the end of 2006. He has been a member and General Director of the Board of Directors of Vakıf Finansal Kiralama A.Ş. since 2008. In addition, he also serves as a member of the Board of Directors of Vakıf Pazarlama A.Ş. ÖZGER graduated from the Faculty of Science of Atatürk University and speaks German.

MEMBERS OF THE BOARD OF DIRECTORS

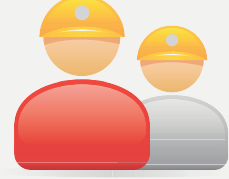
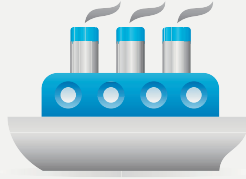
Ahmet CANDAN	: Chairman 29/03/2010 - present Representative of Vakıfbank -Share 58.71%
Ramazan GÜNDÜZ	: Deputy Chairman 01/01/2011 - Present Representative of Güneş Sigorta - Share 15.65%
Adem TATLI	: Member 02/05/2008 - Present Representative of Vakıfbank -Share 58.71%
Ömer ELMAS	: Member 03/08/2010 - Present Representative of Vakıfbank -Share 58.71%
Osman Zeki ÖZGER	: Member 07/04/2008 - Present General Manager

MEMBERS OF THE BOARD OF AUDITORS

Mehmet KAYABAŞ	: 19/09/2008 - Present
Nuriddin DÖNMEZ	: 24/11/2008 - Present
İbrahim ÖZEKİNCİ	: 06/02/2009 - Present

MANAGERIAL STAFF

Osman Zeki ÖZGER	: General Manager
Özgür Selçuk	: Deputy General Manager
Aysun TANDOĞAN	: Legal Consultant
Tolga AKOCAK	: Marketing Manager
Arif ARIOĞLU	: Marketing Manager
Hasan Basri BAHADIR	: Marketing Manager
Yılmaz Arslan AYDIN	: Loans Manager
Mehmet İlkay COŞKUN	: Financial Affairs and Accounting Manager
Raziye Sema SESİĞÜR	: Finance Manager
Vedat YILMAZ	: Personnel and Administrative Affairs Manager
Selahattin AVŞAR	: Internal Audit Planning Budget and Training Manager
Ahmet Erdoğan NEHROZOĞLU	: Ankara Representative



CUSTOMER-SUPPLIER RELATIONS

To ensure maximum Unconditional Customer Satisfaction in the customer services of Vakıf Leasing, the Marketing Department of the company conducted a "Customer Satisfaction Survey" in 2008. Questionnaire forms were sent to all customers via fax or e-mail. In addition to these questionnaires, it was planned to make a "Customer Satisfaction Questionnaire" available on the company website; however, this was postponed due to security and some ambiguity reasons. Moreover, some practices such as "Operational Risk Framework" and "Emergency Action Plan" which are targeted at customer satisfaction. All of these efforts aim to improve the quality of the services provided for the customers and to meet customer needs and expectations in the best possible way.

MARKETING ACTIVITIES

During the last activity period, Marketing staff of Vakıf Leasing acted in a responsible manner in both meeting profitability targets set by the company and ensuring maximum unconditional customer satisfaction. Pursuing an honest and ethical marketing policy in this respect, marketing staff contributed to ensuring that the company achieved the highest increase in turnover within the leasing sector during 2009. In particular, active marketing staff paid visits to the companies in the portfolio of Vakıfbank, both in Istanbul, the city where the company's headquarters is located, and in Anatolia, in order to inform them of the completely amended leasing (VAT) law and legislation and included the investing companies in the portfolio of Vakıf Leasing. Marketing-operation staff provided many forms of support to the active marketing staff, assisted in fulfilling all contractual procedures and acted in compliance with the corporate identity of Vakıf Leasing by maintaining maximum customer satisfaction level. Due to amendments in the Leasing (VAT) Law and the impacts of the global financial crises, the leasing sector has experienced shrinkage since 2007; however, Vakıf Leasing succeeded in being the only leasing company to continue its growth during the last activity period. Its dynamic, experienced, visionary and hardworking marketing staff have the power to also achieve the same success in the coming years.

OPERATION

Business processes developed according to Vakıf Leasing's principle of unconditional customer satisfaction increased the speed of the operation. To improve service quality, transaction procedures have been simplified and quality targets have been defined in line with customer demands. Accordingly, demands are met within the planned deadlines and transactions are performed in parallel with the leasing procedures. The company's internal control system guarantees the provision of products and services of the same quality to each customer.

RISK MANAGEMENT POLICY

Risk Management is composed of two members of the Board of Directors. All contracts to be signed by the company are first submitted to the Loans and Legal Services department for control purposes. In addition, pro forma invoices are checked by Assets Management and the Invoice Tracking Unit.

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 Service, which also prepares reports required by management in order to make appropriate decisions in relation to customers with delayed payment.

LOANS

Vakıf Leasing targets efficient resource management; as such, loan provision is a process meticulously structured on the basis of the most rapid and accurate evaluation system. The Loans Service of Vakıf Leasing operates according to the loan provision principles of the main partner, T. Vakıf Bank T.A.O.. Loans Service aims to expedite the loan provision process by using the most appropriate evaluation system and, therefore, to respond to customer demands rapidly on one hand and preserve the quality of the company's loan portfolio on the other hand. The broad loan portfolio of Vakıf Leasing, which celebrated its 22nd anniversary, provides an important advantage for the company.

LEASING PORTFOLIO

Vakıf Leasing finances a wide range of different sectoral investments. While a significant part of this portfolio is composed of Vakıf Bank customers, there is also a wide sectoral basis composed of customers directly related to Vakıf Leasing. The company works with large-size sellers operating in nearly all sectors of the economy. In this way, Vakıf Leasing has developed a broad portfolio of companies in varying sectors. 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.

TECHNOLOGICAL INFRASTRUCTURE

Automation of business processes and the security and maintenance of information is 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 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.

FUND MANAGEMENT POLICY

The Finance Department undertakes fund management by closely monitoring domestic and international money 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 difficulty in providing finance even during the recent global financial crises.



HUMAN RESOURCES AND TRAINING

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. The 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. Administrative relations between high-level management and employees are regulated by the Personnel and Administrative Affairs Management. This Management team is responsible for wage payment, fulfillment of the legal requirements related to Social Security Institution and tax offices, orientation, performance evaluation, employee relations and planning of training. Employment and promotion within Vakıf Leasing is based on decisions taken by the Board Decisions and regulated according to Personnel Legislation. Training, Communication and Media Relations organizes training in line with the analysis of training needs in such way to meet the needs of all employees and full participation is ensured in each of these training opportunities. Employees are treated equally in every respect and no form of discrimination is tolerated within the company.

SOCIAL RESPONSIBILITY

Vakıf Leasing is aware of its responsibilities to its customers, employees and society, and makes every effort to fulfill these obligations in the best way. The company complies with all business legislation, stands behind all commitments it discloses to the public, giving a sense of confidence to society; promotes fair and ethical behavior among its employees; takes all appropriate occupational safety measures; avoids misleading or deceptive promotional or marketing activity; and complies with and supports equal opportunities regulations. Vakıf Leasing tries to solve customer problems in the most rapid manner, covers an important share of its employees' health expenses and continuously increases its service quality.

VAKIF FİNANSAL KİRALAMA A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. DECLARATION OF COMPLIANCE WITH PRINCIPLES OF CORPORATE GOVERNANCE

During the period 01.01.2010-31.12.2010, Vakıf Leasing undertook no actions that violated the Corporate Governance Principles issued by the Capital Markets Board.

PART I - SHAREHOLDERS

2. Shareholder Relations Unit

Relations with shareholders are undertaken by Personnel and Administrative Affairs Management under the responsibility of the Deputy General Manager Özgür SELÇUK. Related contact information is as follows: Özgür SELÇUK (o.selcuk@vakifleasing.com.tr 0 212 337 67 67) and Vedat YILMAZ, Personnel and Administrative Affairs Manager in charge (v.yilmaz@vakifleasing.co.tr 0212 337 67 67). The main duties of the Unit are to provide publicly disclosed company information to interested investors during the activity period; pay dividends to the shareholders; and dematerialize partner shares by distributing bonus shares. The Unit also ensures the organization of General Assembly meetings and capital increases in compliance with the legislation.

3. Use of Right to Information by the Shareholders

Among our partners, T. Vakıflar Bankası T.A.O. is submitted a copy of the publicly disclosed financial statements on a quarterly basis and Board of Directors Decisions of Vakıf Leasing. 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 2009 activity period of the company was held on 11.03.2010 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. The power to represent the company to third parties and to undertake all works and legal procedures falling within the purpose and scope of Article 3 of the Master Agreement were delegated to the Board of Directors. 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.

The Master Agreement does not stipulate any provision related to the taking of important decisions such as split-off and sale, purchase and lease of significant assets by the General Assembly. Rather, the Master Agreement invests the Board of Directors with this authority. After the meeting, the minutes of the General Assembly were provided, on request, to any participant. Minutes were also sent to shareholders and related authorities via mail. In addition, the minutes were held open in the headquarters for the access of all shareholders.

5. Voting and Minority Rights

There is no minority right or cumulative voting right.

6. Profit Distribution Policy and Profit Distribution Timing

In the Board of Directors Meeting held on 18.10.2010, 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 Share

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.

PART II - PUBLIC INFORMATION AND TRANSPARENCY

8. Public Information Policy of the Company

Company information is publicly disclosed with the knowledge and under the responsibility of Özgür SELÇUK, Deputy General Manager, İlkey ÇOŞKUN, Financial Affairs and Accounting Manager, and Vedat YILMAZ, Personnel and Administrative Affairs Manager.

Purpose: Vakıf Finansal Kiralama A.Ş. aims to pursue a transparent and efficient public information policy in relation to the past performance and future expectations of the company in compliance with the related laws and within the scope of the generally accepted accounting principles and the provisions of the Capital Markets Legislation. The purpose of the information policy is to share equally the past performance, future expectations, strategies, targets and visions of the company -except for commercially sensitive material- with the public, related authorities, existing and potential investors and shareholders; and to ensure creation by the Personnel and Administrative Affairs Management of a continuous, efficient and open communication platform by making an accurate, fair, timely and detailed declaration of the financial information of the company in the framework of the generally accepted accounting principles and Capital Markets Provisions. The information policy of the company aims to ensure systematic disclosure, by the duly authorized persons, of the specific information within the scope of the policy. The Public Information Policy is realized in the framework of Capital Markets Board (SPK) legislation, SPK and Istanbul Stock Exchange regulations and Corporate Governance Principles of the Banking Regulation and Supervisory Board (BDDK) and Capital Markets Board.

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 SPK. 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 "SPK Serial: VIII, No: 54 Communiqué 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 IMKB, 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 (KAP) notification and disclosed to the public on the official website of the company.

Public Disclosure of the Financial Statements

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 IMKB in line with the Capital Markets Law and IMKB regulations. Financial statements and footnotes thereof can be accessed retrospectively from the official website of Vakıf Finansal Kiralama A.Ş. (www.vakifleasing.com.tr).

Activity Reports

Content of the activity reports -in other words, activity reports of the Board of Directors- is prepared according to international standards, Capital Markets Legislation and Corporate Governance Principles of SPK. After preparation, activity reports are submitted firstly to the Audit Committee and then to the Board of Directors for approval, and then disclosed to the public through the official website of the company. In addition, printed copies and copies prepared in CD format can be obtained from the Personnel and Administrative Affairs Management. Annual and interim activity reports briefly summarize the company activities carried out during the concerned year/period to the partners and include all forms of information, from important company decisions to managerial changes, which have to be explained to the partners. Moreover, these reports include compliance reports presenting Corporate Governance Principles.

Official Website

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. SPK 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 SPK communiqués. Only those authorized to make disclosure can inform the press and public.

Capital Markets Participants and Those 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 SPK 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 in writing or orally 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 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 Management.

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' favor 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 behaviors 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 filed 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 about 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.

Speculations, Unfounded Information and Gossip:

Neither positive nor negative opinion is expressed about any unfounded information disseminated about the company. However, in case of a verification demand by IMKB and/or SPK, 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. Special Situation Explanations

A total of 18 special situation explanations were made during the period 01.01.2010-31.12.2010 as per SPK regulations. SPK or IMKB did not demand additional clarification for any of these explanations. Company shares are not quoted on foreign exchange markets.

10. Company Website and its Content

The official website of the company is www.vakifleasing.com.tr. The official website of the company complies with the issues listed in Article 1.11.15, Part II, SPK Corporate Governance Principles.

The website presents Trade Registry Information, most recent partnership structure, information on company shares, latest version of the Master Agreement, special situation explanations, Minutes and List of Participants of the General Assembly, Samples of the Power of Attorney, Activity Reports and Financial Statements.

11. Disclosure of Real Person Ultimate Controlling Shareholder/s

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

12. Disclosure of Insiders

A list of the authorized employees of the company is publicly disclosed as follows in the annual activity reports;

General Manager

Osman Zeki ÖZGER

Deputy General Manager

Özgür SELÇUK

Department Managers

Aysun TANDOĞAN

Mehmet İlkey ÇOŞKUN

Vedat YILMAZ

Raziye Sema SESİĞÜR

Tolga AKOCAK

Yılmaz Arslan AYDIN

Ahmet Erdoğan NEHROZOĞLU

Arif ARIÖĞLU

Selahattin AVŞAR

Hasan Basri BAHADIR

Legal Consultant

Financial Affairs and Accounting Manager

Personnel and Administrative Affairs Manager

Financing Manager

Marketing Manager

Loans Manager

Central Anatolia Regional Representative

Marketing Manager

Internal Audit Planning and Control Manager

Marketing Manager

PART III - STAKEHOLDERS**13. Informing of Stakeholders**

Stakeholders of the company are informed of any issue that may be of concern to them. Information disclosed on the website and during inter-corporate meetings are presented to these stakeholders.

14. Participation of Stakeholders in the Management of the Company

Two different models are developed for the participation of the stakeholders in the management of the Company.

a- Committee Meeting: Decisions taken in monthly committee meetings are implemented by the company.

b- Proposal System: Employees may submit proposals about improving and developing the company in every aspect and appropriate proposals are implemented.

15. Human Resources Policy

The Human Resources policy of the company is pursued in line with the Personnel Legislation enacted in 2005. In addition, Vakıf Leasing continues its studies and work on career planning. The company plays a significant role in sectoral success and development. Vakıf Leasing pays special attention both to provide its personnel with, primarily, training and other facilities required for efficient work 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. Administrative relations between high level management and employees are regulated by the Personnel and Administrative Affairs Management. This team is responsible for wage payment, fulfillment of the legal requirements related to Social Security Institution and tax offices, orientation, performance evaluation, employee relations and planning of training.

Employment and promotion in Vakıf Leasing is based on decisions taken by the Board and is regulated according to Personnel Legislation. Employees are treated equally in every respect and no form of discrimination is tolerated within the company.

16. Information on Customer and Supplier Relations

Vakıf Leasing aims to ensure the sustainability of customer satisfaction in order to achieve maximum Unconditional Customer Satisfaction in customer services.

Some practices such as our "Operational Risk Framework" and "Emergency Action Plan" are targeted at customer satisfaction. All of these efforts are aimed to improve the quality of the services provided for the customers and to meet customer needs and expectations in the best possible way.

17. Social Responsibility

Being aware of its responsibilities to its customers, employees and society; Vakıf Leasing makes every effort to fulfill this duty in the best way. The company complies with all relevant business legislation, stands behind all commitments it discloses to society, giving a sense of confidence to society; promotes fair and ethical behavior among its employees; takes all occupational safety measures; avoids misleading or deceptive promotional or marketing activity; and complies with and supports equal opportunities legislation. Vakıf Leasing tries to solve customer problems as quickly as possible, covers an important share of its employees' health expenses and continuously increases its service quality.

