Finans Finansal Kiralama Anonim Şirketi

Financial Statements
Together With
Independent Auditors' Report
December 31, 2006

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

8 March 2007

This report comprises 42 pages.

FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

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Independent Auditors' Report

To the Board of Directors of
Finans Finansal Kiralama Anonim Şirketi;

We have audited the accompanying financial statements of Finans Finansal Kiralama Anonim Şirketi ("the Company"), which comprise the balance sheet as at December 31, 2006, the income statement, statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The corresponding figures presented are based on the financial statements of the Company as at and for the year ended December 31, 2005, which were audited by another auditor whose report dated February 14, 2006, expressed an unqualified opinion on those statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

KPMG

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Akis Bağımsız Denetim ve SMMM AŞ

8 March 2007
Istanbul,
Turkey

Finans Finansal Kiralama Anonim Şirketi

BALANCE SHEET
As of December 31, 2006
(Currency – New Turkish Lira)

	Notes	2006	2005
ASSETS			
Cash and cash equivalents	*6*	51,272,232	17,658,559
Finance lease receivables, net	*7*	583,344,064	311,047,963
Available-for-sale investments	*8*	60,897	60,747
Derivatives	*15*	498,541	-
Investments in associates	*9*	-	2,368,257
Equipment to be leased	*10*	30,432,782	24,284,050
Tangible assets	*11*	779,294	866,695
Intangible assets	*12*	391,104	23,355
Other assets	*13*	12,108,629	3,533,712
Total assets		**678,887,543**	**359,843,338**
LIABILITIES AND EQUITY			
Funds borrowed	*14*	422,163,077	161,486,949
Trade payables		30,397,896	21,318,156
Advances from customers		8,087,276	5,862,649
Derivatives	*15*	6,040,846	-
Other liabilities and provisions	*16*	1,980,841	768,352
Reserve for employee termination benefits	*17*	312,567	505,579
Total liabilities		**468,982,503**	**189,941,685**
Equity			
Share capital issued	*19*	123,459,788	119,139,088
Share premium		1,211,022	1,211,022
Legal reserves	*20*	8,741,615	6,880,384
Retained earnings	*20*	76,492,615	42,671,159
Total equity		**209,905,040**	**169,901,653**
Total liabilities and equity		**678,887,543**	**359,843,338**

The accompanying policies and explanatory notes on pages 7 through 42 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

INCOME STATEMENT
For the year ended December 31, 2006
(Currency – New Turkish Lira)

	Notes	2006	(Consolidated) 2005
Income from finance leases			
Interest		81,992,613	50,646,334
Foreign exchange (loss)/gain		15,434,361	(4,573,743)
Total income from finance leases		**97,426,974**	**46,072,591**
Insurance technical income	*23*	-	74,853,578
Insurance technical expense	*23*	-	(67,202,478)
Insurance technical income, net		**-**	**7,651,100**
Finance income	*24*	16,343,105	20,091,043
Finance expenses	*24*	(62,771,757)	(10,320,698)
Net finance (expense) / income		**(46,428,652)**	**9,770,345**
(Provision) / recovery for possible lease receivables losses and other receivables	*7, 13*	3,261,739	(3,017,967)
Income after finance (expense) / income, net and provision for possible lease receivables losses and other receivables		**54,260,061**	**60,476,069**
Other operating income, net	*26*	4,806,213	10,884,169
Marketing, general and administrative expenses		(11,402,829)	(12,938,371)
Salaries and employee benefits	*25*	(8,816,195)	(10,092,997)
Depreciation, amortization and impairment	*11, 12*	(432,764)	(4,963,253)
Profit from operating activities		**38,414,486**	**43,365,617**
Income from associates	*9*	1,588,901	4,548,694
Profit from operating activities before income tax and monetary loss		**40,003,387**	**47,914,311**
Income taxes	*18*	-	128,123
Monetary loss		-	(6,327,190)
Net profit for the year		**40,003,387**	**41,715,244**
Attributable to:			
Equity holders of the Parent		40,003,387	41,272,522
Minority interest		-	442,722
Net profit for the year		**40,003,387**	**41,715,244**
Weighted average number of shares		6,433,333,333	4,300,000,000
Basic and diluted earnings per share	*21*	0.00622	0.00960

The accompanying policies and explanatory notes on pages 7 through 42 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2006
(Currency – New Turkish Lira)

	Share Capital	Adjustment to Share Capital	Share Premium	Legal Reserves	Retained Earnings	Total	Minority Interest	Total Equity
At December 31, 2004	**43,000,000**	**76,139,088**	**1,211,022**	**3,196,535**	**28,474,370**	**152,021,015**	**7,114,814**	**159,135,829**
Dividend paid	-	-	-	-	(23,391,884)	(23,391,884)	-	(23,391,884)
Transfer to legal reserves	-	-	-	3,683,849	(3,683,849)	-	-	-
Net profit for the year	-	-	-	-	41,272,522	41,272,522	442,722	41,715,244
Minority interest of disposed consolidated subsidiary	-	-	-	-	-	-	(7,557,536)	(7,557,536)
At December 31, 2005	**43,000,000**	**76,139,088**	**1,211,022**	**6,880,384**	**42,671,159**	**169,901,653**	**-**	**169,901,653**
Transfer from inflation adjustment to share capital	27,679,300	(27,679,300)	-	-	-	-	-	-
Transfer from retained earnings	4,320,700	-	-	-	(4,320,700)	-	-	-
Transfer to legal reserves	-	-	-	1,861,231	(1,861,231)	-	-	-
Net profit for the year	-	-	-	-	40,003,387	40,003,387	-	40,003,387
At December 31, 2006	**75,000,000**	**48,459,788**	**1,211,022**	**8,741,615**	**76,492,615**	**209,905,040**	**-**	**209,905,040**

The accompanying policies and explanatory notes on pages 7 through 42 form an integral part of the financial statements.

Finans Finansal Kiralama Anonim Şirketi

CASH FLOW STATEMENT
For the year ended December 31, 2006
(Currency – New Turkish Lira)

