FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2009

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Finans Finansal Kiralama Anonim Şirketi ("the Company") which comprise the balance sheet as at December 31, 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended December 31, 2009, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Finans Finansal Kiralama Anonim Şirketi as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU**
İstanbul, May 10, 2010

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BALANCE SHEET AS AT DECEMBER 31, 2009
(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	December 31, 2009	December 31, 2008
ASSETS			
Cash and cash equivalents	6	333,351	243,834
Finance lease receivables	7	963,787	1,291,871
Available for sale investments	8	61	61
Derivative financial instruments	13	314	49
Property, plant and equipment	9	402	560
Intangible assets	10	512	513
Other assets	11	16,317	31,179
Deferred tax assets	16	27,029	-
Total assets		**1,341,773**	**1,568,067**
LIABILITIES AND EQUITY			
Funds borrowed	12	916,891	1,201,082
Trade payables		53,847	41,390
Advances from customers		9,698	8,689
Current income tax	16	3,202	-
Derivative financial instruments	13	1,302	1,022
Other liabilities and provisions	14	4,203	3,614
Reserve for employee termination benefits	15	503	412
Total liabilities		**989,646**	**1,256,209**
Equity			
Share capital	17	159,353	149,353
Share premium		1,211	1,211
Legal reserves	18	16,749	14,357
Retained earnings	18	174,814	146,937
Total equity		**352,127**	**311,858**
Total liabilities and equity		**1,341,773**	**1,568,067**

The accompanying policies and explanatory notes on pages 5 through 48 form an integral part of the financial statements.

FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2009
(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	**January 1 – December 31, 2009**	**January 1 – December 31, 2008**
Interest income from finance leases		111,943	142,908
Total income from finance leases		**111,943**	**142,908**
Finance income	21	324,263	575,955
Finance expenses	21	(350,044)	(628,725)
Net finance (expenses) / income		**(25,781)**	**(52,770)**
(Provision) / recovery for possible lease receivables losses and other receivables	7	(40,300)	(17,543)
Income after finance (expense) / income and provision for possible lease receivables losses and other receivables		**45,862**	**72,595**
Other operating income / (expenses)	23	4,434	2,938
Marketing, general and administrative expenses	22	(10,565)	(11,322)
Salaries and employee benefits	22	(12,754)	(12,306)
Depreciation and amortization	9, 10	(391)	(360)
Profit from operating activities		**26,586**	**51,545**
Profit from operating activities before income taxes		**26,586**	**51,545**
Income taxes	16	**13,683**	**-**
Net profit for the year		**40,269**	**51,545**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**40,269**	**51,545**
Weighted average number of shares (0,01 TRY par value)		11,500,000,000	11,500,000,000
Earnings per share (for full TRY)	19	0.350	0.448

The accompanying policies and explanatory notes on pages 5 through 48 form an integral part of the financial statements.

FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2009
(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

	Share Capital	Inflation Adjustment to Share Capital	Share Premium	Legal Reserves	Retained Earnings	Total
At December 31, 2007	**75,000**	**48,460**	**1,211**	**10,663**	**124,979**	**260,313**
Transfer to legal reserves	-	-	-	3,694	(3,694)	-
Addition to share capital from retained earnings	25,893	-	-	-	(25,893)	-
Addition of inflation adjustment to share capital	4,107	(4,107)	-	-	-	-
Total comprehensive income for the year	-	-	-	-	51,545	51,545
At December 31, 2008	**105,000**	**44,353**	**1,211**	**14,357**	**146,937**	**311,858**
Transfer to legal reserves	-	-	-	2,392	(2,392)	-
Addition to share capital from retained earnings	10,000	-	-	-	(10,000)	-
Total comprehensive income for the year	-	-	-	-	40,269	40,269
At December 31, 2009	**115,000**	**44,353**	**1,211**	**16,749**	**174,814**	**352,127**

The accompanying policies and explanatory notes on pages 5 through 48 form an integral part of the financial statements.