PART IV - BOARD OF DIRECTORS

18. Structure, Composition and Independent Members of the Board of Directors

There is no independent member of the Board of Directors within the company. Work undertaken by the members of the Board of Directors outside of the company are not specifically regulated. Company operations and management are undertaken by the Board of Directors, composed of 5 members, to be elected by the General Assembly from among the shareholders as per the provisions of the Turkish Commercial Code. The General Manager of the company is an ordinary member of the Board of Directors. The names of the Chairman and Members of the Board of Directors are as follows:

Ahmet CANDAN	: Chairman	29/03/2010 - Present
Ramazan GÜNDÜZ	: Deputy Chairman	01/01/2011 - Present
Adem TATLI	: Member	02/05/2008 - Present
Osman Zeki ÖZGER	: Member /General Manager	07/04/2008 - Present
Ömer ELMAŞ	: Member	03/08/2010 - Present
İlhan ALPDAĞ	: Member	11.03.2010 - 01.04.2010
Selahattin TORAMAN	: Deputy Chairman	01.04.2010 - 05.05.2010
Sabahattin BİRDAL	: Deputy Chairman	05.05.2010 - 31.12.2010
İhsan ÇAKIR	: Chairman	11.03.2010 - 29.03.2010
Mehmet ŞAHİN	: Member	11.03.2010 - 03.08.2010

Members of the Board of Directors are elected for 1 to 3 years. However, members whose term expires can be re-elected to the Board. The salary to be paid to the Board Members is determined by the General Assembly. The General Assembly is entitled to change the members of the Board of Directors whenever it deems necessary. If a Board member position is opened, a temporary member is elected by the Board of Directors from among the eligible candidates to be nominated by the same shareholders. A Board member elected this way serves until the next General Assembly meeting and, if the election is approved by the General Assembly, completes the term of office of the previous member. The term of office of the General Manager is independent from the terms of office of the Board members.

19. Qualifications of the Board Members

Company operations and management is undertaken by the Board of Directors, composed of 5 members, to be elected by the General Assembly from among the shareholders, as per the provisions of the Turkish Commercial Code. The General Director, and the Deputy General Director in case of the absence of the former, is an ordinary member of the Board of Directors. The General Director and Deputy General Director must have a license degree and a minimum 7 years of professional experience in the finance or business administration sector.

20. Mission, Vision and Strategic Objectives of the Company

Our Mission:

To continuously create value for our customers, employees and shareholders with a modern, success-based and customer oriented approach.

Our Vision

To be a leader company that is the first preference of investors in the leasing sector; which offers its customers the most appropriate financing options for their investments in such a way to ensure maximum customer satisfaction and highest service quality; and which is respected by its employees who are proud to be a member of the company .

Our values are

- High-quality service mentality, based on information and creativity
- Rapid and efficient decision-making
- Strong sense of responsibility, based on continuous development approach
- Open communication, based on mutual trust
- Employees devoted to success and demonstrating team spirit
- Commitment to ethical and professional code of conduct

Regarding the strategic objectives set by the managers, each previous year is evaluated and future objectives are approved at the end of each year. In addition, the Board of Directors evaluates achievement of the pre-defined objectives.

21. Risk Management and Internal Control Mechanism

Risk Management is composed of two members of the Board of Directors. All contracts to be signed by the company are first submitted to the Loans and Legal Services section for control purposes. In addition, pro forma invoices are checked by the Assets Management and Invoice Tracking Unit.

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

The authorities and responsibilities of the members of the Board of Directors and company managers are clearly defined in the Master Agreement of the company. As per Article 12 of the Master Agreement, the Board of Directors is authorized to make decisions on any issue except those for which the General Assembly is exclusively authorized.

23. Principles of Activity of the Board of Directors

The agenda for the Board of Directors meetings is prepared as per the issues and authorities defined in the Master Agreement. A total of 51 Board of Directors meetings were held during the period 01.01.2010-31.12.2010. The Board of Directors convenes, upon the invitation of the Chairman or the demand of at least two members, depending on the type and nature of the operations, a minimum of once per month. Meetings are held at the company headquarters. Decisions taken by the Board of Directors are valid as long as one more than half of the Board members participate and decide in the same Board of Directors meeting. The General Manager Secretariat is responsible for informing and establishing communication among the members of the Board of Directors. Disclosable decisions should be publicly disclosed immediately after the meeting. All members bodily participate in the meetings on the following issues;

- Determining the fields of activity of the company and approval of the business and financing plans,
- Convening and organization of the ordinary/extraordinary General Assembly meetings,
- Finalization of the annual activity report to be submitted to the General Assembly,
- Election of the Chairman and Deputy Chairman of the Board of Directors and assignment of new members,
- Establishment or dissolution of the administrative units,
- Appointment or change of the Chief Executive/General Manager,
- Establishment of committees,
- Merger, split-off, restructuring, sale of the whole company or 10% of the fixed assets, investments exceeding 10% of the fixed assets, expenses exceeding 10% of the total assets,
- Deciding dividend policy of the company and the profit to be distributed,
- Capital increase or decrease.

24. Ban on Trading with the Company and Competition

Members of the Board of Directors fully comply with the ban on trading with the company and competition during the specified period.

25. Ethical Code of Conduct

- Full compliance with the regulations introduced by laws
- 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 of the sector.

26. Number, Structure and Independency of Committees Established under the Board of Directors

An Audit Committee, composed of two members as per Serial X No:19 Communiqué, and a Corporate Governance Committee, composed of two members, are established upon the demand of the company in order to undertake the duties and responsibilities of the Board of Directors for publicly traded companies.

27. Financial Rights Granted to the Board of Directors

Except for the attendance fee determined by a partner decision taken in the General Assembly, no payment is made to the members of the Board of Directors.

WORLD ECONOMY IN 2010

The recent financial crisis, which began in the developed economies of the world in 2008, erupted into a full-blown and global crisis in 2009 and contracted the world economy by 0.6%. Thanks to the high growth performance recorded in the developing economies despite the slow recovery of the developed economies, the economic recovery recorded in 2009 continued in 2010, which led to 4.8% growth forecast in 2010 for the world economy.

Vulnerability is still a threat for developed countries suffering from drastic deterioration in budgetary balance and extremely high public debt. In these countries, failure to fully overcome the problems of the financial sector and to achieve the desired employment increase has negative impacts on the speed of the economic recovery. While exposure to vulnerabilities still continues in the developed countries, developing economies -which have relatively strong public finance and financial structures- have rapidly mitigated the effects of the crisis and entered into a huge recovery process. However, taking into consideration the structure of the global economy, it is uncertain for how long the developing countries can sustain this growth unless the problems of the developed countries are totally solved.

Consumption expenditures increased in the developed economies to some extent thanks to measures taken during the crisis; however, these expenditures have started to slow down after the phasing out of these measures. Low consumer confidence and reduced household income prevent any consumption increase and bring a positive but a low-level growth in the developed economies. In most of these countries, public deficit and unemployment rates are still high. Developing countries, on the other hand, achieved high growth and increasing employment rates. Such countries have not encountered serious problems in their financial systems and, in turn, have been less affected by the impacts of the crisis and have become more successful in the implementation of fiscal policy.

Oil and commodity prices, which fell sharply in 2009, are expected to approach pre-crisis levels in 2010 and to follow a steady course in 2011 with a deceleration in global demand. The recovery of global trade has been the most important driving force behind the recovery of the global economy in 2010. World trade volume, which declined by 11% in 2009, is estimated to increase by 11.4% in 2010 and by 7% in 2011. Compared to the developed countries, trade volume within the developing countries was observed to decline less sharply in 2009 and to increase more during 2010. It is foreseen that this increase will continue and that developing countries will also record higher trade volumes in 2010. Trade prices, which fell drastically in 2009, are foreseen to compensate this decrease to some extent during 2010, but not to reach pre-crisis levels.

Unemployment rates among developed countries rose steeply in 2009 and have continued their upwards trend in 2010. Unemployment rate, which was recorded as 8% in all developed countries in 2009, is estimated to rise to 8.5% in the world and to reach high levels of 9.5% in the Euro Zone and 10.1% in the USA by the end of 2010. Unemployment recorded in all developed countries slows demand recovery and growth rate. In addition, due to high unemployment levels, reflection of the delayed effects of "adaptation to economic revenue loss" on demand increases the risk of reducing demand and arresting growth.

Fiscal measures taken to exit from the crisis have resulted in a dangerous increase of public deficit and public debt stocks in the developed economies. Levels reached in some European countries such as Greece and Portugal have resulted in a drastic lowering of expectations about the EU economy. The public deficit has also risen to significantly high levels in the USA; however, more rapid recovery of the USA economy has overshadowed the concerns about public deficit. In general, developed countries are expected to implement more strict fiscal policies in 2011. Public deficit- to-GDP ratio, which was recorded to be 4.7% in 2008 and 10.1% in 2009, is expected to decrease to some extent in 2010 and 2011, to 9.3% and 8%, respectively. This ratio is estimated to be 11.1% and 9.7% in the USA and 6.5% and 5% in the Euro Zone in 2010 and 2011, respectively.

In the developing countries, on the other hand, deterioration of public balances has been limited due to the strong pre-crisis financial structure and this deterioration has had no negative economic impacts. General government debt stock-to-GDP ratio started to increase in 2008 in the USA. In this scope, it is expected to reach 92.7%, 99.3% and 110.7% in the USA, respectively by the end of 2010, 2011 and 2015, compared with 84.1%, 87% and 89.3% in the Euro Zone.

No significant deterioration is forecast in the public debt stock in the developing countries, where the general government debt stock increase will be limited. When compared to 2007, external resource flows into the developing countries decreased by 74% to USD 184 billion in 2008. Having reached USD 235 billion in 2009, this flow is estimated to increase up to USD 340 billion in 2010 and to decrease to USD 300 billion in 2011. Despite the drastic crisis-induced decreases recorded in these flows, developing economies were able to record a reserve increase of USD 738 billion in 2008 and USD 498 billion in 2009. Flow increase is also expected to continue in 2010 and 2011. Thanks to their strong public balances and payment balances positions, developing economies continued their growth and reserve accumulation tendency even at times of significant slowing down of the external resource flow. This dynamic is estimated to continue in the upcoming period, with the developing economies strengthening their position in the world economy.

In the light of these data, the world economy can be expected to continue this recovery tendency in 2010 and 2011. Compared to 2010, global growth is estimated to slow slightly to 4.2% in 2011 in line with the practices introduced to remedy the deterioration in public balances caused by the crisis measures taken throughout the world, the implementation of stricter monetary policies, as well as low consumer and investor confidence in the developed countries.

Main Indicators of the World Economy (Change in Percentage)

	2008	2009	2010*	2011	2012
World Product	2.8	-0.6	3.1	4.8	4.2
Developed Countries	0.2	-3.2	1.3	2.7	2.2
USA	0.0	-2.6	1.5	2.6	2.3
Japan	-1.2	-5.2	1.7	2.8	1.5
Euro Zone	0.5	-4.1	0.3	1.7	1.5
Germany	1.0	-4.7	0.3	3.3	2.0
Developing Countries	6.0	2.5	5.1	7.1	6.4
Africa (Sub-Saharan)	5.5	2.6	4.0	5.0	5.5
Central and Eastern Europe	3.0	-3.6	1.8	3.7	3.1
Commonwealth of Independent States	5.3	-6.5	2.1	4.3	4.6
Asia	7.7	6.9	7.3	9.4	8.4
Latin America	4.3	-1.7	2.9	5.7	4.0
Middle East and North Africa	5.0	2.0	4.2	4.1	5.1
World Trade Volume	2.9	-11.0	2.5	11.4	7.0
Goods and Service Import					
Developed Countries	0.4	-12.7	1.2	10.1	5.2
Developing Countries	9.0	-8.2	4.6	14.3	9.9
Consumer Prices (Annual Average)					
Developed Countries	3.4	0.1	1.1	1.4	1.3
Euro Zone	3.3	0.3	0.8	1.6	1.5
Developing Countries	9.2	5.2	4.9	6.2	5.2
Unemployment Rate (Percentage)					
Developed Countries	5.8	8.0	9.3	8.3	8.2
Euro Zone	7.6	9.4	11.7	10.1	10.0
LIBOR, 6 month US Dollar (Percentage)	3.0	1.1	1.4	0.6	0.8

Source: IMF, World Bank Outlook Report, October 2009

(*) IMF, World Bank Outlook Report, October 2009

State Planning Organization, Prime Ministry of Turkey

TURKISH ECONOMY IN 2010

Several factors offering a positive outlook for the Turkish economy, including faster-than-expected recovery in economic activities, a mid-term program targeted at fiscal discipline, stability of the financial system, positive evaluations from credit rating agencies, and risk premium indicators even lower than pre-crises levels. On one hand, capital inflow has increased in parallel with these factors and, on the other hand, market interests have decreased, asset prices have increased and the Turkish Lira has strengthened its position. By affecting consumption and investment demands, these developments have increased the use of loans use by both companies and households and have contributed to domestic demand-based economic growth. Economic growth has also had positive effects on the employment sector and the unemployment rate has declined, although it remains above pre-crisis levels. Basic inflation indicators have shown a positive trend despite strong domestic demand. However; low external demand, growth based on domestic demand, and strengthening of the Turkish Lira have had negative effects on the foreign trade balance, thus widening effects on the current account deficit. Increased consumption-based tax revenues and the restriction of public expenditure with the help of the recovery of economic activities have had positive impacts on public finance. In addition to surging short-term capital flows, increasing use of loans and the widening current account deficit are important indicators for financial stability. In this framework, measures to mitigate macro risks will be form part of the agenda for Turkey, as for many other countries of the world.

High growth rate, disciplined fiscal policy, a strong financial system and relatively high interest rates in Turkey bring about capital inflow composed mainly of foreign liabilities and portfolio investments of the banks. Net capital inflows, which reached 8.3% of national income in the third quarter of 2008, decreased to 1.3% of the national income in the third quarter of 2009 due to the global crisis. Banks and other sectors that played the role of "net foreign debt payer" were effective on this decrease. With the recovery from the global financial crisis, capital inflows increased to 3.4% of national income in the second quarter of 2010.

Capital flows have positive impacts on the financial markets and support the increase in asset prices. Improvements in the risk perceptions related to Turkey and an increase in the global risk appetite positively affected the stock exchange. The improving tendency of the stock market continued in 2010 and price/earning ratios were close to the historical average; Similarly, bond prices have continued to increase. In parallel to this, the level of interest paid on government debt securities have shown a decrease. Together with the capital inflow increasing in line with the confidence in the financial markets, liquidity conditions have improved and the Turkish Lira has strengthened its position. Real effective exchange indexes have indicated a strengthening tendency of the Turkish Lira. Compared to September 2009, the Turkish Lira appreciated by 10.4% according to the CPI-based index and by 11.8% according to the PPI-based index as of September 2010. Market liquidity index, reflecting greater market confidence, has increased in the post-crisis period, demonstrating the increase in market confidence. However, it has not yet reached pre-crisis levels.

The Turkish economy is undergoing a rapid recovery process with the help of the increase in domestic demand. Gross Domestic Product increased by 11.7% in the first quarter and by 10.3% in the second quarter of 2010. Thus, national income - which contracted by 11.1% in the first half of 2009- increased by 11% in the same period of 2010. Domestic demand, in particular, has been observed to make an important contribution to the growth in GDP. Private consumption expenditures, investment expenditures and public consumption, respectively, made 5.4, 4.6 and 0.3-point contributions; in turn, domestic final demand made a 10.3 point contribution to GDP growth in the first half of 2010.