	Notes	2006	2005
Cash flows from operating activities			
Net profit before minority interest		40,003,387	41,715,244
Adjustments for			
Provision for deferred tax liability	*18*	-	(358,014)
Provision for current income tax	*18*	-	229,891
Depreciation, amortization and impairment	*11, 12*	432,764	4,963,253
Provision for termination benefits	*17*	(175,303)	245,119
Provision for vacation pay liability	*16*	308,453	-
Provision for bonuses	*16*	900,000	-
Fair value loss on derivative transactions, net	*15*	5,542,305	-
Provision for possible lease receivable losses and other receivables	*7, 13*	(3,261,739)	3,017,967
Gain on sale of subsidiary	*9, 26*	-	(2,124,482)
Income from associates	*9*	(1,588,901)	(4,548,694)
Income on disposal of tangible assets and assets acquired through foreclosure proceedings	*26*	(1,000,218)	(930,372)
Income from available-for-sale investments	*8, 26*	-	(2,065,117)
Gain on sale of investments	*26*	-	(2,103,222)
Unrealized foreign exchange losses / (gains)		19,825,761	(13,545,431)
Interest expense	*24*	20,985,530	7,827,891
Accrued interest income	*7*	(8,817,596)	(3,103,003)
Receivables written off	*7*	(1,651,437)	(360,622)
Operating profit before changes in net operating assets and liabilities		**71,503,006**	**28,860,408**
Purchases of assets to be leased	*7*	(604,878,986)	(392,080,377)
Principal payments received under leases	*7*	340,595,286	300,103,257
Net decrease / (increase) in receivables from lease payments outstanding	*7*	1,464,929	(6,778,168)
Net increase in premium and other insurance receivables		-	(6,820,519)
Net decrease in deferred acquisition costs		-	(3,297,002)
Net increase in other assets	*13*	(8,574,917)	(2,074,641)
Net increase in trade payables		9,079,740	6,003,972
Net increase in advances from customers		2,224,627	2,026,823
Net increase in due to insurance and reinsurance companies		-	4,772,361
Net increase in insurance technical reserves		-	16,775,121
Net increase in deferred commission income		-	855,628
Net increase in other liabilities and provisions	*16*	4,036	247,283
Income taxes paid	*18*	-	(268,667)
Retirement benefits paid	*17*	(17,709)	(340,978)
Net cash used in from operating activities		**(188,599,988)**	**(52,015,499)**
Cash flows from investing activities			
Purchases of furniture and equipment	*11*	(359,772)	(1,181,033)
Purchases of intangible assets	*12*	(386,192)	(164,413)
Net increase in equipment to be leased	*10*	(6,148,732)	(14,049,431)
Proceeds from sale of tangible assets	*11*	1,033,070	1,290,306
Proceeds from sale of associates	*9*	3,957,158	14,979,975
Net increase in available-for-sale investments	*8*	(150)	(18,754,286)
Disposal of subsidiary, net of cash disposed	*28*	-	687,777
Proceeds from sale of available-for-sale investments		-	5,216,835
Share capital increase of disposed subsidiary		-	8,264,000
Cash paid due to share capital increase of subsidiary		-	(4,255,960)
Net cash used in investing activities		**(1,904,618)**	**(7,966,230)**
Cash flows from financing activities			
Proceeds from funds borrowed		396,572,034	130,516,942
Repayments of funds borrowed		(155,721,667)	(70,531,291)
Dividend payment to shareholders		-	(23,391,884)
Interest paid		(16,732,088)	(6,928,903)
Net cash provided from financing activities		**224,118,279**	**29,664,864**
Net increase / (decrease) in cash and cash equivalents		33,613,673	(30,316,865)
Cash and cash equivalents at beginning of year	*6*	17,658,559	47,975,424
Cash and cash equivalents at end of year	*6*	**51,272,232**	**17,658,559**
Cash received as interest during the years ended December 31, 2006 and 2005 are as follows:			
Interest received		79,935,035	63,517,354

The accompanying policies and explanatory notes on pages 7 through 42 form an integral part of the financial statements.

1. Corporate information

General

Finans Finansal Kiralama Anonim Şirketi (a Turkish Joint Stock Company – "the Company") was established in İstanbul in March 1990, pursuant to the license obtained from the Undersecretariat of the Treasury and Foreign Trade for the purpose of financial leasing as permitted by the law number 3226. 42.13% (2005 - 42.13%) of the shares of the Company are listed on Istanbul Stock Exchange. The address of the registered office of the Company is Nispetiye Caddesi, Akmerkez B Kulesi, Kat: 10, 34620 Etiler, Istanbul - Turkey.

The Company has a branch operating in Atatürk Havalimanı Free Trade Zone.

On July 31, 2006, the Company sold its 40% shares in Finans Leasing S.A., Romania. 39,536 of 39,538 shares representing 40% of Finans Leasing S.A. were sold to Finans International Holding N.V. for Euro 2,085,793; 1 share was sold to Fiba Holding A.Ş. ("Fiba Holding") for Euro 52.76 and the remaining 1 share was sold to Fina Holding A.Ş. ("Fina Holding") for Euro 52.76.

For the period January 1, 2005 - November 15, 2005, Finans Sigorta A.Ş. ("Finans Sigorta"); which is registered in Istanbul, Turkey, on March 30, 2001; was included in consolidation. Finans Sigorta operates in all types of property and casualty insurance and reinsurance business. On November 15, 2005, the Company sold its 51.5% share in Finans Sigorta to Fiba Holding for U.S. Dollars ("USD") 10,933,450 and recognized subsidiary sale gain amounting to YTL 2,124,482.

On August 17, 2005, the Company sold its 43.31% share in Finans Gayrimenkul Geliştirme İnşaat ve Yatırım A.Ş. ("Finans Gayrimenkul").

On August 5, 2005, the Company sold its 44% share in Kültür ve Gösteri Merkezleri A.Ş. ("Kültür ve Gösteri Merkezleri").

The financial statements of the Company are authorized for issue by the Management on March 8, 2006. The General Assembly has the power to amend the financial statements after issue.

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

2. Basis of preparation

2.1 Statement of compliance

The Company maintains its books of account and prepares its statutory financial statements in New Turkish Lira ("YTL") in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the Turkish Capital Market Board, Turkish Commercial Code, Tax Legislation and Financial Leasing Law.

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

2. Basis of preparation *(continued)*

2.2 Basis of measurement

The financial statements have been prepared on an historical cost convention, except for the derivative financial instruments.

2.3 Functional and presentation currency

These financial statements are presented in YTL, which is the Company's functional currency. All financial information presented in YTL is rounded to the nearest digit.

2.4 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2006, and have not been applied in preparing these financial statements:

IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Company's 2007 financial statements, will require extensive additional disclosures with respect to the Company's financial instruments and share capital.

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Company's 2007 financial statements, is not expected to have any impact on the financial statements.

IFRIC 8 Scope of IFRS 2 Share-based Payment addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Company's 2007 financial statements, with retrospective application required. IFRIC 8 is not expected to have any impact on the financial statements.

IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Company's 2007 financial statements, is not expected to have any impact on the financial statements.

IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Company's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Company first applied the measurement criteria of IAS 36 and IAS 39 respectively.

2.5 Significant accounting judgments and estimates

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

(Currency – New Turkish Lira)

2. Basis of preparation *(continued)*

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

3. Summary of significant accounting policies

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

Reclassification

The Company started to follow the interest income from overdue finance lease receivables outstanding which were previously followed in other operating income, net; in interest income from finance leases. The same reclassification has been made for the prior year financial statements.

3.1 Accounting in hyperinflationary economies

International Accounting Standard ("IAS") 29, which deals with the effects of inflation in the financial statements, requires that financial statements prepared in the currency of a hyperinflationary economy to be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. One characteristic that necessitates the application of IAS 29 is a cumulative three year inflation rate approaching or exceeding 100%.

The cumulative three-year inflation rate in Turkey has been 35.61% as of December 31, 2005, based on the Turkish nation-wide wholesale price indices announced by Turkish Statistical Institute ("TURKSTAT"). This, together with the sustained positive trend in the quantitative factors such as financial and economical stabilization, decrease in the interest rates and the appreciation of YTL against the USD, have been taken into consideration to categorize Turkey as a non-hyperinflationary economy under IAS 29 effective from January 1, 2006. Therefore, IAS 29 has not been applied to the financial statements as of and for the year ended December 31, 2006.

The statements of income and cash flows for the year ended December 31, 2005 have been adjusted for the effects of inflation in YTL units current at December 31, 2005. Such indices and conversion factors used to restate the statements of income and cash flows for the year ended December 31, 2005 are given below:

Date	*Index*	*Conversion factor*
December 31, 2005	8,785.74	1.000
December 31, 2004	8,403.80	1.045

The main procedures for the application of IAS 29 are as follows:

- Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of the measuring unit current at the balance sheet date, and corresponding figures for previous periods are restated in the same terms.
- Monetary assets and liabilities, which are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date.

(Currency – New Turkish Lira)

3. Summary of significant accounting policies *(continued)*

- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of equity are restated by applying the relevant (monthly, yearly average, year end) conversion factors. Additions to property and equipment in the year of acquisition are restated using the relevant conversion factors.
- All items in the statement of income are restated by applying the monthly conversion factors except for those amounts deriving from non-monetary items, which are calculated, based on the restated values of the related items.

The effect of general inflation on the Company's monetary position is included in the income statement as of and for the year ended December 31, 2005 as "Loss on net monetary position".

3.2 Basis of consolidation

The consolidated financial statements for 2005 comprise the financial statements of the Company and its subsidiary, Finans Sigorta ("the Subsidiary").

The Subsidiary is an entity over which the Company has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Company owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The Subsidiary is consolidated from the date on which control is transferred to the Company and ceased to be consolidated from the date on which control is transferred out of the Company.

The financial statements of the subsidiary are prepared for the same reporting year as the parent Company, using consistent accounting policies.

All intra-group balances, transactions, and unrealized gains on intra-group transactions are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The equity and net income attributable to minority shareholders' interests are shown separately in the balance sheet and income statement, respectively.

3.3 Foreign currency translation

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

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

Dates	EUR / YTL (Full YTL)	USD / YTL (Full YTL)
December 31, 2005	1.5875	1.3418
December 31, 2006	1.8515	1.4056

3. Summary of significant accounting policies *(continued)*

3.4 Tangible assets

Tangible assets which consist of office machinery, furniture and fixtures and vehicles acquired before January 1, 2006 are measured at cost restated for the effects of inflation in YTL units current at December 31, 2005 pursuant to IAS 29, less accumulated depreciation and impairment losses. Tangible assets acquired in 2006 are measured at cost, less accumulated depreciation, and impairment losses.

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

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

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

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

3.5 Intangible assets

Intangible assets represent computer software licences and rights. Intangible assets acquired before January 1, 2006 are measured at cost restated for the effects of inflation in YTL units current at December 31, 2005 pursuant to IAS 29, less accumulated amortization, and impairment losses. Intangible assets acquired in 2006 are measured at cost, less accumulated amortisation, and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets.

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

3.6 Investments in associates

As of December 31, 2005 the Company's investment in Finans Leasing S.A. Romania by 40% is accounted for under the equity method of accounting. This is the entity in which the Company has significant influence and which is neither subsidiary nor joint venture of the Company. The investment in this associate is carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associates, less any impairment in value. The income statement reflects the Company's share of the results of operations of this associate.

3.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise finance lease receivables and other receivables, available for sale assets, cash and cash equivalents, bank borrowings, and trade and other payables.

3. Summary of significant accounting policies *(continued)*

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

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Company. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets i.e. for assets carried at cost or amortized cost, change in value is not recognized; for assets classified as available-for-sale, the change in value is recognized in equity, respectively.

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

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses on remeasurement to fair value are recognized as a separate component of equity until the investment is derecognized, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. However, interest calculated on available-for-sale financial assets using effective interest method is reported as interest income, and dividends are included in dividend income when the entity's right to receive payment is established.

For investments that are traded in an active market, fair value is determined by reference to stock exchange or current market bid prices, at the close of business on the balance sheet date. For investments where there is no market price or market price is not indicative of the fair value of the instrument, fair value is determined by reference to the current market value of another instrument which is substantially the same, recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used. Equity securities whose fair values cannot be measured reliably are recognized at cost less impairment.

Bank borrowings

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

Other

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

Demand deposits and trade and other payables are measured at cost.

3. Summary of significant accounting policies *(continued)*

Derivative financial instruments

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

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

Economic hedges

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

3.8 Offsetting

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

3.9 Impairment

Financial assets

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

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

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in income statement.

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

Non-financial assets

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

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

3. Summary of significant accounting policies *(continued)*

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

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

3.10 Employee benefits

Defined benefit plans

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

Defined contribution plans

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

3.11 Leases

Finance leases

(a) The Company as lessor

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

(b) The Company as lessee

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

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

3. Summary of significant accounting policies *(continued)*

Operating leases

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

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

3.12 Provisions

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

3.13 Related parties

For the purpose of this report, the shareholders of the Company, Finansbank and NBG Group of companies, the ultimate shareholders of the Company and the companies controlled by/associated with them are referred to as related parties.

3.14 Income and expense recognition

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

3.15 Income tax

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

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

(Currency – New Turkish Lira)

3. Summary of significant accounting policies *(continued)*

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

4. Determination of fair values

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

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

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

The Company utilizes currency forward derivative instruments. "Currency forwards" represent commitments to purchase or to sell foreign and domestic currency, including undelivered spot transactions. The Company conducts these transactions in order to hedge foreign currency position on the balance sheet. The fair values of derivative instruments held at December 31, 2006 and 2005, are disclosed in note 15.

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

	Carrying amount		Fair value	
	2006	**2005**	**2006**	**2005**
Financial assets				
Finance lease receivables, net (Note 7)	583,344,064	311,047,963	595,639,529	327,413,576
Financial liabilities				
Funds borrowed (Note 14)	422,163,077	161,486,949	422,054,331	161,699,009

(Currency – New Turkish Lira)

4. Determination of fair values *(continued)*

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

	Interest Rates Applied (%)	
	2006	**2005**
New Turkish Lira	23.81	17.50
USD	8.75	9.20
EURO	6.63	8.00
CHF	9.00	7.00

5. Segment information

Since the Company operates only in leasing activities and in a single geographical area, segment information for 2006 is not provided.

For the year ended December 31, 2005, the subsidiary included in consolidation is Finans Sigorta, which operates in all types of property and casualty insurance. The Company sold its 51.5% share in Finans Sigorta to Fiba Holding on November 15, 2005. Accordingly, the segment reporting was presented according to business activities in the leasing and insurance areas for the year ended December 31, 2005 as follows:

	Leasing	**Insurance**	**Eliminations**	**Group**
Income from finance leases	46,083,747	-	(11,156)	46,072,591
Insurance technical income, net	-	7,111,154	539,946	7,651,100
Finance income	5,747,988	4,011,201	11,156	9,770,345
Provision for possible lease receivables losses and other receivables	(3,017,967)	-	-	(3,017,967)
Other operating income, net	11,228,872	195,243	(539,946)	10,884,169
Other total operating expense	(18,612,015)	(9,382,606)	-	(27,994,621)
Profit from operating activities	**41,430,625**	**1,934,992**	**-**	**43,365,617**
Income from associates	4,548,694	-	-	4,548,694
Income taxes	-	128,123	-	128,123
Monetary loss	(5,176,905)	(1,150,285)	-	(6,327,190)
Net profit for the year	**40,802,414**	**912,830**	**-**	**41,715,244**
Other segment information				
Segment assets	357,475,081	-	-	357,475,081
Investments in associates	2,368,257	-	-	2,368,257
Total assets	**359,843,338**	**-**	**-**	**359,843,338**
Segment liabilities	189,941,685	-	-	189,941,685
Total liabilities	**189,941,685**	**-**	**-**	**189,941,685**
Capital expenditures				
Tangible assets	488,785	692,248	-	1,181,033
Intangible assets	4,776	159,637	-	164,413
Depreciation	440,986	756,771	-	1,197,757
Amortization	30,814	249,697	-	280,511
Impairment losses - goodwill	3,484,985	-	-	3,484,985