Industrial production and capacity-use data show that economic development also continued in the third quarter of 2010. The pace of the increase rate slowed down; however, industrial production increased by 10% and the rate of capacity-use increased by 5.4 points to 74% in the third quarter of 2010 compared to the same period of the previous year.

When compared to the first half of the year, industrial production showed a more moderate increase in the third quarter of the year and is expected to gain momentum in the last quarter of the year, in line with increased consumer confidence and stronger investment after the political uncertainty is resolved by the referendum made on 12 September 2010.

While the unemployment rate has decreased with economic growth on one hand, basic inflation indicators have continued to comply with the mid-term objectives on the other. Seasonally adjusted unemployment rate of 10% in April 2008 rose to 14.8% in the same period of 2009 due to the global crisis and economic contraction. The unemployment rate has since decreased to 12% in August 2010. Despite the improvements in employment conditions, the unemployment rate remains high. In this environment, basic inflation indicators have fallen to historical lows.

It has taken some time for the capacity-use rates to increase to pre-crisis levels, due to the slow course of external demand, the unemployment rate remaining high despite the improvements in the employment conditions, and the strong Turkish Lira. All these factors support low-level basic inflation indicators. In this scope, annual inflation is estimated to show a decreasing tendency in the upcoming period. Uncertainty in food prices continues to be the main risk related to short-term inflation outlook.

Growth based on domestic demand; evaluation of the Turkish Lira; and intermediate goods and energy import requirements triggered by the recovery of production, result in a widening of the current account deficit. Due to the stagnation of economic activities and decrease in goods prices caused by the global financial crisis, foreign trade deficit, which stood at USD 75.8 billion in the third quarter of 2008- was rapidly reduced to USD 38.8 billion by the end of 2009.

Foreign trade deficit started to widen with the economic recovery and reached USD 60 billion as of September 2010. In line with these developments, import/export ratio decreased from 72.5% at the end of 2009 to 64.9% in September 2010.

Clear separation in the demand composition of economic growth negatively affects the current account balance by widening the foreign trade deficit. The current account deficit, which increased to 6.3% of national income during June 2008, decreased to 2.3% of national income by the end of 2009 due to the global crisis and economic shrinkage. The current account deficit started to widen again with the economic recovery and reached 4.1% of national income in June 2010. The current account deficit also continued to widen in the third quarter of 2010. Annual current account deficit increased from USD 14.4 billion at the end of 2009 to USD 37.1 billion in September 2010. Despite the increase in current account deficit, indicators related to foreign debt payment capacity do not have a negative outlook. Foreign debt-to-national income ratio decreased by 4.3 points to 39% in the second quarter of 2010 compared to the end of previous year. The share of short-term foreign debts as a percentage of total debts increased by 4.9 points to 23.3% compared to the end of the previous year. Short-term foreign debt-to-the Central Bank reserves ratio is below 100%; however, this increased from 69.9 % at the end of 2009 to 87.3% in June 2010. As of September 2010, Central Bank reserves can cover 5.5 months of import and are close to past averages, despite the recent decrease in these reserves.

Tax revenues, which increased in parallel with the economic recovery and associated expenditures, have positive effects on public finance. Budget revenues based on indirect tax revenues have increased in line with the increase in domestic demand, and; interest expenses have decreased and noninterest expenditures have increased at a relatively limited level in line with the drop in interest rates. Budget performance follows a positive course thanks to these developments. Annual non-interest budgetary surplus increased from 440 million TL at the end of 2009 to 13.7 billion TL in September 2010. The annual budget deficit, on the other hand, decreased from 52.8 billion TL in 2009 to 33.2 billion TL in September 2010. Thus, the budget deficit -which reached 5.5% of national income in 2009 when the economy contracted- decreased to 4.4% of national income in the first half of 2010. In an environment of increasing current account deficits, containing public expenditures to prevent relaxation of fiscal policy seems necessary for financial stability.

Ratios related to public debt and vulnerability indicators of debt stock seem to have improved thanks to economic growth, positive budget performance and drop in real interest. The rate of increase of the central government debt stock -which increased by 16.1% to 441.5 billion TL in 2009- slowed during 2010. Compared to the end of 2009, central government debt stock showed a limited increase of 4.3% and was realized as 461 billion TL in the first three quarters of 2010. Debt stock-to-national income ratio increased by 6.3 points to 46.3 in 2009 and decreased by 1.5 points to 44.8% in the second quarter of 2010. Domestic debts constitute 75.5% of the total central government debt stock. The structure of the domestic debt stock points out the increase in the share of the fixed interest debts in TL and the CPI-indexed debts. In September 2010, the share of the fixed interest debts in TL within the domestic debt stock increased by 4.2 points to 48.1% and the share of the CPI-indexed debts by 5.5 point to 14.5% compared to the end of the previous year. The term of the domestic debt stock was also extended. While the average term of domestic debt stock was 32 months in 2009, this term increased up to 42 months in September 2010. The decrease in the share of the currency-indexed stock is deemed positive in terms of reduction of vulnerability to currency risk and the increase in the share of the fixed yield securities and the term extension is deemed positive in terms of vulnerability to interest increases. Reduction of the budget deficit and improvement of public debt stock indicators support the decrease in the public borrowing costs. When adjusted to 12-month inflation forecasts, the real interest was observed to be at its lowest historical rate of 0.6 %.

Rapid economic recovery, minimization of uncertainties, decrease in interest rates and improvement in extension conditions have increased the indebtedness of companies; however, the share of foreign debts has decreased. Total financial debt of the companies showed no significant change in 2009 while they increased by 13.9% to 395 billion TL as of September 2010 when compared to the end of 2009. In line with these developments, the financial debt-to-national income ratio of companies increased by 1.7 point to 38% when compared to the end of the previous year. Debts in foreign currencies constitute 57.4% of the financial debts of companies, and are generally long-term debts. The share of foreign loans within total loans was 26.1% while the share of the domestic loans (granted by the domestic and foreign branches of Turkish banks and their foreign subsidiaries to the real sector) within total loans increased by 4.1 points to 78.4% in September 2010 compared to the end of the previous year.

The increase in household liabilities has had no negative impact on solvency. As a result of improving customer confidence thanks to the decrease in interest rates and uncertainties, household indebtedness has continued to increase. Household liabilities-to-GNP ratio was 15.4% in 2009 and increased to 16.2% in the first half of 2010. However, this ratio is low in Turkey when compared to selected EU Member Countries. The drop in interest rates has enabled mitigation of the household interest burden despite increasing indebtedness. Disposable household income has increased thanks to the recovery in the labor market. Reduced policy interest rates and the drop in loan interest rates thanks to interbank competition have reduced the cost of household borrowing. Thus, household interest payments-to-disposable income ratio decreased from 5.9% in 2009 to 4.8% in 2010. While consumer and housing loans as a proportion of household liabilities increased, the share attributed to vehicle loan and credit cards has decreased. Examination of the course of household liabilities according to their types shows a 28.1% increase in consumer loans, 21.7% increase in housing loans, 13.6% decrease in vehicle loans and 11.7% decrease in credit cards as of September 2010 when compared to 2009. In light of these developments, the share of consumer and housing loans have increased as a proportion of household liabilities while the share of vehicle loan and credit cards has decreased.

While the outstanding balance of credit cards continued to increase in 2010, the ratio of the balance subject to interest to the total credit card balance decreased in comparison with 2009. A decreased was recorded in the number of real persons who have credit cards and consumer loans to be liquidated.

Growing increase in the loan growth (ensured through maintenance of strong capital inflows) and the widening current account deficit is of great importance for financial stability in the upcoming period. Abundant global liquidity and relatively high income capacity, created by the expansionary monetary policies pursued by the developed countries, result in capital inflow into Turkey. Thanks to this capital inflow, the Turkish Lira has strengthened its position; market interests drop; and these developments trigger consumption and investment demands. In addition, domestic and foreign demand separation is crystallized; the economy recovers depending on the domestic demand; household and company indebtedness increases; and current account deficit widens. On the other hand, strong public finance, increasing profitability performance of companies, and a lower ratio of household income-to-national income than those of the other countries and household liabilities in Turkish Lira increase the resilience of the economy to potential shocks.

Another risk factor is the worsening public finance problems experienced by the developed countries, mainly by the EU Members, and/or possible changes in capital inflows due to the developed countries abandoning expansionary monetary policies. Turkey may be directly affected by the deepening of public finance problems encountered by EU Members in terms of both loans and investments on one hand; and, since the EU is the most important trade partner for Turkey, reduced foreign trade on the other hand.

The Turkish finance sector, composed mainly of the banking sector, continues its healthy growth. The Turkish finance sector sustained its growth in 2010, showing an annual increase of 17.3% to 1.022 billion TL in June 2010. Its ratio to GND was 100%. The share of the banks, which constitute 88.8% of the sectoral assets, increased by 0.7 point, of factoring companies by 0.2 point and of retirement funds by 0.1 point. Total assets of the banks -the main actors of the financial sector- increased (by 11.2% in nominal terms and by 6.1% in real terms) to 927 billion TL (USD 642.5 billion with a 14.6% increase) in September 2010 compared to the end of the previous year. The banking sector's balance sheet size-to-GDP ratio increased from 87.6% at the end of 2009 to 88.6% in the second quarter of 2010. The share of the top 5 (in terms of assets size) of the 49 banks operating in the Turkish banking sector as of September 2010 was 60.2%, while the share of the top 10 was 83.5%.

Basic Economic Indicators

	2005	2006	2007	2008	2009	2010(1)	2011 (2)
GROWTH AND EMPLOYMENT (Change in Percentage)							
Total Consumption	7.0	5.0	5.3	-0.3	-0.4	4.5	4.5
Public 1.4	9.9	5.4	3.3	3.7	7.6	5.6	
Private 7.6	4.5	5.3	-0.7	-0.8	4.1	4.4	
Total Fixed Investment	17.8	13.4	4.1	-5.2	-20.3	21.9	5.6
Public 34.2	2.1	12.6	6.0	-0.9	28.5	-8.7	
Private 15.0	15.7	2.6	-7.4	-24.5	20.0	10.0	
Change in Stocks (3)	0.1	-0.1	0.6	0.3	-2.1	1.0	0.6
Total Goods and Service Export	7.9	6.6	7.3	2.7	-5.3	4.1	4.7
Total Goods and Service Import	12.2	6.9	10.7	-4.1	-14.3	13.1	8.2
GDP 8.4 6.9	4.7	0.7	-4.7	6.8	4.5		
GDP (Million TL, Current Prices)	648,932	758,391	843,178	950,534	952,635	1,098,807	1,214,852
GDP (USD Billion, Current Prices)	481,5	526,4	648,8	742,1	616,8	730,1	780,8
Per Capita Income (GDP, US Dollar)	7,021	7,583	9,234	10,440	8,578	10,043	10,624
Per Capita Income (PPP, GDP, US Dollar)	11,386	12,883	13,685	14,631	14,449	13,038	13,653
Population (Midyear, Thousand People)	68,582	69,421	70,256	71,079	71,897	72,698	73,497
Labor Force Participation Rate (%)	46.4	46.3	46.2	46.9	47.9	48.8	48.3
Employment Level (Thousand People)	20,067	20,423	20,738	21,194	21,277	22,503	22,706
Unemployment Rate (%)	10.6	10.2	10.3	11.0	14.0	12.2	12.0
FOREIGN TRADE (USD Billion)							
Export (FOB)	73,5	85,5	107,3	132,0	102,1	111,7	127,0
Import (CIF) (4)	116,8	139,6	170,1	202,0	140,9	177,5	199,5
Foreign Trade Balance	-43,3	-54,0	-62,8	-69,9	-38,8	-65,8	-72,5
Current Account Balance /GDP (percentage)	-4.6	-6.1	-5.9	-5.7	-2.3	-5.4	-5.4
Foreign Trade Volume/GDP (Percentage)	39.5	42.8	42.7	45.0	39.4	39.6	41.8
PUBLIC FINANCE (Percentage)							
General Public Revenues (5) / GDP	32.9	34.8	33.6	32.9	34.6	35.4	35.8
General Public Expenditures (5) / GDP	33.0	33.4	33.8	34.6	40.1	39.1	37.9
Public General Borrowing Requirement (5) / GDP	0.1	-1.4	0.2	1.6	5.5	3.7	2.1
General Public Interest Expenses (5) / GDP	7.2	6.1	5.9	5.4	5.7	4.6	4.1
Public Sector Borrowing Requirement (6) / GDP	-0.1	-1.9	0.1	1.6	5.1	3.4	2.0
Program-Defined Public Sector Noninterest Surplus (6) / GDP	4.5	4.8	3.0	1.6	-1.1	-0.2	0.3
EU-Defined General Government Nominal Debt Stock / GDP	52.3	46.1	39.4	39.5	45.5	42.3	40.6
PRICES (Change in Percentage)							
GDP Deflator	7.1	9.3	6.2	12.0	5.2	8.0	5.8
End-year CPI	7.7	9.7	8.4	10.1	6.5	7.5	5.3

(1) Realization estimate

(2) Program

(3) Contribution to growth

(4) Nonmonetary gold export included

(5) Including consolidated budget (2005) / central government budget (2006-2011), local administrations, revolving fund institutions, Unemployment Insurance Fund, social security institutions, universal health insurance and funds

(6) Including general government and SEEs

Resource: State Planning Organization, Prime Ministry of Turkey

Leasing in Turkey in 2010

In Turkey, the first regulations related to leasing were made via Cabinet Decision and No 83/7506 dated 16.12.1983, issued upon Article 90 of the "Decree Law on Banks" Nr 70. The legal infrastructure of leasing services was completely established with Law No 3226 enacted on 28 June 1985 and the first leasing company in Turkey was established in 1986 (Vakıf Finansal Kiralama A.Ş. was established in 1988). The leasing sector achieved rapid growth following this development; however, the sector has not been able to arrive at the desired and expected point due to economic instability and lack of savings and demand. The share of leasing services among private sector fixed investments is around 2.69% in Turkey compared with around 8.92% in the developed industrialized countries.

Trade volume increased by 44.83%, from USD 2,197,524 thousand in 2009 to USD 3,182,683 thousand in 2010. The number of contracts rose by 64.34% from 6,198 in 2009 to 10,186 in 2010. Average contract price decreased by -11.88% from USD 355 thousand in 2009 to USD 312 thousand in 2010. Machinery and Equipment transactions constituted 28.22% and Heavy Construction Equipment 23.44% of total transactions. The share of the service sector was 49.23%. The sector achieved its maximum transaction volume in the last quarter of 2010.