(Currency – New Turkish Lira)

6. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	2006	**2005**
Cash on hand	23,883	10,614
Cash at banks	51,248,349	17,647,945
Cash and cash equivalents	**51,272,232**	**17,658,559**

As of December 31, 2006 and 2005, interest range of deposits is as follows:

	2006			
	Amount		**Effective interest rate**	
	New Turkish Lira	**Foreign currency**	**New Turkish Lira**	**Foreign currency**
Bank accounts	1,530,271	49,718,078	17.50	3.00 – 5.00
Total	**1,530,271**	**49,718,078**		

	2005			
	Amount		**Effective interest rate**	
	New Turkish Lira	**Foreign currency**	**New Turkish Lira**	**Foreign currency**
Bank accounts	8,135,547	9,512,398	13.50 – 18.00	1.50 – 7.25
Total	**8,135,547**	**9,512,398**		

(Currency – New Turkish Lira)

7. Finance lease receivables, net

Gross investment in finance lease receivables:

	2006	2005
Short-term finance lease receivables		
Finance lease receivables outstanding	20,729,855	22,194,785
Minimum lease payments receivable, gross	315,343,821	196,404,524
Less: Unearned interest income	(60,455,170)	(39,434,292)
Less: Impairment reserve for finance lease receivables outstanding	(9,436,342)	(11,333,650)
Less: Impairment reserve for minimum lease payments receivable	(1,120,836)	(2,715,276)
Short-term finance lease receivables, net	**265,061,328**	**165,116,091**
Long-term finance lease receivables		
Minimum lease payments receivable, gross	375,930,580	174,210,907
Less: Unearned interest income	(57,647,844)	(26,804,177)
Less: Impairment reserve for minimum lease payments receivable	-	(1,474,858)
Long-term finance lease receivables, net	**318,282,736**	**145,931,872**
Total finance lease receivables, net	**583,344,064**	**311,047,963**

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

	2006	2005
2007	-	89,817,439
2008	169,811,256	42,092,037
2009	96,370,955	13,124,842
2010	39,415,830	813,594
2011	10,490,432	83,960
2012	2,194,263	-
Total	**318,282,736**	**145,931,872**

As of December 31, 2006 and 2005, YTL 367,404,784 and YTL 138,723,636 of minimum lease payments receivable, gross are denominated in foreign currency (mainly USD and Euro). As of December 31, 2006 effective interest rates for USD, Euro and YTL are 12.10%, 10.40% and 23.50% (2005 – 13.15% for USD, 11.18% for Euro and 26.54% for YTL). Finance lease receivables mainly have fixed interest rates.

(Currency – New Turkish Lira)

7. Finance lease receivables, net *(continued)*

Movements in the specific reserve for finance lease receivables outstanding:

	2006	2005
Reserve at the beginning of the year	11,333,650	10,311,182
Provision for impairment	1,205,026	2,326,606
Recoveries	(1,450,897)	(499,493)
(Reversal) / Provision net of recoveries	(245,871)	1,827,113
Receivables written off	(1,651,437)	(360,622)
Monetary gain	-	(444,023)
Reserve at end of the year	**9,436,342**	**11,333,650**

Movement in the specific reserve for minimum lease payments receivable:

	2006	2005
Reserve at the beginning of the year	4,190,134	3,599,788
(Reversal) / provision for impairment	(2,824,009)	745,361
Recoveries	(245,289)	-
(Reversal) / Provision net of recoveries	(3,069,298)	745,361
Monetary gain	-	(155,015)
Reserve at end of the year	**1,120,836**	**4,190,134**

8. Available-for-sale investments

	2006	2005
Equity instruments – unlisted	60,897	60,747
	60,897	**60,747**

Available-for-sale investments at cost represent the Company's equity holdings in the companies, shares of which are not publicly traded.

The list of participations at affiliated companies which are included in equity instruments is as follows:

	2006		2005	
	Amount	Participation-%	Amount	Participation-%
Equity instruments - unlisted				
Finans Yatırım Menkul Değerler A.Ş.	60,747	Less than 1	60,747	Less than 1
Finans Portföy Yönetimi A.Ş.	150	Less than 1	-	-
	60,897		**60,747**	

(Currency – New Turkish Lira)

9. Investments in associates

The following is a list of the investments in associates:

	2006			2005		
Entity	**Carrying Value**	**Ownership Interest**	**Company's Share of Income**	**Carrying Value**	**Ownership Interest**	**Company's Share of Income**
Finans Gayrimenkul	-	-	-	-	-	3,190,885
Finans Leasing S.A. Romania	-	-	1,588,901	2,368,257	40.00	1,357,809
	-	**-**	**1,588,901**	**2,368,257**	**-**	**4,548,694**

Finans Leasing S.A. Romania is mainly engaged in all types of leasing operations in Romania.

Summarised financial information of the Company's investment in Finans Leasing Romania is as follows:

	2005
Share of the associate's balance sheet:	
Total assets	13,696,715
Total liabilities	11,328,458
Net assets	**2,368,257**
Share of the associate's revenue and profit:	
Revenue	1,255,290
Profit	1,357,809
Carrying amount of the investment	**2,368,257**

On July 31, 2006, the Company sold its 40% shares in Finans Leasing S.A., Romania. 39,536 of 39,538 shares representing 40% of Finans Leasing S.A., Romania, are sold to Finans International Holding N.V. for Euro 2,085,793, 1 share is sold to Fiba Holding for Euro 52.76 and the remaining 1 share is sold to Fina Holding for Euro 52.76. Operations of Finans Leasing S.A., Romania have been accounted by the equity method of accounting until the date of disposal and the Company incurred income at the amount of YTL 1,588,901 for the year ended December 31, 2006.

On August 17, 2005, the Company sold its 43.31% share in Finans Gayrimenkul to Fiba Holding. Operations of Finans Gayrimenkul have been accounted by the equity method of accounting until the date of disposal, and the Company incurred income at the amount of YTL 3,190,885. Such amount is accounted as income from associates on the income statement.

On August 5, 2005, the Company sold its 44% share in Kültür ve Gösteri Merkezleri to AFM Uluslararası Film Prodüksiyon ve Ticaret A.Ş. and incurred associate sale income amounting to YTL 1,477,063. Such amount is accounted as other income on the income statement. Equity method of accounting has not been applied for the investment due to the operations of Kültür ve Gösteri Merkezleri being insignificant to the Company's financial statements and carried at cost, until the date of disposal.

(Currency – New Turkish Lira)

10. Equipment to be leased

The Company purchases machinery and equipment from foreign and domestic vendors in relation to the finance lease agreements signed in the current year for projects in progress of its customers, which will be completed in the subsequent year. As of December 31, 2006 and 2005, the equipment to be leased balance includes cost of the equipment to be leased as described above together with related expenses.

11. Tangible assets

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Total
January 1, 2006, net of accumulated depreciation	**548,870**	**170,896**	**146,929**	**866,695**
Additions	345,521	-	14,251	359,772
Disposals	-	(32,852)	-	(32,852)
Depreciation charge for the year	(324,547)	(53,809)	(35,965)	(414,321)
At December 31, 2006, net of accumulated depreciation	**569,844**	**84,235**	**125,215**	**779,294**
At December 31, 2006				
Cost	5,957,858	273,222	186,740	6,417,820
Accumulated depreciation	(5,388,014)	(188,987)	(61,525)	(5,638,526)
Net carrying amount	**569,844**	**84,235**	**125,215**	**779,294**

As of December 31, 2006, net carrying value of assets acquired through finance leases amount to YTL 427,803 (2005 - YTL 350,156) and consist of vehicles, furniture and equipments which are pledged as securities for the related finance lease obligations.

(Currency – New Turkish Lira)

12. Intangible assets

	Software	Licenses	Total
At January 1, 2006, net of accumulated amortization and impairment	**-**	**23,355**	**23,355**
Additions	325,909	60,283	386,192
Disposals	-	-	-
Amortization charge for the year	-	(18,443)	(18,443)
At December 31, 2006, net of accumulated amortization	**325,909**	**65,195**	**391,104**
At December 31, 2006			
Cost	325,909	286,108	612,017
Accumulated amortization and impairment	-	(220,913)	(220,913)
Net carrying amount	**325,909**	**65,195**	**391,104**

13. Other assets

	2006	2005
Prepaid expenses	5,800,714	1,373,934
Value Added Tax receivables	4,292,423	1,310,476
Receivables from lessees against insurance transactions, net	1,862,428	753,591
Advances and deposits given	71,888	88,188
Prepaid tax	70,446	7,523
Others	10,730	-
	12,108,629	**3,533,712**

The Company has provided YTL 53,430 (2005 – YTL 445,493) of provision for its receivables from lessees against insurance transactions.

(Currency – New Turkish Lira)

14. Funds borrowed

		2006		
		Original Amount	**YTL Equivalent**	**Interest rate (%)**
Short term			**4,075,728**	
Fixed interest				
	EUR	2,201,311	4,075,728	3.35 – 4.37
Medium / Long-term			**418,087,349**	
Fixed interest				
	EUR	64,660,008	119,718,005	3.89 – 5.51
	USD	64,801,179	91,084,536	6.00 – 7.50
Floating interest				
	EUR	80,381,587	148,826,509	4.36 – 6.91
	USD	41,411,737	58,208,338	6.37 – 7.57
	CHF	217,300	249,961	3.19
Total			**422,163,077**	

		2005		
		Original Amount	**YTL Equivalent**	**Interest rate (%)**
Short term			**70,518**	
Fixed interest				
	YTL	70,518	70,518	-
Medium / Long-term			**161,416,431**	
Fixed interest				
	EUR	33,799,554	53,656,792	3.29 – 5.89
	USD	35,828,975	48,075,319	4.95 – 7.00
	CHF	47,245	48,134	3.75
Floating interest				
	EUR	28,380,420	45,053,917	4.84 – 5.89
	USD	10,867,692	14,582,269	6.62 – 7.42
Total			**161,486,949**	

(Currency – New Turkish Lira)

14. Funds borrowed *(continued)*

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

	2006		2005	
	Fixed rate	**Floating rate**	**Fixed rate**	**Floating rate**
2006	-	-	89,181,553	27,192,018
2007	188,236,399	37,219,858	12,598,692	5,450,784
2008	22,566,142	98,439,212	-	8,421,100
2009	-	24,424,573	-	8,421,100
2010	-	22,978,089	-	7,180,866
2011	-	16,794,477	-	2,970,318
2012	-	7,428,599	-	-
Total	**210,802,541**	**207,284,808**	**101,780,245**	**59,636,186**

The Company has obtained bank aval to its promissory notes amounting to EUR 3,000,000 (2005 – EUR 7,950,000) and letters of guarantee amounting to EUR 50,000 and USD 14,034 (2005 – EUR 50,000, USD 14,034 and CHF 46,421) and submitted to various banks as guarantee for loans obtained.

15. Derivatives

The fair value of derivative financial instruments is calculated by using forward exchange rates at the balance sheet date. In the absence of reliable forward rate estimations in a volatile market, current market rate is considered to be the best estimate of the present value of the forward exchange rates.

	Fair value assets	**Fair value liabilities**	**Notional amount in YTL equivalent**
Derivatives held for trading			
Forward purchase contracts	498,541	2,184,946	47,636,050
Currency swap purchase contracts	-	3,855,900	21,786,800
Total	**498,541**	**6,040,846**	**69,422,850**

16. Other liabilities and provisions

	2006	**2005**
Bonus accrual	900,000	-
Taxes and social security premiums payable	537,273	170,514
Vacation pay liability	308,453	-
Leasing obligation	50,725	29,126
Deferred income	-	410,154
Others	184,390	158,558
Total	**1,980,841**	**768,352**

(Currency – New Turkish Lira)

17. Reserve for employee termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of YTL 1,857 at December 31, 2006 (2005 – YTL 1,727) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

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

IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. Accordingly, the following actuarial assumptions were used in the calculation of the following liability by the independent actuary:

Inflation rate	5.50%
Discount rate	11%
Average working period	13.70

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

	2006	2005
Balance at the beginning of the year	505,579	628,504
Effect of restatement	-	(27,065)
Reserve for employee termination benefits for the investment sold	-	(203,062)
Payments during the year	(17,709)	(7,589)
(Decrease) / increase during the year	(175,303)	114,791
Balance at the end of the year	**312,567**	**505,579**

(Currency – New Turkish Lira)

18. Income taxes

As of December 31, 2006, corporate income tax is levied at the rate of 20% (2005 – 30%) on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. There is also a withholding tax levied at a certain rate on the dividends paid and is accrued only at the time of such payments. Some of the deduction rates included in the 15th and 30th articles of the Law no. 5520 on the Corporate Tax, have been refined according to the cabinet decision numbered 2006/10731, which has been announced at Trade Registry Gazette of July 23, 2006 - 26237. In this context, withholding tax rate on dividend payments which are made to the companies except those are settled in Turkey or generate income in Turkey via a business or a regular agent has been increased to 15% from 10%.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate and paid in one instalment within the month of preparation of annual tax return.

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.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. As of December 31, 2006, the Company has carried forward tax losses amounting to YTL 7,699,554. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Major components of income tax expense for the years ended December 31, 2006 and 2005 are:

	2006	2005
Income statement		
Current income tax		
Current income tax charge	-	(229,891)
Adjustments in respect of current income tax of previous year	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	358,014
Income tax reported in consolidated income statement	**-**	**128,123**

(Currency – New Turkish Lira)

18. Income taxes *(continued)*

Deferred income tax

Under IAS 12, which deals with income taxes, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and deferred tax assets should be reduced to the extent that it is no longer probable that the related tax benefit will be realized. Therefore, the deferred tax assets as of December 31, 2006 and 2005 were not recorded due to the fact that the Company will not be able to utilize deferred tax assets in the foreseeable future.

The Company's investment allowances related with capital expenditures are deductible from future taxable income for the years from 2006 through 2008. The total amount of investment allowances, which are deductible from future taxable income amounts to YTL 191,050,932 (2005 - YTL 181,641,421). Therefore, the Company's principal tax rate on temporary differences is calculated as nil as at December 31, 2006 and 2005 as the Company does not expect to pay any corporation tax in the foreseeable future.