FIDER - Sectoral Distribution / USD Thousand	I	II	III	IV	2010	2009	Growth %
Agriculture	19,572	23,425	30,400	26,345	99,743	76,981	29.57
Manufacturing Industry	233,935	341,469	402,632	497,662	1,475,698	1,002,119	47.26
Service	305,189	367,773	429,418	464,267	1,566,647	1,023,141	53.12
Other	6,188	6,599	17,789	10,019	40,334	95,283	-57.39
Grand Total	564,884	739,266	880,239	998,032	3,182,683	2,197,524	44.83

FIDER - PRODUCT GROUPS / USD Thousand	I	II	III	IV	2010	2009	Growth %
Land Transport Vehicles	26,740	28,678	26,134	46,548	128,101	132,593	-3.39
Air Transport Vehicles	17,800	2,953	0	9,959	30,711	165,708	-81.47
Marine Transport Vehicles	35,826	14,088	74,486	11,205	135,605	72,573	86.85
Heavy Construction Equipment	119,019	189,284	208,271	229,400	745,973	385,453	93.53
Machinery and Equipment	140,446	210,366	235,371	311,887	898,070	632,471	41.99
Medical Devices	36,715	51,871	59,272	51,821	199,679	131,367	52.00
Textile Machinery	34,487	52,833	50,529	56,738	194,587	69,142	181.43
Tourism Equipment	10,221	15,630	20,600	24,153	70,604	67,417	4.73
Electronic and Optical Devices	26,024	41,022	33,363	41,308	141,717	101,472	39.66
Hardware Related to Press	13,724	25,221	22,787	32,162	93,894	49,242	90.68
Office Equipment	23,405	35,690	39,312	45,374	143,780	81,294	76.86
Real Estate	71,353	61,558	101,475	130,995	365,380	264,493	38.14
Other	9,125	10,072	8,639	6,484	34,321	44,299	-21.94
Grand Total	564,884	739,265	880,239	998,295	3,182,683	2,197,524	44.83
No. of Transactions	1,916	2,715	2,607	2,948	10,186	6,198	64.34
Average Contract Price	295	272	338	339	312	355	-11.87

Resource: FIDER

FIDER MEMBER LEASING COMPANIES

Basic Indicators -Thousand TL	2007	2008	2009	2010
Banks	773,864	1,368,966	1,620,715	3,104,957
Leasing Transactions	11,466,460	14,118,142	10,918,162	10,560,393
Receivables under Follow-up	240,630	621,834	903,282	766,940
- Leasing receivables under follow-up	464,140	966,989	1,519,590	1,463,603
- Special provisions (-)	223,510	345,155	616,308	696,603
Total Assets	13,394,000	16,971,871	14,505,086	15,675,978
Loans Obtained	10,135,193	13,451,270	10,553,134	11,134,252
Equity	2,445,612	3,017,664	3,423,683	3,836,887
A) Paid-in Capital	1,475,233	1,621,104	1,746,848	1,798,691
B) Capital Reserves	0	144,559	117,940	107,671
C) Profit Reserves	398,348	322,649	593,077	893,660
D) Profit or Loss	518,286	934,153	965,818	1,037,465
a) Profit or Loss in Previous Years	122,817	334,650	436,529	574,422
b) Period Net Profit of Loss	395,469	599,503	529,289	463,043

Revenue and Expense Statement	2007	2008	2009	2010
Real Operating Income	1,252,685	1,517,543	1,345,372	1,025,472
Real Operating Expenses (-)	203,382	220,159	219,158	227,428
Other Operating Income	1,672,767	13,152,000	5,003,103	3,711,651
Financing Expenses (-)	580,264	793,977	613,321	410,850
Special Provisions for the Receivables under Follow-up	124,295	208,481	357,150	238,726
Other Operating Expenses (-)	1,610,478	12,853,797	4,851,003	3,334,559
Net Activity Profit/Loss	407,033	593,130	307,843	525,560
Provision for Taxes from Continuing Operations	-11,564	2,804	221,485	-62,480
Period Net Profit/Loss from Continuing Operations	395,469	595,934	529,328	463,080
Period Net Profit/Loss from Discontinued Operations	0	3,566	0	-37
Period Net Profit/Loss	395,469	599,500	529,289	463,043

Basic Indicators Growth Rates (%)	2008	2009	2010
Banks	76.90	18.39	91.58
Leasing Transactions	23.13	-22.67	-3.28
Receivables under Follow-up	158.42	45.26	-15.09
- Leasing receivables under follow-up	108.34	57.15	-3.68
- Special provisions (-)	54.42	78.56	-13.04
Total Assets	26.71	-14.53	8.07
Loans Obtained	32.72	-21.55	5.51
Equity	23.39	13.45	12.07
A) Paid-in Capital	9.89	7.76	2.97
B) Capital Reserves	-	-18.41	-8.71
C) Profit Reserves	-19.00	83.82	50.58
D) Profit or Loss	80.24	3.39	7.42
a) Profit or Loss in Previous Years	172.48	30.44	31.59
b) Period Net Profit of Loss	51.59	-11.71	-12.52

Revenue and Expense Statement Growth Rate (%)	2008	2009	2010
Real Operating Income	21.14	-11.35	-23.78
Real Operating Expenses (-)	8.25	-0.45	3.77
Other Operating Income	686.24	-61.96	-25.81
Financing Expenses (-)	36.83	-22.75	-33.01
Special Provisions for the Receivables under Follow-up	67.73	71.31	-33.16
Other Operating Expenses (-)	698.14	-62.26	-31.26
Net Activity Profit/Loss	45.72	-48.10	70.72
Provision for Taxes from Continuing Operations	-124.25	7.798.89	-128.21
Period Net Profit/Loss from Continuing Operations	50.69	-11.18	-12.51
Period Net Profit/Loss from Discontinued Operations	-	-	-
Net Period Profit/Loss	51.59	-11.71	-12.52

Basic Ratios (%)	2007	2008	2009	2010
Net Lease Receivables/Total Assets	85.61	83.19	75.27	67.37
Receivables Under Follow-Up/Net Lease Receivables	3.89	6.41	12.22	12.17
Banks /Total Assets	5.78	8.07	11.17	19.81
Equity/Total Liabilities	18.26	17.78	23.60	24.48
Loans Used / Total Liabilities	75.67	79.26	72.75	71.03
Net Period Profit/Assets	2.95	3.53	3.65	2.95
Net Period Profit/Equity	16.17	19.87	15.46	12.07

Resource: FIDER

Vakıf Finansal Kiralama in 2010

Transaction volume, which was recorded as USD 65,826 thousand in 2009, increased by 65.10% -a rate above the sectoral average- and reached USD108,682 thousand in 2010. The number of contracts increased by 29.63% from 189 in 2009 to 245 in 2010. Average contract price was USD 348 thousand in 2009, increasing by 27.37% to USD 444 thousand in 2010. Machinery and Equipment transactions constituted 45.03% of the total transactions. Import accounted for USD 57,031 thousand; cash payment accounted for USD 28,050 thousand; and letters of credit accounted for USD 28,981 thousand of the total leasing transactions, amounting to USD 108,682. The asset size of the company increased by 66.48% in 2010 to 575,589 thousand TL. Equity increased by 26.90% to 86,127 thousand TL and Lease Receivables increased by 45.93% to 262,868 thousand TL. Net period profit of the company was 17,393 thousand TL. Return on assets was 3.02% and return on equity was 20.19%.

Vakıf Leasing - Summary of Sectoral Distribution / USD Thousand	I	II	III	IV	2010	2009	Growth %
Agriculture	162	15	0	98	275	0	-
Manufacturing Industry	5,102	20,706	25,744	20,437	71,989	37,065	94,22
Service	2,443	7,018	10,728	16,229	36,418	28,761	26,62
Other	0	0	0	0	0	0	-
Grand Total	7,707	27,739	36,472	36,764	108,682	65,826	65,10

Vakıf Leasing - PRODUCT GROUPS / USD Thousand	I	II	III	IV	2010	2009	Growth %
Land Transport Vehicles	276	525	363	1,551	2,715	2,427	11,87
Air Transport Vehicles	0	0	0	0	0	12,870	-100,00
Marine Transport Vehicles	0	9	0	6,298	6,307	370	1,604,59
Heavy Construction Equipment	900	1,111	9,085	2,886	13,982	13,329	4,90
Machinery and Equipment	3,167	14,027	16,332	15,416	48,942	14,224	244,08
Medical Devices	912	845	3,428	891	6,076	1,403	333,07
Textile Machinery	553	5,056	2,802	45	8,456	1,849	357,33
Tourism Equipment	0	1,161	1,336	2,851	5,348	2,061	159,49
Electronic and Optical Devices	27	509	487	2,722	3,745	5,660	-33,83
Hardware Related to Press	40	30	25	1,815	1,910	895	113,41
Office Equipment	145	226	9	765	1,145	3,057	-62,54
Real Estate	0	3,142	276	600	4,018	779	415,79
Other	1,687	1,098	2,329	924	6,038	6,902	-12,52
Grand Total	7,707	27,739	36,472	36,764	108,682	65,826	65,10
No. of Transactions	37	75	64	69	245	189	29,63
Average Contract Price	208	370	570	533	444	348	27,37

Vakıf Finansal Kiralama A.Ş. (Summary Financial Information - Consolidated)

Basic Indicators -Thousand TL	2007	2008	2009	2010
Banks	2,420	40,021	116,119	257,971
Leasing Transactions	201,402	220,657	180,131	262,868
Receivables under Follow-up	-431	7,967	0	0
- Leasing receivables under follow-up	26,466	40,941	44,030	36,363
- Special provisions (-)	26,897	32,974	44,030	36,363
Total Assets	223,589	295,038	345,736	575,589
Loans Obtained	142,145	204,255	262,106	446,925
Equity	32,985	48,091	67,869	86,127
A) Paid-in Capital	20,000	20,000	25,000	25,000
B) Capital Reserves	353	353	353	1,211
C) Profit Reserves	164	164	164	42,238
D) Profit or Loss	12,468	27,340	30,351	17,393
a) Profit or Loss in Previous Years	15,850	12,468	10,617	0
b) Period Net Profit of Loss	-3,382	14,872	19,734	17,393

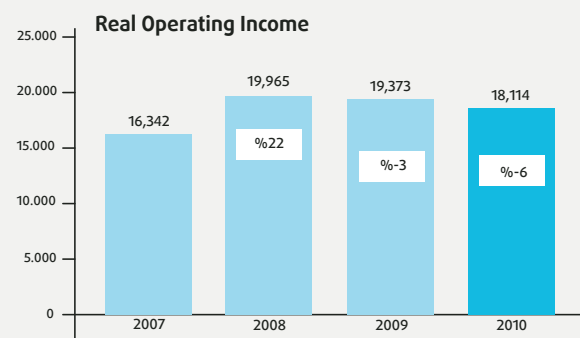
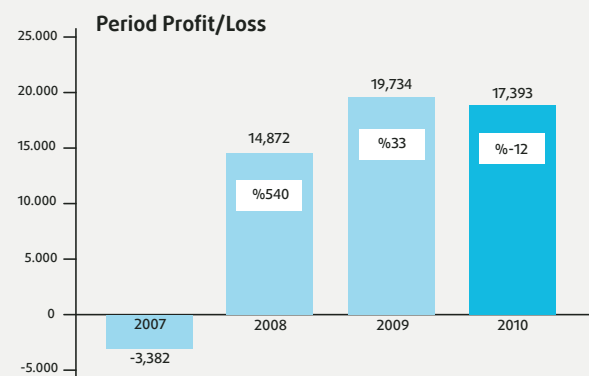
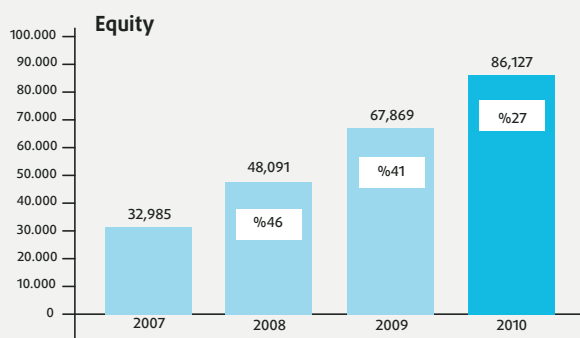
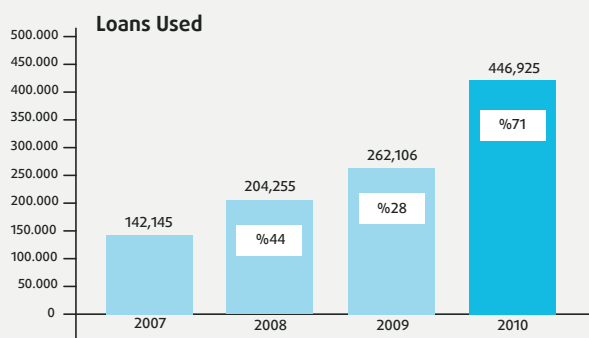
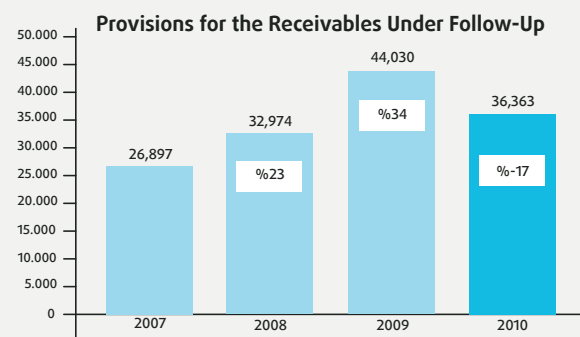
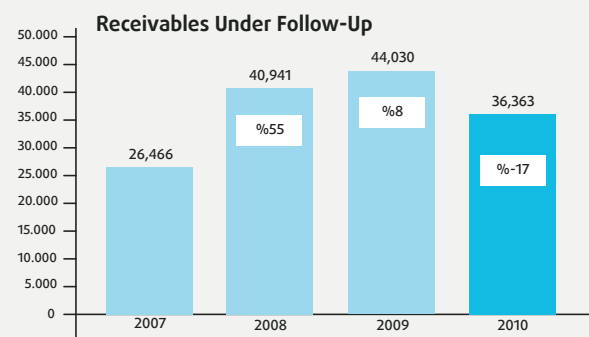
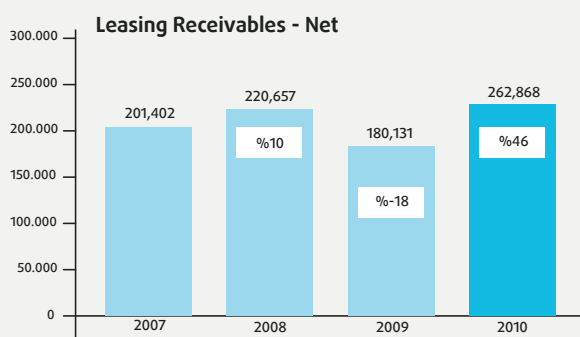
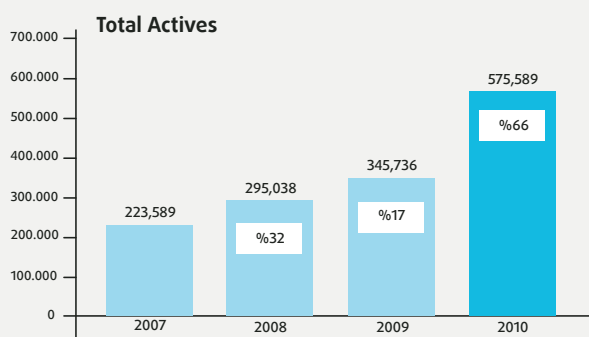
Revenue and Expense Statement	2007	2008	2009	2010
Real Operating Income	16,342	19,965	19,373	18,114
Real Operating Expenses (-)	5,027	5,444	6,266	7,284
Other Operating Income	25,098	64,247	18,219	42,405
Financing Expenses (-)	6,542	12,190	9,300	21,811
Special Provisions for the Receivables under Follow-up	10,599	9,536	12,759	1,792
Other Operating Expenses (-)	22,507	52,629	10,249	12,415
Net Activity Profit/Loss	-3,235	4,413	-982	17,217
Provision for Taxes from Continuing Operations	-95	10,517	20,760	225
Period Net Profit/Loss from Continuing Operations	-3,330	14,930	19,778	17,442
Period Net Profit/Loss from Discontinued Operations	0	0	0	-49
Period Net Profit/Loss	-3,382	14,872	19,734	17,393