The breakdown of deductible and taxable temporary differences for which neither deferred tax asset nor deferred tax liability have been provided for due to having a tax rate of nil at December 31, are as follows:

	2006	2005
Deductible temporary differences		
Tax credits of unused investment incentive allowances	49,940,749	46,417,640
Accounting of finance leases	2,835,715	16,145,791
Capitalized financial expense subject to deduction	2,483,657	3,725,486
Tax loss carry forward	2,309,866	1,074,256
Expense accruals on derivative transactions	1,812,254	-
Reserve for possible lease receivable losses	336,022	1,254,942
Bonus accrual	270,000	-
Employee termination benefit	93,770	151,674
Vacation pay liability	92,536	-
	60,174,569	**68,769,789**
Taxable temporary differences		
Leasing income accruals	2,381,084	1,186,160
Accrued interest income on overdue receivables	252,248	39,259
Income accruals on derivative transactions	149,562	-
Restatement effect on tangible and intangible assets	55,926	101,532
Expense accruals on funds borrowed	51,688	42,624
	(2,890,508)	**(1,369,575)**
Net deductible temporary differences	**57,284,061**	**67,400,214**

(Currency – New Turkish Lira)

18. Income taxes *(continued)*

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 Company's effective income tax rate for the years ended December 31 was as follows:

	2006	2005
Profit from operating activities before income tax and monetary loss	40,003,387	47,914,311
Accounting of finance leases and restatement effect of income statement items	4,318,418	(12,577,569)
Accounting of insurance technical income	-	(1,292,645)
(Reversal) / provision for possible lease receivable losses	(3,063,069)	21,218
Accounting of investment in associates	(828,693)	(4,548,694)
Fair value loss on derivative transactions	5,542,306	-
Tangible assets sales income	(48,685,340)	(29,279,073)
Gain(loss) from fair value changes in investments available for sale	-	614,138
Income from available for sale portfolio	-	(2,065,117)
Income from investment in associates	-	(2,103,223)
Income from sale of consolidated subsidiary	-	(2,124,482)
Amortization of goodwill	-	-
Impairment of goodwill	-	3,484,985
Other adjustments	303,540	(1,285,227)
Statutory (loss) / income before taxation	**(2,409,451)**	**(3,241,378)**
Income not subject to tax	(14,427,960)	(14,331,459)
Expenditure not deductible for income tax purposes	12,346,825	18,497,465
Deductible tax loss carry forwards	(3,580,853)	(660,604)
Current year profit of subsidiary	319,969	502,279
Corporate tax base	(7,751,470)	766,303
Corporate tax (effective rate 0% (2005 - 30%))	-	(229,891)
Income tax base	-	-
Income tax (effective rate 19.8%)	-	-
Tax effect of temporary differences (restated)	-	358,014
Adjustment effect of prior years tax allowance	-	-
Taxation charge per accompanying financial statements	**-**	**128,123**

(Currency – New Turkish Lira)

19. Share capital

	2006	2005
Number of common shares (authorized, issued and outstanding) 0.1 YTL par value	7,500,000,000	4,300,000,000

The Company increased its nominal share capital from YTL 43,000,000 to YTL 75,000,000 according to the Board of Directors' resolution on March 17, 2006. The movement of the share capital (in numbers and in historical YTL) of the Company during 2006 and 2005 is as follows:

	2006		2005	
	Number	**YTL**	**Number**	**YTL**
At January 1	4,300,000,000	43,000,000	4,300,000,000	43,000,000
Shares issued in:				
- transfer from inflation adjustment to share capital	2,767,930,000	27,679,300	-	-
- transfer from statutory retained earnings	432,070,000	4,320,700	-	-
At December 31	**7,500,000,000**	**75,000,000**	**4,300,000,000**	**43,000,000**

As of December 31, 2006 and 2005, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	2006		2005	
	Amount	**%**	**Amount**	**%**
Finansbank	38,292,090	51.06	21,945,082	51.04
Finans Yatırım Menkul Değerler A.Ş.	6,158,963	8.21	3,531,139	8.21
Publicly traded	30,548,947	40.73	17,523,779	40.75
Total in historical YTL	**75,000,000**	**100.00**	**43,000,000**	**100.00**
Restatement effect	48,459,788		76,139,088	
Total	**123,459,788**		**119,139,088**	

The sale and transfer of 46% of the ordinary shares of Finansbank belonging to Fiba Holding and other group companies and 100 founder shares of Finansbank belonging to Fina Holding; to National Bank of Greece S.A have been completed at August 18, 2006 and NBG has become the main shareholder of Finansbank.

NBG purchased 2.55% shares of the Company, with YTL 1,911,543 nominal value, on the tender call between December 11 and 25, 2006.

(Currency – New Turkish Lira)

20. Legal reserves and retained earnings

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

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

Dividends

As of December 31, 2006, the Company has not resolved to distribute profit as of the date of these financial statements.

21. Earnings per share

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation, such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly, the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through December 31, 2006.

There have been no transactions involving ordinary shares or potential ordinary shares since the date of these financial statements and before the completion of these financial statements.

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

	2006	2005
Net profit attributable to ordinary equity holders of the parents for basic earnings per share	40,003,387	41,272,522
Weighted average number of ordinary shares for basic earnings per share	6,433,333,333	4,300,000,000
Basic earnings per share	0.00622	0.00960

22. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the operating decisions. The Company is controlled by Finansbank, which owns 51.06% (2005 - 51.04%) of ordinary shares. The ultimate owner of the Company is NBG. For the purpose of these financial statements, associates, shareholders and affiliated companies are referred to as related parties. Related parties also include individuals that are principal owners, management and members of the Company's Board of Directors and their families.

(Currency – New Turkish Lira)

22. Related party transactions *(continued)*

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

	2006	2005
Balances outstanding		
Cash and cash equivalents	7,774,235	11,899,786
Finance lease receivables, net	11,604,284	7,426,091
Funds borrowed	2,517,549	-
Advances from customers	59,188	56,581
Fair value loss on derivative transactions, net	1,686,404	-
Transactions		
Income from finance leases	1,825,173	2,158,562
Insurance income	-	27,148,275
Interest income on bank deposits	504,566	117,742
Commissions paid	297,570	4,131,751
Rent expense	53,998	173,924
Loss on derivative transactions, net	(1,686,404)	-

Additionally, the shareholder bank has given letters of guarantee amounting to EUR 50,000 and letter of comfort for the funds borrowed amounting to USD 63,806,873 and EUR 47,420,911 (2005 - USD 6,494,323 and EUR 20,468,520) and letters of guarantee amounting to YTL 31,885 (2005 - YTL 30,844) to customs authorities and courts.

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

	2006	2005
Balances Outstanding		
Cash and cash equivalents	3,126	222,973
Finance lease receivables, net	2,117,100	1,916,200
Advances from customers	58,964	-
Other liabilities	2,602,788	2,797,068
Transactions		
Income from finance leases	258,450	187,444
Insurance income	-	778,820
Interest income on bank deposits	601,028	1,144,968
Income from sale of subsidiary and associate	-	2,750,641
Rent expense	260,845	236,985
Insurance agency commission income	1,813,475	-

(c) In 2006, compensation of the key management personnel of the Company amounted to YTL 1,890,831 (2005 - YTL 1,921,198).

(Currency – New Turkish Lira)

23. Insurance technical income

The breakdown of insurance technical income and expense is as follows:

	2006	2005
Insurance technical income		
Premiums written	-	114,860,148
Premium ceded to reinsurers	-	(39,086,821)
Unearned premium, net	-	(9,037,391)
Commission income	-	8,117,642
	-	**74,853,578**
Insurance technical expense		
Claims paid, net	-	(39,633,408)
Provision for outstanding claims	-	(9,350,295)
Commission paid	-	(18,218,775)
	-	**(67,202,478)**
Insurance technical income, net	**-**	**7,651,100**

24. Finance (expense) / income

The breakdown of finance expenses and finance income is as follows:

	2006	2005
Finance expenses		
Foreign exchange loss	(41,786,227)	(2,492,807)
Interest expense on funds borrowed	(20,985,530)	(7,827,891)
	(62,771,757)	**(10,320,698)**
Finance income		
Foreign exchange gain	13,879,050	11,075,815
Interest income on bank deposits, investments available for sale and reverse repo	2,464,055	9,015,228
	16,343,105	**20,091,043**
Finance (expense) / income, net	**(46,428,652)**	**9,770,345**

(Currency – New Turkish Lira)

25. Salaries and employee benefits

	2006	2005
Staff costs		
Wages and salaries	4,710,571	6,691,993
Bonuses	2,801,894	1,229,533
(Reversal) / provision for employee termination benefits	(193,012)	245,119
Provision for vacation pay liability	308,453	-
Other fringe benefits	590,198	960,496
	8,218,104	**9,127,141**
Defined contribution share		
Social security premiums – employer share	598,091	965,856
	598,091	**965,856**
Total	**8,816,195**	**10,092,997**

26. Other operating income, net

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

	2006	2005
Insurance commission income	1,842,962	400,212
Income from sale of tangible assets and assets acquired through foreclosure proceedings	1,000,218	1,086,750
Income from costs charged to customers	410,155	438,239
Income from sale of a subsidiary	-	2,124,482
Income from sale of associates	-	2,103,222
Income from sale of portfolio available for sale	-	2,065,117
Withholding tax taken from tax office	-	683,800
Miscellaneous income	1,846,561	2,621,846
Total other operating income	**5,099,896**	**11,523,668**
Miscellaneous expense	(293,683)	(639,499)
Total other operating expense	**(293,683)**	**(639,499)**
Total other operating income, net	**4,806,213**	**10,884,169**

(Currency – New Turkish Lira)

27. Financial risk management

The Company is exposed to following risks due to its transactions in financial instruments;

Credit Risk

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

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

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

The concentration of the Company's minimum lease payments receivable to industry groups is as follows:

	2006	**2005**
Construction	20.3%	16.1%
Agricultural	16.0%	5.8%
Health and Social Services	13.0%	15.4%
Production	10.2%	11.2%
Textile	9.4%	8.5%
Transportation and Telecommunication	7.6%	6.8%
Mining and Metal	7.3%	8.4%
Wholesale and Retail Trade	5.0%	7.1%
Printing	3.0%	5.9%
Financial Institutions	2.3%	3.0%
Hotel, Food and Beverage services	1.6%	3.2%
Entertainment and Advertisement	1.5%	2.4%
Other	2.8%	6.2%
Total	**100.00%**	**100.00%**

(Currency – New Turkish Lira)

27. Financial risk management *(continued)*

Liquidity Risk

The Company's policy is to match cash outflow mainly arising from repayments of the funds borrowed and cash inflow arising from lease receivables, maintained in the portfolio. Repayment schedules of leasing contracts made with the customers are structured considering the funding and equity base of the Company.

In addition, the Company maintains reasonable amount of cash on hand in order to protect itself against the rate of deviation from the expected in and out cash flows in an unfavorable manner.

The table below analyses monetary assets and liabilities of the Company into relevant maturity groupings based on the remaining period at balance sheet date to contractual maturity date.

			2006			
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Total**
Cash and cash equivalents	51,272,232	-	-	-	-	51,272,232
Finance lease receivables, net	42,906,809	44,595,054	61,755,837	115,803,628	318,282,736	583,344,064
Available-for-sale investments	-	-	-	-	60,897	60,897
Derivatives	420,809	77,732	-	-	-	498,541
Equipment to be leased	-	30,432,782	-	-	-	30,432,782
Other assets	6,647,298	618,133	769,046	1,253,192	2,820,960	12,108,629
Total assets	**101,247,148**	**75,723,701**	**62,524,883**	**117,056,820**	**321,164,593**	**677,717,145**
LIABILITIES						
Funds borrowed	26,060,938	46,760,670	102,765,101	53,945,276	192,631,092	422,163,077
Trade payables	25,191,706	1,265,040	1,641,008	2,300,142	-	30,397,896
Advances from customers	8,087,276	-	-	-	-	8,087,276
Derivatives	-	752,687	5,288,159	-	-	6,040,846
Other liabilities and provisions	610,663	900,000	50,725	419,453	-	1,980,841
Reserve for employee termination benefits	-	-	-	-	312,567	312,567
Total liabilities	**59,950,583**	**49,678,397**	**109,744,993**	**56,664,871**	**192,943,659**	**468,982,503**
Net liquidity gap	**41,296,565**	**26,045,304**	**(47,220,110)**	**60,391,949**	**128,220,934**	**208,734,642**

(Currency – New Turkish Lira)

27. Financial risk management *(continued)*

Liquidity Risk

	2005					
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Total**
Cash and cash equivalents	17,658,559	-	-	-	-	17,658,559
Finance lease receivables, net	28,680,416	26,826,998	38,443,835	71,164,842	145,931,872	311,047,963
Available-for-sale investments	-	-	-	-	60,747	60,747
Investment in associates	-	-	-	-	2,368,257	2,368,257
Equipment to be leased	-	24,284,050	-	-	-	24,284,050
Other assets	2,346,641	273,562	415,961	458,277	39,271	3,533,712
Total assets	**48,685,616**	**51,384,610**	**38,859,796**	**71,623,119**	**148,400,147**	**358,953,288**
LIABILITIES						
Funds borrowed	7,758,804	18,766,286	40,674,395	49,244,604	45,042,860	161,486,949
Trade payables	17,078,377	28,777	-	1,275,388	2,935,614	21,318,156
Advances from customers	5,862,649	-	-	-	-	5,862,649
Other liabilities and provisions	396,833	78,514	84,860	208,145	-	768,352
Reserve for employee termination benefits	-	-	-	-	505,579	505,579
Total liabilities	**31,096,663**	**18,873,577**	**40,759,255**	**50,728,137**	**48,484,053**	**189,941,685**
Net liquidity gap	**17,588,953**	**32,511,033**	**(1,899,459)**	**20,894,982**	**99,916,094**	**169,011,603**

(Currency – New Turkish Lira)