Basic Indicators Growth Rates (%)	2008	2009	2010
Banks	1.553.76	190.15	122.16
Leasing Transactions	9.56	-18.37	45.93
Receivables under Follow-up	-1.948.49	-100.00	-
- Leasing receivables under follow-up	54.69	7.55	-17.42
- Special provisions (-)	22.59	33.53	-17.42
Total Assets	31.96	17.18	66.48
Loans Obtained	43.69	28.32	70.51
Equity	45.80	41.13	26.90
A) Paid-in Capital	0.00	25.00	0.00
B) Capital Reserves	-	0.00	243.06
C) Profit Reserves	0.00	0.00	25.655.49
D) Profit or Loss	119.28	11.01	-42.70
a) Profit or Loss in Previous Years	-21.34	-14.85	-100.00
b) Period Net Profit of Loss	-539.74	32.69	-11.87

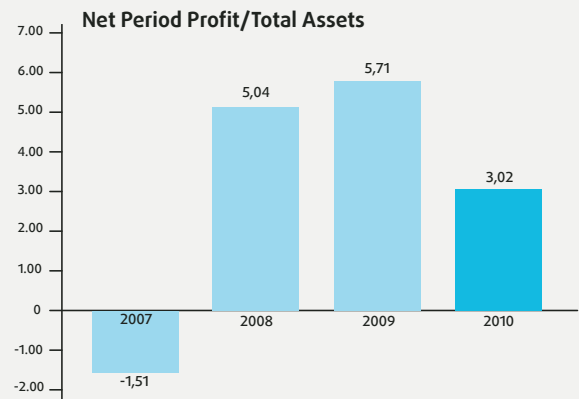
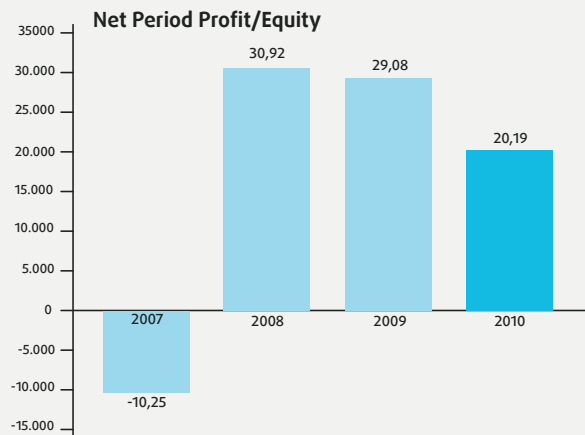
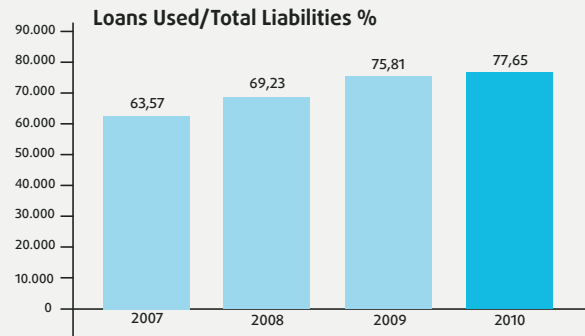
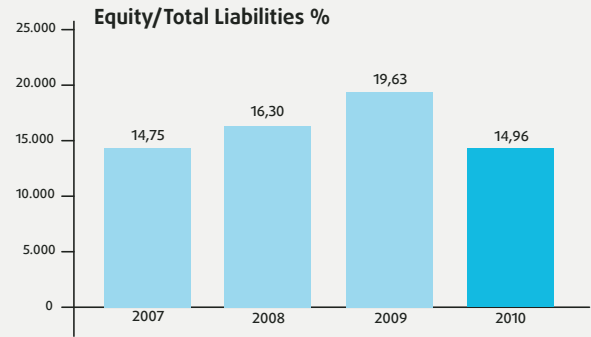
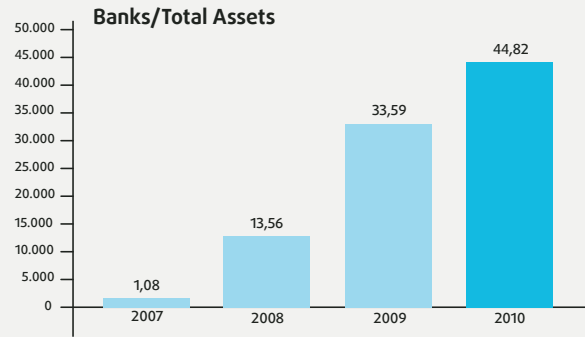
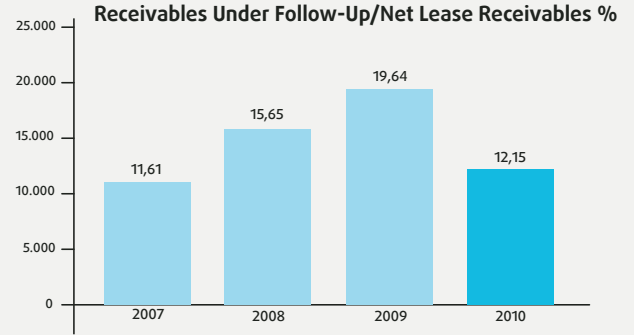
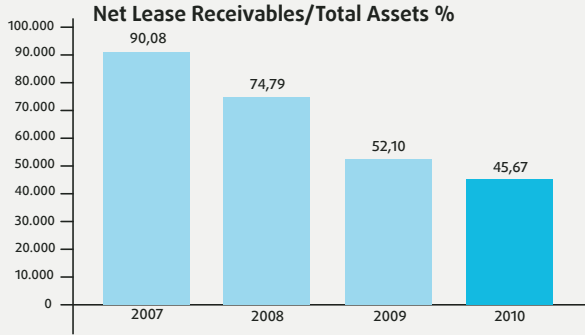
Revenue and Expense Statement Growth Rate (%)	2008	2009	2010
Real Operating Income	22.17	-2.97	-6.50
Real Operating Expenses (-)	8.30	15.10	16.23
Other Operating Income	155.98	-71.64	132.74
Financing Expenses (-)	86.33	-23.71	134.54
Special Provisions for the Receivables under Follow-up	-10.03	33.80	-85.96
Other Operating Expenses (-)	133.83	-80.53	21.10
Net Activity Profit/Loss	-236.41	-122.25	-1.853.26
Provision for Taxes from Continuing Operations	-11.170.53	97.39	-98.92
Period Net Profit/Loss from Continuing Operations	-548.35	32.47	-11.82
Period Net Profit/Loss from Discontinued Operations	-	-	-
Net Period Profit/Loss	-539.74	32.69	-11.87

Basic Ratios %	2007	2008	2009	2010
Net Lease Receivables/Total Assets	90.08	74.79	52.10	45.67
Receivables Under Follow-Up/Net Lease Receivables	11.61	15.65	19.64	12.15
Banks /Total Assets	1.08	13.56	33.59	44.82
Equity/Total Liabilities	14.75	16.30	19.63	14.96
Loans Used/Total Liabilities	63.57	69.23	75.81	77.65
Net Period Profit// Assets	-1.51	5.04	5.71	3.02
Net Period Profit//Equity	-10.25	30.92	29.08	20.19

Basic Balance Sheet Indicators - Thousand TL

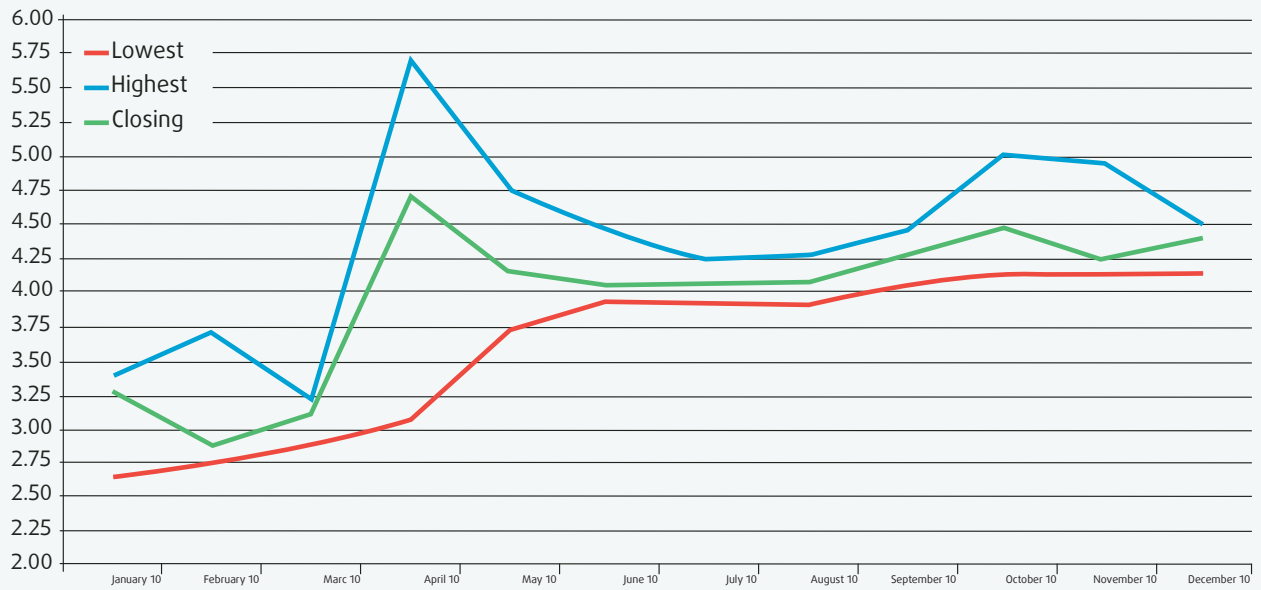


Basic Ratios %



Vakıf Leasing on the Istanbul Stock Exchange

Months	Monthly Average				
	Total Transaction Volume (TL)	Total Transaction Amount	Lowest Price	Highest Price	Closing Price
January 2010	66.499.664	22.008.449	2,64	3,40	3,26
February 2010	164.241.815	50.974.641	2,72	3,72	2,88
Marc 2010	62.239.002	20.446.850	2,90	3,22	3,10
April 2010	501.318.188	107.768.948	3,08	5,70	4,70
May 2010	211.539.637	48.042.306	3,72	4,78	4,18
June 2010	84.400.712	19.882.151	3,94	4,46	4,06
July 2010	60.143.421	14.597.088	3,96	4,26	4,06
August 2010	48.164.277	11.720.674	3,92	4,30	4,08
September 2010	87.956.469	20.657.967	4,06	4,48	4,26
October 2010	131.885.636	28.583.690	4,14	5,04	4,48
November 2010	72.215.138	15.398.114	4,13	4,95	4,24
December 2010	43.193.143	9.921.507	4,14	4,53	4,40



Vakıf Finansal Kiralama Anonim Şirketi

Consolidated Financial Statements
As Of 31 December 2010

Report Date: 21/02/2011

**Vakıf Finansal Kiralama Anonim Şirketi
and Its Subsidiary Consolidated Financial Statements
As at and for the Year Ended
31 December 2010
With Independent Auditors' Report Thereon
(Convenience Translation of the Consolidated Financial
Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)**

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 2010 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.

**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
21 February 2011**

This report contains
"Independent Auditors' Report" comprising 2 pages and;
"Consolidated Financial Statements and Related Disclosures and Footnotes"
comprising 40 pages.

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 2010 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 3).

İstanbul,
21 February 2011

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi



Özkan Genç
Partner
Certified Public Accountant

Additional paragraph for convenience translation to English:

As explained in Section Note 2.1, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
Consolidated Balance Sheet (Consolidated Statement of Financial Position) At 31 December 2010
(Currency: Thousands of Turkish Lira ("TL"))

Vakıf Leasing

ASSETS			Audited Current Period 31 December 2010			Audited PriorPeriod 31 December 2009		
		Notes	TL	FC	Total	TL	FC	Total
I.	CASH AND CASH EQUIVALENTS	3.16	-	-	-	-	-	-
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5	371	-	371	640	-	640
2.1	Financial assets held for trading purpose		371	-	371	640	-	640
2.2	Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.3	Derivative financial assets held for trading purpose		-	-	-	-	-	-
III.	BANKS	6	239,216	18,755	257,971	110,273	5,846	116,119
IV.	RECEIVABLES FROM REVERSE REPURCHASE AGREEMENTS		-	-	-	-	-	-
V.	AVAILABLE FOR SALE FINANCIAL ASSETS (Net)	7	4,026	-	4,026	2,217	-	2,217
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	8	39,324	223,544	262,868	25,302	154,829	180,131
8.1	Receivables from leasing activities		39,324	223,544	262,868	25,302	154,829	180,131
8.1.1	Finance lease receivables	8	46,865	252,263	299,128	33,138	183,435	216,573
8.1.2	Operational lease receivables		-	-	-	-	-	-
8.1.3	Others		-	-	-	-	-	-
8.1.4	Unearned income	8	(7,541)	(28,719)	(36,260)	(7,836)	(28,606)	(36,442)
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	8-9	11,164	25,199	36,363	12,560	31,470	44,030
9.4	Specific provisions	8-9	(11,164)	(25,199)	(36,363)	(12,560)	(31,470)	(44,030)
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)	10	3,480	-	3,480	3,644	-	3,644
XVI.	INTANGIBLE ASSETS (Net)	11	32	-	32	14	-	14
16.1	Goodwill		-	-	-	-	-	-
16.2	Other intangibles		32	-	32	14	-	14
XVII.	DEFERRED TAX ASSETS	12	31,706	-	31,706	31,451	-	31,451
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)		1,428	-	1,428	3,023	-	3,023
18.1	Assets held for sale		1,428	-	1,428	3,023	-	3,023
18.2	Assets related to the discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	13	13,688	19	13,707	8,455	42	8,497
TOTAL ASSETS			333,271	242,318	575,589	185,019	160,717	345,736

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

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
Consolidated Balance Sheet (Consolidated Statement of Financial Position) At 31 December 2010
(Currency: Thousands of Turkish Lira ("TL"))

2010 Activity Report

LIABILITIES AND EQUITY	Notes	Audited Current Period 31 December 2010			Audited Prior Period 31 December 2009		
		TL	FC	Total	TL	FC	Total
I. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE		-	-	-	-	-	-
II. FUNDS BORROWED	14	240,925	206,000	446,925	110,747	151,359	262,106
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	15	5,366	34,268	39,634	3,228	9,452	12,680
VII. OTHER EXTERNAL RESOURCES PAYABLE	16	224	547	771	1,219	278	1,497
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 PAYABLES	17	210	-	210	318	-	318
X. PROVISIONS	18	1,682	240	1,922	1,056	210	1,266
10.1 Restructuring reserves		-	-	-	-	-	-
10.2 Reserve for employee benefits		1,682	-	1,682	1,056	-	1,056
10.3 Other provisions		-	240	240	-	210	210
XI. DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XII. PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED 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		86,127	-	86,127	67,869	-	67,869
14.1 Paid-in capital	1.2-19	25,000	-	25,000	25,000	-	25,000
14.2 Capital reserves	19	1,211	-	1,211	353	-	353
14.2.1 Share premium		-	-	-	-	-	-
14.2.2 Share cancellation profits		-	-	-	-	-	-
14.2.3 Valuation differences of the marketable securities		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	19	353	-	353	353	-	353
14.3 Profit reserves		42,238	-	42,238	11,887	-	11,887
14.3.1 Legal reserves	19	1,712	-	1,712	207	-	207
14.3.2 Status reserves		-	-	-	-	-	-
14.3.3 Extraordinary reserves	19	40,526	-	40,526	11,680	-	11,680
14.3.4 Other profit reserves		-	-	-	-	-	-
14.4 Profit or (loss)		17,393	-	17,393	30,351	-	30,351
14.4.1 Prior years' profit/(losses)	19	-	-	-	10,617	-	10,617
14.4.2 Current year's profit/(losses)		17,393	-	17,393	19,734	-	19,734
14.5 Non-controlling interest		285	-	285	278	-	278
TOTAL LIABILITIES AND EQUITY		334,534	241,055	575,589	184,437	161,299	345,736

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

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
Consolidated Balance Sheet (Consolidated Statement of Financial Position) At 31 December 2010
(Currency: Thousands of Turkish Lira ("TL"))

Vakıf Leasing

		Audited Current Period 31 December 2010			Audited Prior Period 31 December 2009		
	Notes	TL	FC	Total	TL	FC	Total
I. REVOCABLE FACTORING TRANSACTIONS		-	-	-	-	-	-
II. IRREVOCABLE FACTORING TRANSACTIONS		-	-	-	-	-	-
III. COLLATERALS RECEIVED	23	46,781	105,163	151,944	44,184	109,336	153,520
IV. COLLATERALS GIVEN	23	80	-	80	24	22,690	22,714
V. COMMITMENTS	23	-	17,770	17,770	-	1,236	1,236
5.1 Irrevocable commitments	23	-	17,770	17,770	-	1,236	1,236
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		46,861	122,933	169,794	44,208	133,262	177,470

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

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
Consolidated Balance Sheet (Consolidated Statement of Financial Position) At 31 December 2010
(Currency: Thousands of Turkish Lira ("TL"))

2010 Activity Report

LIABILITIES AND EQUITY		Notes	Audited Current Period 31 December 2010	Audited Prior Period 31 December 2009
I.	MAIN OPERATING INCOME		18,114	19,373
	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		18,114	19,373
1.5	Finance lease income		18,114	19,373
1.6	Operational lease income		-	-
1.7	Fees and commission income on leasing operations		-	-
II.	MAIN OPERATING EXPENSES (-)		(7,284)	(6,266)
2.1	Personnel expenses	20	(4,776)	(4,110)
2.2	Provision expense for employee termination indemnity	18	(214)	(47)
2.3	Research and development expenses		-	-
2.4	General administrative expenses	20	(2,294)	(2,109)
2.5	Others		-	-
III.	OTHER OPERATING INCOME		42,405	18,219
3.1	Interest income on banks	21	17,513	960
3.2	Interest income on reverse repurchase agreements		-	-
3.3	Interest income on securities	21	56	16
3.3.1	Interest income on trading financial assets		11	16
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		45	-
3.3.4	Interest income on held to maturity investments		-	-
3.4	Dividend income		271	121
3.5	Trading income		-	-
3.5.1	Derivatives		-	-
3.5.2	Others		-	-
3.6	Foreign exchange gains	21	12,490	10,218
3.7	Others		12,075	6,904
IV.	FINANCING EXPENSES (-)		(21,811)	(9,300)
4.1	Interest expense on funds borrowed		(21,696)	(8,907)
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		(26)	(39)
4.6	Fees and commission expenses		(89)	(354)
V.	SPECIFIC PROVISIONS FOR LOANS AND RECEIVABLES UNDER FOLLOW-UP (-)	9	(1,792)	(12,759)
VI.	OTHER OPERATING EXPENSES (-)		(12,415)	(10,249)
6.1	Impairment in value of securities		-	-
6.1.1	Impairment in value of financial assets designated at fair value through profit or loss		-	-
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 non current 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		(12,095)	(9,961)
6.5	Others		(210)	(288)
VII.	OPERATING PROFIT/(LOSSES), NET (I+...+VI)		17,217	(982)
VIII.	INCOME RESULTED FROM MERGERS		-	-
IX.	GAINS/(LOSSES) ON NET MONETARY POSITION		-	-
X.	PROFIT/(LOSSES) FROM CONTINUING OPERATIONS BEFORE TAXES (VII+VIII+IX)		17,217	(982)
XI.	PROVISION FOR TAXES FROM CONTINUING OPERATIONS (±)	12	225	20,760
11.1	Current tax charge	12	(75)	(74)
11.2	Deferred tax charges due to deferred tax assets	12	(6)	(125)
11.3	Deferred tax charges due to deferred tax liabilities	12	306	20,959
XII.	NET PROFIT/(LOSSES) AFTER TAXES FROM CONTINUING OPERATIONS (X±XI)		17,442	19,778
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/credits due to deferred tax assets		-	-
16.3	Deferred tax charges/credits due to deferred tax liabilities		-	-
XVII.	NET PROFIT/(LOSSES) AFTER TAXES FROM DISCONTINUED OPERATIONS (XV±XVI)		-	-
XVIII.	NON-CONTROLLING INTEREST		(49)	(44)
XVIII.	NET PROFIT/(LOSSES) FOR THE YEAR (XVII+XXII)		17,393	19,734
Earnings per share (full TL)		3.14	0.006977	0.008790

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

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
Consolidated Balance Sheet (Consolidated Statement of Financial Position) At 31 December 2010
(Currency: Thousands of Turkish Lira ("TL"))

Vakıf Leasing

GAINS AND LOSSES RECOGNIZED IN EQUITY		Audited Current Period 31 December 2010	Audited Prior Period 31 December 2009
I.	CHANGES IN 'VALUATION DIFFERENCES OF THE MARKETABLE SECURITIES' DUE TO AVAILABLE FOR SALE FINANCIAL ASSETS	904	-
1.1	Net change in the fair value of available for sale financial assets	904	-
1.2	Fair value changes transferred to profit or loss due to disposal of related financial assets	-	-
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	(46)	-
X.	NET GAINS/(LOSSES) RECOGNIZED DIRECTLY IN EQUITY	858	-
XI.	NET PROFIT/(LOSSES) FOR THE YEAR	17,442	19,778
XII.	TOTAL GAINS/(LOSSES) RECOGNIZED IN THE YEAR	18,300	19,778

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

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
Consolidated Balance Sheet (Consolidated Statement of Financial Position) At 31 December 2010
(Currency: Thousands of Turkish Lira ("TL"))

2010 Activity Report

CHANGES IN EQUITY

	Notes	Paid-in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Net Profit/(Losses) For the Year	Prior Years' Net Profit/(Losses)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Intangible Assets	Bonus Shares of Equity Participations	Hedging Reserves	Revaluation Surp. On Assets Sale and Op.s	Shareholders' Equity	Non-Controlling Interest	Total
Prior Year - 31 December 2009																			
I.	Balances at the beginning of the year	20,000	-	-	-	10	-	154	353	14,872	12,468	-	-	-	-	-	47,857	234	48,091
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 (+II)	20,000	-	-	-	10	-	154	353	14,872	12,468	-	-	-	-	-	47,857	234	48,091
Changes during the year																			
IV.	Increase/decrease related to mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1	Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2	Hedging net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Valuation differences of the marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Valuation differences of the marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Cash Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Issuances of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Bonds Convertible to Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Subordinated loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Net profit/(losses) of the year	5,000	-	-	-	197	-	11,526	-	19,734	(1,851)	-	-	-	-	-	19,734	44	19,778
19.1	Dividends	5,000	-	-	-	197	-	11,526	-	(4,058)	(942)	-	-	-	-	-	-	-	-
19.2	Transferred to reserves	-	-	-	-	-	-	-	-	(197)	(11,526)	-	-	-	-	-	-	-	-
19.3	Others	-	-	-	-	-	-	-	-	(10,617)	10,617	-	-	-	-	-	-	-	-
Balances at the end of the year																			
I.	Current Year - 31 December 2010	25,000	-	-	-	207	-	11,680	353	19,734	10,617	-	-	-	-	-	67,591	278	67,869
II.	Balances at the beginning of the year	25,000	-	-	-	207	-	11,680	353	19,734	10,617	-	-	-	-	-	67,591	278	67,869
2.1	Corrections per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at the beginning of the year (+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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.1	Cash Flow Hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.2	Hedging net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Valuation differences of the marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Valuation differences of the marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Cash Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Issuances of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Bonds Convertible to Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Subordinated loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Net profit/(losses) of the year	-	-	-	-	-	-	-	-	17,393	(10,617)	-	-	-	-	-	17,393	49	17,442
19.1	Dividends	-	-	-	-	1,505	-	28,846	-	(19,734)	(10,617)	-	-	-	-	-	(42)	(42)	(42)
19.2	Transferred to reserves	19	-	-	-	-	1,505	-	28,846	-	(19,734)	-	-	-	-	-	-	-	-
19.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the year																			
I.	Current Year - 31 December 2010	25,000	-	-	-	1,712	-	40,526	353	17,393	-	-	858	-	-	-	85,842	285	86,127

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

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
Consolidated Balance Sheet (Consolidated Statement of Financial Position) At 31 December 2010
(Currency: Thousands of Turkish Lira ("TL"))

Vakıf Leasing

	Notes	Audited Current Period 31 December 2010	Audited Prior Period 31 December 2009
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating profit before changes in operating assets and liabilities		8,489	12,525
1.1.1 Interests received/lease income		32,465	20,152
1.1.2 Lease expenses		-	-
1.1.3 Dividends received	21	271	121
1.1.4 Fee and commissions received		1,207	887
1.1.5 Other income		1,249	4,190
1.1.6 Collections from previously written-off receivables	9	3,193	1,119
1.1.7 Payments to personnel and service suppliers	20	(4,776)	(4,110)
1.1.8 Taxes paid		-	(88)
1.1.9 Others		(25,120)	(9,746)
1.2 Changes in operating assets and liabilities		124,152	63,577
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		(84,471)	35,888
1.2.2 Net (increase) decrease in other assets		(3,645)	(1,933)
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		184,835	56,196
1.2.5 Net increase (decrease) in overdue payables		-	-
1.2.6 Net increase (decrease) in other liabilities		27,433	(26,574)
I. Net cash from operating activities		132,641	76,102
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	10-11	(45)	(117)
2.4 Disposal of tangible and intangible assets		6,728	708
2.5 Acquisition of available-for-sale financial assets		(860)	-
2.6 Disposal of available-for-sale financial assets		-	2
2.7 Acquisition of held-to-maturity investments		-	-
2.8 Disposal of held-to-maturity investments		-	-
2.9 Others		269	(640)
II. Net cash from investing activities		6,092	(47)
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		(42)	-
3.5 Payments for finance leases		-	-
3.6 Others		-	-
III. Net cash from/(used in) financing activities		(42)	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents		-	-
V. Net increase in cash and cash equivalents		138,691	76,055
VI. Cash and cash equivalents at the beginning of the year	3.16	116,056	40,001
VII. Cash and cash equivalents at the end of the year	3.16	254,747	116,056

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

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
Consolidated Balance Sheet (Consolidated Statement of Financial Position) At 31 December 2010
(Currency: Thousands of Turkish Lira ("TL"))

2010 Activity Report

	Audited Current Period 31 December 2010	Audited Prior Period 31 December 2009
I. DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1 NET PROFIT FOR THE YEAR (**)	17,168	(1,026)
1.2 TAXES AND LEGAL DUTIES PAYABLE (-)	225	20,760
1.2.1 Corporate tax (income tax)	(75)	(74)
1.2.2 Withholding tax	-	-
1.2.3 Other taxes and duties	300	20,834
A. NET PROFIT FOR THE YEAR (1.1-1.2)	17,393	19,734
1.3 ACCUMULATED LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	(867)	(974)
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))] (***)	16,526	18,760
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
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 STATÜS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	18,760
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
2.1 DISTRIBUTION OF RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS 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)	0.006610	0.008790
3.2 TO OWNERS OF ORDINARY SHARES (%) (*)	66.10	87.90
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	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

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

(*) Earnings per share is calculated by dividing net profit for the year to weighted average number of shares.

(**) Current year's profit is calculated without taking non-controlling interest into consideration.

(***) Since the Board of Directors has not yet decided on the distribution of the profit of year 2010 to be offered for the approval of the General Assembly, only net profit available for distributions is presented in the consolidated statement of profit distribution for 2010.

Vakıf Finansal Kiralama Anonim Şirketi and its Subsidiary
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2010 Activity Report

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 Istanbul Stock Exchange ("İSE"). 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 2010, the Group has 49 employees; 46 at Vakıf Finansal Kiralama Anonim Şirketi, 3 at Vakıf Sigorta Aracılık Hizmetleri Limited Şirketi (31 December 2009: 46). The registered address of the Company is as follows:

Büyükdere Caddesi Matbuat Sokak
Gazeteciler Sitesi No:13
34394 Esentepe - Şişli
İstanbul/Turkey

1.2 Ownership The shareholder having direct or indirect control over the shares of the Company is Vakıfbank Group. As at 31 December 2010 and 2009, the share capital and ownership structure of the Company are as follows:

	31 December 2010		31 December 2009	
	Nominal Value of the Shares (TL)	Share Percentage (%)	Nominal Value of the Shares (TL)	Share Percentage (%)
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	14,678	58.71	14,678	58.71
Güneş Sigorta Anonim Şirketi	3,912	15.65	3,912	15.65
Publicly traded (*)	5,633	22.53	5,633	22.53
Others	777	3.11	777	3.11
Paid-in capital	25,000	100.00	25,000	100.00

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

2. Basis of preparation

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"). The consolidated balance sheet and consolidated statement of income of Vakıf Finansal Kiralama A.Ş. and its subsidiary ("Group") as at for the year ended 31 December 2010 were approved by the Company's Board of Directors on 21 February 2011. The general shareholders' meeting and other related legal institutes have the right to amend the legal financial statements and these financial statements. Additional paragraph for convenience translation to English The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

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 nominal amounts.

2. Basis of preparation (continued)

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 recognized in the period in which the estimate is revised and in any future periods 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 amount recognized in the consolidated financial statements are described in the following notes:

- Note 7 - Available-for-sale assets
- Note 8 - Financial lease receivables
- Note 9 - Receivables under follow-up
- Note 12 - Tax assets and liabilities
- Note 24 - Characteristics and degree of risk arising from financial instruments

Changes in accounting estimates in the current period

Specific provisions

While the Group had provided specific provision for the finance lease receivable for which there was an evidence that the Group might not be able to collect them in the future by taking specified delay times, specific provision rate for these delay times and related collaterals into consideration after classifying these non performing finance lease receivables as "Loans and receivables with doubtful collectibility" and "Uncollectible loans and receivables" in accordance with the "Communiqué on Method and Principles for Specific Provisioning for Receivables of Finance Lease, Factoring and Consumer Financing Companies" ("Communiqué"), published on the 26588 numbered and 20 July 2007 dated Official Gazette, and change communiqués published on the 26808 numbered and 6 March 2008 dated Official Gazette and 27201 numbered and 15 April 2009 dated Official Gazette which were prepared based on the Articles no. 93 of the Banking Law no.5411 and "Regulation on Establishment and Operations of Finance Lease, Factoring and Consumer Financing Companies", published in the 26315 numbered and 10 October 2006 dated Official Gazette, the Group has started to account specific provision with a percentage of 100 for the loans over delay times as specified in the Communiqué without taking the related collaterals into consideration. As a result of this change in estimate in specific provisioning, the Group has recognized provision losses amounted to TL 8,711, net off taxes, in the consolidated financial statements. This change in accounting estimate has been applied retrospectively.

Investment incentive

As further detailed in "Note 3.12 - 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 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 amounted to TL 21,384 as at and for the year ended 31 December 2009. Due to revaluations made according to the relevant legislation, the amount of deferred tax assets calculated on investment incentives amounted to TL 25,342 as at and for the year ended 31 December 2010.

3 Significant accounting policies

3.1 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 Group. Control exists when the Group 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 2010 and 2009, 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.

3.2 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 2010 and 2009, foreign exchange rates prevailing at the balance sheet dates are as follows:

	31 December 2010	31 December 2009
USD Dollar	1.5460	1.5057
Euro	2.0491	2.1603

3 Significant accounting policies (continued)

3.3 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.

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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 off after the completion of all legal procedures and the determination of net loss. 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.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

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.

3.4 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:

	Expected Useful Life (Year)	Depreciation Rate (%)
Buildings	50	2
Furniture and fixture	5	20
Motor vehicles	5	20

3.5 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.