27. Financial risk management *(continued)*

Currency Risk

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

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

				2006			
ASSETS	**New Turkish Lira**	**USD**	**Euro**	**CHF**	**Japanese Yen**	**Others**	**Total**
Cash and cash equivalents	1,530,271	7,419,760	42,315,700	5,788	297	416	51,272,232
Finance lease receivables, net	263,188,699	89,489,530	229,966,413	307,134	392,288	-	583,344,064
Available-for-sale investments	60,897	-	-	-	-	-	60,897
Derivatives	498,541	-	-	-	-	-	498,541
Equipment to be leased	3,320,311	6,759,833	18,190,095	1,198,687	935,220	28,636	30,432,782
Other assets	11,812,750	133,262	162,617	-	-	-	12,108,629
Total assets	**280,411,469**	**103,802,385**	**290,634,825**	**1,511,609**	**1,327,805**	**29,052**	**677,717,145**
LIABILITIES							
Funds borrowed	-	149,292,874	272,620,242	249,961	-	-	422,163,077
Trade payables	2,916,938	6,663,688	19,013,078	1,196,857	606,505	830	30,397,896
Advances from customers	3,062,717	866,031	4,157,609	3	916	-	8,087,276
Derivatives	6,040,846	-	-	-	-	-	6,040,846
Other liabilities and provisions	1,930,116	-	50,725	-	-	-	1,980,841
Reserve for employee termination benefits	312,567	-	-	-	-	-	312,567
Total liabilities	**14,263,184**	**156,822,593**	**295,841,654**	**1,446,821**	**607,421**	**830**	**468,982,503**
Net balance sheet position	**266,148,285**	**(53,020,208)**	**(5,206,829)**	**64,788**	**720,384**	**28,222**	**208,734,642**
Net off balance sheet position	**(69,422,850)**	**41,465,200**	**27,957,650**	**-**	**-**	**-**	**-**
Net position	**196,725,435**	**(11,555,008)**	**22,750,821**	**64,788**	**720,384**	**28,222**	**208,734,642**

(Currency – New Turkish Lira)

27. Financial risk management *(continued)*

Currency Risk

	2005						
ASSETS	**New Turkish Lira**	**USD**	**Euro**	**CHF**	**Japanese Yen**	**Others**	**Total**
Cash and cash equivalents	8,135,547	1,517,367	8,005,306	14	306	19	17,658,559
Finance lease receivables, net	181,396,007	60,248,401	68,848,079	89,958	465,518	-	311,047,963
Available-for-sale investments	60,747	-	-	-	-	-	60,747
Investment associates	2,368,257	-	-	-	-	-	2,368,257
Equipment to be leased	6,674,993	6,782,590	10,056,425	770,042	-	-	24,284,050
Other assets	3,403,719	115,949	14,044	-	-	-	3,533,712
Total assets	**202,039,270**	**68,664,307**	**86,923,854**	**860,014**	**465,824**	**19**	**358,953,288**
LIABILITIES							
Funds borrowed	70,518	62,657,588	98,710,709	48,134	-	-	161,486,949
Trade payables	4,672,514	6,799,327	8,501,499	1,344,816	-	-	21,318,156
Advances from customers	3,461,615	1,241,340	1,159,468	6	220	-	5,862,649
Other liabilities and provisions	329,072	375,418	63,862	-	-	-	768,352
Reserve for employee termination benefits	505,579	-	-	-	-	-	505,579
Total liabilities	**9,039,298**	**71,073,673**	**108,435,538**	**1,392,956**	**220**	**-**	**189,941,685**
Net balance sheet position	**192,999,972**	**(2,409,366)**	**(21,511,684)**	**(532,942)**	**465,604**	**19**	**169,011,603**

(Currency – New Turkish Lira)

27. Financial risk management *(continued)*

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of monetary assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of assets and liabilities through risk management strategies.

The table below summarizes the Company's exposure to interest rate risk on the basis of the remaining period at the balance sheet date to the re-pricing or contractual dates whichever is earlier.

				2006			
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Non interest bearing**	**Total**
Cash and cash equivalents	49,840,378	-	-	-	-	1,431,854	51,272,232
Finance lease receivables, net	42,906,809	44,595,054	61,755,837	115,803,628	318,282,736	-	583,344,064
Available-for-sale investments	-	-	-	-	-	60,897	60,897
Derivatives	-	-	-	-	-	498,541	498,541
Equipment to be leased	-	-	-	-	-	30,432,782	30,432,782
Other assets	-	-	-	-	-	12,108,629	12,108,629
Total assets	**92,747,187**	**44,595,054**	**61,755,837**	**115,803,628**	**318,282,736**	**44,532,703**	**677,717,145**
LIABILITIES							
Funds borrowed	41,231,218	140,223,385	162,404,472	56,618,302	21,685,700	-	422,163,077
Trade payables	-	-	-	-	-	30,397,896	30,397,896
Advances from customers	-	-	-	-	-	8,087,276	8,087,276
Derivatives	-	-	-	-	-	6,040,846	6,040,846
Other liabilities and provisions	-	-	-	-	-	1,980,841	1,980,841
Reserve for employee termination benefits	-	-	-	-	-	312,567	312,567
Total liabilities	**41,231,218**	**140,223,385**	**162,404,472**	**56,618,302**	**21,685,700**	**46,819,426**	**468,982,503**
Total interest sensitivity gap	**51,515,969**	**(95,628,331)**	**(100,648,635)**	**59,185,326**	**296,597,036**	**(2,286,723)**	**208,734,642**

(Currency – New Turkish Lira)

27. Financial risk management *(continued)*

Interest Rate Risk

	2005						
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Non interest bearing**	**Total**
Cash and cash equivalents	13,684,684	-	-	-	-	3,973,875	17,658,559
Finance lease receivables, net	28,680,416	26,826,998	38,443,835	71,642,548	145,454,166	-	311,047,963
Available-for-sale investments	-	-	-	-	-	60,747	60,747
Investments in associates	-	-	-	-	-	2,368,257	2,368,257
Equipment to be leased	-	-	-	-	-	24,284,050	24,284,050
Other assets	-	-	-	-	-	3,533,712	3,533,712
Total assets	**42,365,100**	**26,826,998**	**38,443,835**	**71,642,548**	**145,454,166**	**34,220,641**	**358,953,288**
LIABILITIES							
Funds borrowed	8,432,314	59,356,608	29,968,098	46,695,538	17,034,391	-	161,486,949
Trade payables	-	-	-	-	-	21,318,156	21,318,156
Advances from customers	-	-	-	-	-	5,862,649	5,862,649
Other liabilities and provisions	-	-	-	-	-	768,352	768,352
Reserve for employee termination benefits	-	-	-	-	-	505,579	505,579
Total liabilities	**8,432,314**	**59,356,608**	**29,968,098**	**46,695,538**	**17,034,391**	**28,454,736**	**189,941,685**
Total interest sensitivity gap	**33,932,786**	**(32,529,610)**	**8,475,737**	**24,947,010**	**128,419,775**	**5,765,905**	**169,011,603**

(Currency – New Turkish Lira)

28. Acquisitions and disposals

On November 15, 2005, the Company sold its 51.5% share in Finans Sigorta to Fiba Holding.

The details of assets and liabilities disposed and disposal consideration are as follows:

Total assets	122,136,838
Total liabilities	97,548,693
Net asset	24,588,145
Proceeds from sale (discharged by cash)	14,787,377
Less: Cash and cash equivalents in subsidiary sold	(14,099,600)
Net cash inflow on sale	**687,777**

29. Subsequent events

Effective from January 1, 2007, the retirement pay ceiling has been increased to YTL 1,961.