3.6 Assets held for sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the consolidated statement of income. Gains are not recognized in excess of any cumulative impairment loss. Group has assets held for resale with TL 1,428 net book value as at 31 December 2010 (31 December 2009: TL 3,023).

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3.7 Leases

Finance lease

Disclosures related to the accounting of the finance leasing activities as the leaser is presented above in Note 3.3. As at balance sheet date, there are 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.

3.8 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 effect of change in accounting estimate in specific provisioning for finance lease receivables on consolidated financial statements is detailed in Note 2.5 - Accounting Estimates. 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 amounts 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.

3 Significant accounting policies (continued)

3.9 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 based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2010 is TL 2,517 (31 December 2009: TL 2,365). 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 2010 and 2009, the major actuarial assumptions used in the calculation of the total liability are as follows:

	31 December 2010	31 December 2009
Discount rate	4.66%	5.92%
Expected rate of salary/limit increase	5.10%	4.80%
Estimated employee turnover rate	1.93%	2.33%

Expected rate of salary/limit 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 for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with TAS 19 in the accompanying consolidated financial statements.

3.10 Provisions, contingent assets and liabilities

In the consolidated financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of 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 for 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 since this may result in the recognition of income that may not be realized. Contingent assets are assessed continuously to ensure that developments

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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.

3.11 Income and expense recognition

Finance lease income

The cost of the assets subject to financial lease agreement at the beginning is recorded as finance lease receivable on the balance sheet. Financial income calculated as the difference between total finance lease receivable and fair value of the assets subject to finance lease is recorded in the consolidated statement of income of the related period based on fixed interest rate and leasing period.

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. 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 and paid resulted from finance lease operations are recognized in the consolidated statement of income when the related service is provided 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.

3.12 Taxation

Corporate taxes

Statutory 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 domiciled 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 2010, the Group has tax losses amounting to TL 2,834 (31 December 2009: TL 18,983).

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, 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.

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 Article no. 69, effective from 1 January 2006, added to the Income Tax Law no. 193 by Law no. 5479

dated

8 April 2006 and published in Official Gazette no. 26133, tax payers could deduct investment incentives which calculated according

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to the legislation provisions (including tax rate related provisions) in force on 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 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- and made in the scope of investment incentive certificates drawn upon taxpayer's application before 24 April 2003, the amounts that realized in the scope of certificate after the date 1 January 2006.

under 3- Within the frame of Act No. 193 of Article 19 repealed by Act No. 5479, investment expenditures after 1 January 2006 the condition of economic and technical integrity with the investment started before 1 January 2006, will be deductible only from the profits of years 2006, 2007 and 2008.

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 2010 and subsequent years. Meanwhile, this exemption amount can not be recorded as expense in the tax books.

Investment incentive (continued)

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 Official 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 prevailing tax rate. In accordance with this law and Constitutional Court decision there is no time limitation in using investment 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 qualified before 24 April 2003 has been indexed with re-valuation rates and calculated as TL 120,834 as at 31 December 2010. Because withholding tax of 19.8% over investment incentive amount concerning investment incentive certificates obtained prior to the 24 April 2003 is foreseen, the benefit of using investment incentive to the Group, is computed as %0.2 which is the difference between current tax rate and withholding tax rate. Accordingly, as at 31 December 2010, TL 242 (31 December 2009: TL 224) deferred tax asset is calculated over TL 120,834 (31 December 2009: TL 112,195) which is deductible from future taxable income.

The total investment incentive qualified after 24 April 2003 amounted to TL 80,738 is indexed by the growth rate of producer price index and calculated as TL 118,995 (31 December 2009: 105,798) as at 31 December 2010. Since the Group will be able to deduct this amount from its future taxable profit, deferred tax assets amounted TL 23,799 (31 December 2009: TL 21,160) is recognized based on investment incentives qualified after 24 April 2003.

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, is indexed with the increase rate of producer price index and calculated as TL 6,503 as at 31 December 2010. Since the Group will be able to deduct this amount from its future taxable profit, TL 1,301 amounting deferred tax asset is recognized as at 31 December 2010.

3.13 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.

3.14 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. As at and for the year ended 31 December 2010, earnings per share is TL 0.006977. (31 December 2009: TL 0.008790).

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3.15 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.

3.16 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 2010 and 2009, for the purposes of the consolidated statement of cash flows, cash and cash equivalent and bank balances with an original maturity less than three months, excluding accrued interests are presented below:

	31 December 2010	31 December 2009
Cash on hand	-	-
Banks	257,971	116,119
Total cash and cash equivalents	257,971	116,119
Interest accruals on bank deposits	(3,224)	(63)
cash flows	254,747	116,056

3.17 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.

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.

3.18 New standards and interpretations not yet adopted

There are a number of new standards, updates related to the existing standards and interpretations which are not adopted in the preparation of the accompanying consolidated financial statements and have not yet entered into force for the accounting period 31 December 2010. Except IFRS 9 - Financial instruments, which is published by Turkish Accounting Standards Board on 27 April 2010 dated and 27654 numbered Official Gazette and briefly summarised below, these new standards which are not published by Turkish Accounting Standards Board but are already International Financial Reporting Standards, are not expected to have any material impact on the consolidated financial statements of the Group, with the exception of and is already an International Reporting Standards.

IFRS 9 - Financial Instruments, is published by International Accounting Standards Board in November 2009 as a part of a wider project that aims to bring new regulations to replace IAS 39 - Financial Instruments: Recognition and Measurement. Developing a new standard for the financial reporting of financial assets that is principle-based and less complex is aimed by this project. The objective of IFRS 9, being the first phase of the project, is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for their assessment of amounts, timing and uncertainty of the entity's future cash flows. With IFRS 9 an entity shall classify financial assets as subsequently measured at either amortized cost or fair value on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristic of the financial assets. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

An entity shall apply IFRS 9 for annually periods beginning on or after 1 January 2013. An earlier application is permitted. If an entity adopts this IFRS in its financial statements for a period beginning before 1 January 2012, then prior periods are not needed to be restated.

Standards which are not yet entered into force and not expected to have material impact on the accompanying financial statements

- IAS 24- Related Party Disclosures : amendments to this standard revises the definition of related party and, releases an entity other government control from disclosures about transactions with the government and any entity under the control of another government. As this standard is aimed to prevent the complex ity in related party disclosures, it should be applied retrospectively and determine scope and content of the significant transactions with government properly.
- IAS 34 - Interim Financial Reporting; amendments to disclosures under UMS 34 due to changes in transaction list. Amendments will be effective fort he interim financial reports will be prepared after 1 January 2011.

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- IFRS 7 - Financial Instruments: Disclosures, amendments to this standard enhances the understanding of financial statement users about the possible risks underlying in transactions of financial instruments transfer for the entity transferring its financial assets. If there is unproportional transfer transaction as of the end of financial reporting period, Standard requires additional disclosures. This amendment will be effective for interim financial reports will be prepared after 1 July 2011.
- IAS 1 - Presentation of Financial Statements explanations on statement of changes in shareholder equity
- IFRS 1 - First-time Adoption of International Financial Reporting Standards limited exemptions on comparative information in accordance with IFRS 7 - Financial Instruments: Disclosures for entities first time adopting International Financial Reporting Standards.
- IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions updates on volunteer advance contributions. Entities which have to fulfill minimum funding requirements and prefer to make these contributions in advance will be affected from this amendment. In accordance with these amendments excess amounts resulting from these volunteer advance payments will be recognized as assets.
- IAS 12- Income Taxes: International Standards Board Committee has published the amendment as of December 2010. IAS 12 requires entity to estimate net book value of the asset subject of deferred tax, and its expectation on recover this value through utilization or sale.

4 Segment reporting

Business Segments

The Group comprises of two main business segments

- Finance lease includes Group's finance lease operations
- Insurance includes Group's insurance brokerage operations

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)

31 December 2009	Finance lease	Insurance brokerage	Consolidation adjustments	Total
Finance lease income	19,373	-	-	19,373
Insurance brokerage service income	-	1,069	-	1,069
Total segment revenue	19,373	1,069	-	20,442
Net operating profit	(1,332)	350	-	(982)
Income taxes	20,817	(57)	-	20,760
Net profit for the year	19,485	293	-	19,778
Specific provisions for loans and receivables under follow up	12,759	-	-	12,759
Depreciation and amortization	188	-	-	188

As at 31 December 2010 and 2009 the Group's segment assets, segment liabilities and capital expenditures are as follows:

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

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31 December 2009	Finance lease	Insurance brokerage	Consolidation adjustments	Total
Segment assets	341,490	4,528	(282)	345,736
Segment liabilities	275,350	2,691	(174)	277,867
Capital expenditures	117	-	-	117

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

5 Financial assets at fair value through profit or loss

As at 31 December 2010, mutual funds named as T. Vakıflar Bankası Türk Anonim Ortaklığı B Tipi Likit Fon with a carrying value of TL 371 (31 December 2009: TL 640) has been classified as "Financial asset held for trading purpose" under "Financial assets at fair value through profit or loss".

6 Banks

As at 31 December 2010 and 2009, details of bank deposits are presented below:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Demand deposits	991	16,496	210	5,846
Time deposits	238,225	2,259	110,063	-
Total	239,216	18,755	110,273	5,846

As at 31 December 2010, time deposits consist of bank placements with maturity less than three months and average interest rates applied to such deposits were 8.60%-9.25% for TL and 1.26% for Euro placements

As at 31 December 2009, time deposits consist of bank placements with maturity less than one month and average interest rates applied to such deposits were 10.82% for TL, 2.10% for US Dollar and 1.27% for Euro placements.

7 Available for sale financial assets

As at 31 December 2010 and 2009, available-for-sale financial assets are presented below:

	31 December 2010		31 December 2009	
	Amount	Share (%)	Amount	Share (%)
Vakıf Finans Factoring Hizmetleri AŞ	3,280	3.79	3,280	3.79
Vakıf Pazarlama ve Ticaret AŞ	2,370	2.90	2,370	2.90
Vakıf Sistem Pazarlama Yazılım Servis Tic. Ve San. AŞ	478	5.00	478	5.00
Doğu Yatırım Holding AŞ	138	1.80	138	1.80
Vakıf Yatırım Menkul Değerler AŞ	87	0.25	87	0.25
World Vakıf UBB Ltd.	11	1.00	11	1.00
Obaköy Gıda İşletmeleri San. Ve Tic. AŞ	-	0.001	-	0.001
	6,364		6,364	
Private bonds	905	-	-	-
Impairments:				
Vakıf Pazarlama ve Ticaret AŞ	(2,370)		(2,370)	
Vakıf Finans Factoring Hizmetleri AŞ	(845)		(1,628)	
Doğu Yatırım Holding AŞ	(138)		(138)	
World Vakıf UBB Ltd.	(11)		(11)	
Vakıf Sistem Pazarlama Yazılım Servis Tic. Ve San. AŞ	82		-	
Vakıf Yatırım Menkul Değerler AŞ	39		-	
	(3,243)		(4,147)	
Total available for sale financial assets	4,026		2,217	

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8 Finance lease receivables

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Finance lease receivables	46,408	249,871	32,674	182,916
Invoiced finance lease receivables	457	2,392	464	519
Subtotal	46,865	252,263	33,138	183,435
Unearned interest income	(7,541)	(28,719)	(7,836)	(28,606)
Finance lease receivables, net of unearned income	39,324	223,544	25,302	154,829
Finance lease receivables under follow-up	11,164	25,199	12,560	31,470
Specific provision	(11,164)	(25,199)	(12,560)	(31,470)
Financial lease receivables under follow-up, net	-	-	-	-
Finance lease receivables, net	39,324	223,544	25,302	154,829

The maturity profile of net finance lease receivables is as follows:

	31 December 2010	31 December 2009
2009	-	983
2010	2,849	71,546
2011	85,190	40,598
2012	75,443	32,492
2013	52,296	17,956
2014	34,797	11,910
2015	12,293	4,646
Finance lease receivables, net of unearned income	262,868	180,131

9 Receivables under follow-up

As at 31 December 2010 and 2009, details of the finance lease receivables under follow-up and provisions provided are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Finance lease receivables under follow-up	11,164	25,199	12,560	31,470
Specific provisions	(11,164)	(25,199)	(12,560)	(31,470)
Finance lease receivables under follow-up, net	-	-	-	-

As at 31 December 2010 and 2009, the aging of the finance lease receivables under follow-up and provisions provided are as follows:

	31 December 2010		31 December 2009	
	Finance lease receivables	Specific provisions	Finance lease receivables	Specific provisions
Not past due	260,019	-	179,148	-
Past due 0-150 days	3,397	(548)	2,256	(1,273)
Past due 150-240 days	121	(121)	1,367	(1,367)
Past due 240-1 year	679	(679)	1,864	(1,864)
Past due more than one year	35,015	(35,015)	39,526	(39,526)
Finance lease receivables	299,231	(36,363)	224,161	(44,030)

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

	31 December 2010	31 December 2009
Balances at the beginning of the year	44,030	32,974
Provision for the year	1,792	12,759
Collections during the year	(3,193)	(1,119)
Finance lease receivables written off during the year	(6,266)	(584)
Specific provisions at the end of the year	36,363	44,030

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10 Tangible assets

Movement in tangible assets in the period from 1 January to 31 December 2010 is presented below:

	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

Movement in tangible assets in the period from 1 January to 31 December 2009 is presented below:

	1 January 2009	Additions	Disposals	31 December 2009
Cost:				
Buildings	3,831	-	-	3,831
Furniture and fixture	505	115	(123)	497
Motor vehicles	1,116	-	(563)	553
Other tangible assets (inc. leasehold improvements)	114	-	-	114
	5,566	115	(686)	4,995
Accumulated depreciation:				
Buildings	(358)	(77)	-	(435)
Furniture and fixture	(423)	(43)	123	(343)
Motor vehicles	(1,018)	(40)	563	(495)
Other tangible assets (inc. leasehold improvements)	(55)	(23)	-	(78)
	(1,854)	(183)	686	(1,351)
Net book value	3,712			3,644

11 Intangible assets

Movement in intangible assets in the period from 1 January to 31 December 2010 is presented below:

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

Movement in intangible assets in the period from 1 January to 31 December 2009 is presented below:

	1 January 2009	Additions	Disposals	31 December 2009
Cost:				
Intangible assets	351	2	-	353
	351	2	-	353
Accumulated amortization:				
Intangible assets	(334)	(5)	-	(339)
	(334)	(5)	-	(339)
Net book value	17			14

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12 Income taxes

Deferred taxes as at 31 December 2010 and 2009 are attributable to the items below:

	31 December 2010	31 December 2009
Investment incentives	25,342	21,384
Specific provisions for receivables from leasing activities under follow up	5,650	6,207
Tax losses carried forward	567	3,797
Provision for unused vacations	205	114
Provision for employee termination benefit	131	97
Difference in depreciation methods on tangible and intangible assets between current tax regulations and the Reporting Standards	(9)	10
Finance lease accruals	(180)	(158)
Deferred tax assets, net	31,706	31,451

As further detailed in Note 3.12 - 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 amounted to TL 25,342 as at and for the year ended 31 December 2010 (31 December 2009: TL 21,384).

	31 December 2010	31 December 2009
Current taxes:		
Provision for corporate taxes	(75)	(74)
Deferred taxes:		
Arising from origination (+)/ reversal (-) of deductible temporary differences	294	20,959
Arising from origination (+)/ reversal (-) of taxable temporary differences	6	(125)
Total income tax expense presented in the consolidated statement of income	225	20,760

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 year ended 31 December 2010 and 2009 were as follows:

		31 December 2010		31 December 2009
Profit before taxes	(17,217)	Tax rate (%)	(982)	Tax rate (%)
Taxes on income per statutory tax rate	3,443	(20.0)	196	(20.0)
Investment incentives	(3,957)	23.0	21,384	(2,177.6)
Income exempt from taxation	(720)	4.2	24	(2.5)
Disallowable expenses	(17)	0.1	(39)	4.0
Others	1,476	(8.6)	(805)	82.0
Total income tax expense presented in the consolidated statement of income	225	(1.3)	20,760	(2,114.1)

13 Other asset

As at 31 December 2010 and 2009, details of other assets are presented below:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Deductible value added tax ("VAT")	8,646	-	4,542	-
Insurance premium receivables	4,250	-	3,803	-
Prepaid expenses	242	-	56	-
Prepaid taxes	44	-	21	-
Cheques received	33	-	22	-
Others	473	19	11	42
Total other assets	13,688	19	8,455	42

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14 Funds borrowed

As at 31 December 2010 and 2009, details of the funds borrowed are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Domestic banks	235,858	174,348	110,747	101,535
Foreign banks	5,067	31,652	-	49,824
	240,925	206,000	110,747	151,359

31 December 2010

Carrying value					
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	235,858	235,858	-	-	235,858
Euro (thousand)	40,347	100	18,028	64,547	82,675
USD (thousand)	58,249	634	26,390	63,612	90,636
Floating rate borrowings:					
USD (thousand)	666	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	5,067	5,067	-	-	5,067
Euro (thousand)	3,095	-	-	6,341	6,341
USD (thousand)	3,085	4,801	-	-	4,801
Floating rate borrowings:					
Euro (thousand)	10,009	-	10,264	10,246	20,510
Total funds borrowed from foreign banks		9,868	10,264	16,587	36,719
Total funds borrowed		247,497	54,682	144,746	446,925

31 December 2009

Carrying value					
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	110,747	110,747	-	-	110,747
Euro (thousand)	28,217	-	60,957	-	60,957
USD (thousand)	11,115	166	10,803	5,766	16,735
Floating rate borrowings:					
USD (thousand)	15,381	8,895	13,954	994	23,843
Total funds borrowed from domestic banks		119,808	85,714	6,760	212,282
Funds borrowed from foreign banks					
Fixed rate borrowings:					
USD (thousand)	10,423	15,695	-	-	15,695
Floating rate borrowings:					
Euro (thousand)	7,086	10,997	4,310	-	15,307
USD (thousand)	12,499	15,509	3,313	-	18,822
Total funds borrowed from foreign banks		42,201	7,623	-	49,824

The repayment terms of the funds borrowed are as follows:

	31 December 2010	31 December 2009
2010	-	255,346
2011	302,179	4,017
2012	144,746	2,743
Total funds borrowed	446,925	262,106

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15 Miscellaneous payables

As at 31 December 2010 and 2009, details of miscellaneous payables are presented below:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Payables to suppliers for finance lease operations	1,255	1,108	743	9,452
Other trade payables	4,111	33,160	2,485	-
Total miscellaneous payables	5,366	34,268	3,228	9,452

16 Other external resources payable

As at 31 December 2010 and 2009, details of other external resources payable are presented below:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Advances received	224	547	1,219	278
Total other external resources payables	224	547	1,219	278

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.

17 Taxes and duties payables

As at 31 December 2010 and 2009, details taxes and duties payable are as follow:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Taxes and duties payable	210	-	318	-
Total taxes and duties payable	210	-	318	-

18 Liability and Expense Provisions

As at 31 December 2010 and 2009, details of provisions are presented below:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Reserve for employee benefits	1,682	-	1,056	-
Provision for unused vacations	664	-	570	-
Reserve for employee termination benefit	659	-	486	-
Provisions for other employee rights	202	-	-	-
Reserve for bonuses	157	-	-	-
Other provisions	-	240	-	210
Total provisions	1,682	240	1,056	210

Movement of reserve for employee termination benefits during the period is presented below:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Reserve for employee termination benefits at the beginning of the year	486	-	439	-
Interest rate cost	39	-	26	-
Service cost	53	-	40	-
Payments during the year	(41)	-	-	-
Actuarial Difference	122	-	(19)	-
Reserve for employee termination benefits at the end of the year	659	-	486	-

19 Equity

Paid-in capital

As at 31 December 2010, the paid in capital of the Company amounts to TL 25,000 and composed of 2.500.000.000 shares with a face value of TL 0,01 each. As at 31 December 2010 and 2009, the Company's share capital is fully paid by its shareholders. As at 31 December 2010 and 2009, the share capital and ownership structure of the Company is as follows:

	31 December 2010		31 December 2009	
	Nominal Value of the Shares (TL)	Share Percentage (%)	Nominal Value of the Shares (TL)	Share Percentage (%)
T. Vakıflar Bankası Türk Anonim Ortaklığı	14,678	58.71	14,678	58.71
Publicly traded (*)	5,633	22.53	5,633	22.53
Güneş Sigorta Anonim Şirketi	3,912	15.65	3,912	15.65
Other	777	3.11	777	3.11
Paid-in capital	25,000	100.00	25,000	100.00

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Capital reserves

As at 31 December 2010 and 2009, capital reserves amounted to TL 353 consists of inflation adjustment differences on paid-in capital of the Company.

Profit reserves

As at 31 December 2010, profit reserves of the Group consists of first legal reserves amounted to TL 1,712 (31 December 2009: TL 207) and extraordinary reserves amounted to TL 40,526 (31 December 2009: TL 11,680). As at 31 December 2010 prior years' profit amounted to TL 30,351 was transferred to profit reserves.

Prior years' profits

As at 31 December 2010 and 2009, the Group's prior year profits amounted to TL 10,617. This profit was classed to legal reserves and extraordinary reserves.

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 974 from the net profit of 2009.

20 Operating expenses

For the year ended 31 December 2010 and 2009, personnel expenses included in the operating expenses are as follows:

	31 December 2010	31 December 2009
Wages and salaries	3,323	3,183
Personnel insurance expenses	494	333
Social security premiums and other contributions	400	312
Other personnel expenses	559	282
Total personnel expenses	4,776	4,110

	31 December 2010	31 December 2009
General administration expenses	525	408
Notary expenses	345	211
Depreciation and amortization expenses	191	188
Taxes and duties	191	119
Court expenses	180	241
Marketing expenses	164	124
Transportation expenses	105	217
Non-deductible expenses	72	145
Consultancy expenses	55	79
Printing, stationary and office expenses	36	60
Registration expenses	32	103
Other operating expenses	398	214
Total general operating expenses	2,294	2,109

21 Other operating income

For the year ended 31 December 2010 and 2009, other operating income is as follows:

	31 December 2010	31 December 2009
Interest income from bank deposits	17,513	960
Foreign exchange gains	12,490	10,218
Income from sales of assets held for sale	5,866	2,255
Provisions reversed during the year	3,193	1,119
Insurance commission income	1,296	1,241
Interest income from delayed payments	615	813
Dividend income	271	121
Operational leasing income	68	70
Interest income on trading financial assets	11	16
Interest income from available for sale assets	45	-
Other income	1,037	1,406
Total other operating income	42,405	18,219

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22 Related party transactions

As at 31 December 2010 and 2009, details of related party balances are presented below:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Vakıfbank	989	16,317	174	5,758
Bank deposits	989	16,317	174	5,758
Vakıfbank	59	-	155	-
Finance lease receivables	59	-	155	-
Vakıf Emeklilik AŞ	27	-	25	-
Vakıf Pazarlama ve Ticaret A.Ş.	15	-	-	-
Vakıf Yatırım Menkul Değerler AŞ	1	-	1	-
Due from related parties	43	-	26	-
Vakıfbank	210,339	68,489	110,747	80,994
Funds borrowed	210,339	68,489	110,747	80,994
Güneş Sigorta AŞ	3,375	-	2,329	-
Due to related parties	3,375	-	2,329	-

	31 December 2010		31 December 2009	
Vakıfbank	30	482		
Finance lease income	30	482		
Vakıfbank	78	75		
Interest income	78	75		
Vakıfbank Investment Funds	11	16		
Investment fund income	11	16		
Vakıfbank - interest expense	15,119	3,120		
Vakıfbank - bank commission expenses	20	33		
Finance expenses	15,139	3,153		
Vakıfbank	53	55		
Vakıf Pazarlama ve Ticaret AŞ	15	15		
Rent income	68	70		
Güneş Sigorta AŞ	1,062	1,069		
Vakıf Pazarlama ve Ticaret AŞ	-	2		
Vakıfbank	-	1		
Other income	1,062	1,072		
Güneş Sigorta AŞ	361	317		
Vakıfbank	45	214		
Vakıf Yatırım Menkul Değerler AŞ	13	22		
Vakıf Gayrimenkul Ekspertiz ve Değerlendirme AŞ	15	14		
Vakıf Sist. Paz. Yaz. Serv. San. ve Tic. AŞ	36	4		
Other expenses	470	571		
Vakıf Finans Factoring Hizmetleri A.Ş.	218	-		
Vakıf Sist. Paz. Yaz. Serv. San. ve Tic. AŞ	40	121		
Vakıf Yatırım Menkul Değerler AŞ	13	-		
Dividend income	271	121		

Salaries and similar benefits provided to the senior management:

For the year ended 31 December 2010, the Group's payment to key management members amounted to TL 587 (31 December 2009: TL 566).

23 Contingent assets and liabilities

Collaterals received

As at 31 December 2010 and 2009, the collaterals obtained by the Group against finance lease receivables are as follows:

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	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Mortgages	42,843	92,800	41,234	97,321
Letters of guarantees	641	1,584	1,050	-
Cash blockage	699	1,170	302	2,313
Others	2,598	9,609	1,598	9,702
	46,781	105,163	44,184	109,336

Collaterals given

As at 31 December 2010 and 2009, collaterals given are as follows:

	31 December 2010		31 December 2009	
	TL	FC	TL	FC
Letters of guarantees	80	-	24	22,690
Total	80	-	24	22,690

Letters of guarantees are given to custom authority and banks.

Commitments

As at 31 December 2010, the Group has irrevocable commitments amounted to TL 17,770 (31 December 2009: TL 1,236) 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 2010	31 December 2009
Euro	15,669	1,202
US Dollar	2,101	34
Total	17,770	1,236

24 Characteristics and degree of risks arising from financial instruments

Introduction and 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 items of the Group are subject to credit risk are as follows:

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

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Details of the financial assets exposed to credit risk are as follows:

	31 December 2010	31 December 2009
Finance lease receivables, net	262,868	180,131
Banks	257,971	116,119
Other receivables	13,708	8,441
Available-for-sale financial assets	905	-
Financial assets at fair value through profit or loss	371	640
Total	535,823	305,331

As at and for the year ended 31 December 2010 and 2009, aging of finance lease receivables and spesific provisions are further detailed in Note 9 - Receivables under follow-up.

As at 31 December 2010 and 2009 concentration risks of performing finance lease receivables which are not under follow-up are detailed below:

Name	Amount	31 December 2010 (%)	Amount	31 December 2009 (%)
Manufacturing	142,647	54.26%	82,691	45.8%
Transportation, warehousing and communication	27,423	10.42%	23,054	12.8%
Construction	23,962	9.12%	32,820	18.2%
Mining and stock quarry	23,598	8.98%	6,446	3.6%
Education	15,057	5.73%	14,883	8.3%
Wholesale and retail	10,394	3.95%	6,036	3.4%
Health and social services	9,429	3.59%	3,171	1.8%
Other social and individual services	4,195	1.60%	3,743	2.1%
Hotels and restaurants	2,109	0.80%	2,371	1.3%
Real estate and renting	1,329	0.51%	2,257	1.3%
Agriculture	388	0.15%	440	0.2%
Financial institutions	58	0.02%	158	0.1%
Others	2,279	0.87%	2,061	1.1%
Total	262,868	100.0%	180,131	100.0%

Liquidity risk

Liquidity risk is the risk of not being able to meet the financial obligations of the company that sourced from monetary 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 2010 Expected maturities	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities	487,330	497,598	300,570	47,500	149,528	-	-
Funds borrowed	446,925	457,193	260,165	47,500	149,528	-	-
Miscellaneous payables and other external resources payable	40,405	40,405	40,405	-	-	-	-

31 December 2010 Expected maturities	Carrying amount	Contractual cash flow	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities	276,283	280,792	184,171	88,236	4,665	3,681	39
Funds borrowed	262,106	266,615	176,860	82,264	4,328	3,163	-
Miscellaneous payables and other external resources payable	14,177	14,177	7,311	5,972	337	518	39

Market risk

The market risk is defined as the potential risk of loss or decreases in values of financial assets due to changes in interest rates and foreign exchange rates on balance sheet of the Group. Market risk management aims to optimize risk profitability and control market risk in normal parameters.

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 announced by the Central Bank of Turkey ruling at balance sheet date with the resulting exchange differences recognized in the statement of income as foreign exchange gain or loss.

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As at 31 December 2010 and 2009, details of the foreign currency denominated assets and liabilities are as follows:

	31 December 2010	31 December 2009
A. Foreign currency assets	242,318	160,717
B. Foreign currency liabilities	(241,055)	(161,299)
Net foreign currency position (A+B)	1,263	(582)

As at 31 December 2010 and 2009, the Group's foreign currency assets and liabilities in respect of their TL equivalents are presented below:

31 December 2010	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 external resources payable	289	258	547
Provisions for liabilities	240	-	240
Total liabilities	105,076	135,979	241,055
Net position	1,309	224	1,263

31 December 2009	US Dollar	Euro	Total
Banks	1,434	4,412	5,846
Finance lease receivables, net	80,994	73,835	154,829
Other assets	-	42	42
Total assets	82,428	78,289	160,717
Funds borrowed	75,095	76,264	151,359
Miscellaneous payables	6,431	3,021	9,452
Provisions for liabilities	210	-	210
Other external resources payable	80	198	278
Total liabilities	81,816	79,483	161,299
Net position	612	(1,194)	(582)

Market risk (continued)

Foreign currency sensitivity analysis A 10 percent devaluation of the TL against the following currencies as at 31 December 2010 and 2009 would have decreased equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis

assumes that all other variables, in particular interest rates, remain constant. If TL appreciates by 10 percent against following currencies then the effect will be in opposite direction at the same amount.

	31 December 2010	31 December 2009
US Dollar	104	61
Euro	22	(119)
Total loss	126	(58)

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument 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 2010 and 2009, the interest rate profile of the Group's interest earning financial assets and interest bearing financial liabilities are detailed as below:

	31 December 2010	31 December 2009
Financial assets and liabilities with fixed interest rate:		
Time deposits	240,484	110,063
Finance lease receivables, net	262,868	180,131
Funds borrowed	425,378	204,134
Financial assets and liabilities with variable interest rate:		
Private bonds	905	-
Funds borrowed	21,547	57,972

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Interest rate sensitivity of financial instruments

If interest rates at the balance sheet date were higher/lower by 100 basis points than it is, net profit as at and for the year ended 31 December 2010 would be lower/higher by TL 215 (31 December 2009: TL 580) due to higher/lower interest expense on variable rate funds borrowed.

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.

25 Financial instruments

Fair values of financial instruments

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

Fair value has been determined by discounting the relevant cash flows using current (market) interest rates for financial lease receivables and funds borrowed. The carrying amounts of the cash at banks, other assets and liabilities are accepted as their fair values due to their short term nature by the Group management:

	31 December 2010		31 December 2009	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial assets				
Finance lease receivables, net	262,868	287,860	180,131	193,604
Banks	257,971	257,971	116,119	116,119
Financial liabilities				
Funds borrowed	446,925	451,213	262,106	264,376
Miscellaneous payables and other liabilities	40,405	40,405	14,177	14,177

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 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

26 Subsequent events

None.



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