FİNANS FİNANSAL KİRALAMA ANONİM ŞİRKETİ

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2009
(Currency – Thousands of Turkish Lira (TRY) unless otherwise stated)

	Notes	January 1, December 31, 2009	January 1, December 31, 2008
Cash flows from operating activities			
Net profit for the year		40,269	51,545
Adjustments for			
Depreciation and amortization	9, 10	391	360
Provision for termination benefits	15	111	75
Provision for vacation pay accrual	14	194	151
Provision for bonuses	14	337	2,500
Fair value loss on derivative transactions		15	973
Provision for possible lease receivable losses and other receivables	7	40,300	17,543
Unrealized foreign exchange losses / (gains)		116	(504)
Investment revenue recognized in profit and loss	21	(23,013)	(15,124)
Finance cost recognized in statement of income	21	49,101	70,626
Provision for current income tax	16	13,346	-
Deferred tax income	16	(27,029)	-
Operating profit before changes in net operating assets and liabilities		**94,138**	**128,145**
Purchases of assets to be leased		(96,919)	(450,370)
Principal payments received under leases		413,292	479,401
Net decrease / (increase) in receivables from lease payments outstanding and other receivables		(21,955)	(34,055)
Net decrease / (increase) in other assets		14,862	(11,235)
Net (decrease) / increase in trade payables		12,457	(26,181)
Net (decrease) / increase in advances from customers		1,009	(4,855)
Net increase / (decrease) in other liabilities and provisions		58	(1,957)
Income taxes paid	16	(10,144)	-
Retirement benefits paid	15	(20)	(40)
Net cash generated from operating activities		**406,778**	**78,853**
Cash flows from investing activities			
Purchases of furniture and equipment	9	(71)	(154)
Purchases of intangible assets	10	(161)	(84)
Interest received from investing activities		22,602	13,402
Net cash used in investing activities		**22,370**	**13,164**
Cash flows from financing activities			
Proceeds from funds borrowed		517,280	315,141
Repayments of funds borrowed		(774,664)	(178,716)
Interest paid		(82,658)	(56,803)
Net cash used in financing activities		**(340,042)**	**79,622**
Net increase in cash and cash equivalents		89,106	171,639
Cash and cash equivalents at the beginning of year	6	241,960	70,321
Cash and cash equivalents at the end of year	6	**331,066**	**241,960**

The accompanying policies and explanatory notes on pages 5 through 48 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% (2008 – 42.13%) of the shares of the Company are listed on Istanbul Stock Exchange. The address of the registered office of the Company is Nispetiye Caddesi, Akmerkez B Kulesi, Kat: 10, 34620 Etiler, İstanbul – Turkey.

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

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

The Company's financial statements for the year ended December 31, 2009 have been approved at the General Assembly Meeting held on March 31, 2010. The General Assembly has the discretion of making changes in the financial statements.

2. Basis of preparation

2.1 Statement of compliance

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2. Basis of preparation *(continued)*

2.4 Adoption of new and revised standards

The following new and revised standards and interpretations were implemented in the current year and this implementation had an impact on the reported amounts and disclosures of financial statements. Other standards and interpretations that implemented in the financial statements but had no effect on reported amounts are also explained in the further parts of this article.

Standards and Interpretations affecting reported results or financial position of 2009

IAS 1, (as revised in 2007) "Presentation of Financial Statements"	IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. The Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.
Improving Disclosures about Financial Instruments (Amendments to IFRS 7, "Financial Instruments: Disclosures")	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

Standards and Interpretations that are effective in 2009 with no impact on the 2009 financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

IFRS 8, "Operating Segments"	IFRS 8 is a disclosure Standard that has resulted in a redesignation of the Company's reportable segments.
Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	The amendments deal with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time and with the recognition of dividend income from subsidiaries in a parent's separate financial statements.
Amendments to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.
IAS 23 (as revised in 2007) Borrowing Costs	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred.

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

2. Basis of preparation *(continued)*

2.4 Adoption of new and revised standards *(continued)*

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)	The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the 'fair value through profit or loss' category as permitted by the October 2008 amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (see above).
IFRIC 15 *Agreements for the Construction of Real Estate*	The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction of real estate should be recognized.
IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
IFRIC 18 Transfers of Assets from Customers (adopted in advance of effective date of transfers of assets from customers received on or after 1 July 2009)	The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from 'customers' and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognize the asset at its fair value on the date of the transfer, with the credit recognized as revenue in accordance with IAS 18 Revenue.
Improvements to IFRSs (2008)	In addition to the changes affecting amounts reported in the financial statements described above, the Improvements have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

2. Basis of preparation *(continued)*

2.4 Adoption of new and revised standards *(continued)*

Standards and Interpretations that are issued but not yet effective in 2009 and have not been early adopted

IFRS 3 (as revised in 2008) Business Combinations

IFRS 3(2008) is effective for business combinations where the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. The main impact of the adoption will be as follows:

a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.
b) to change the recognition and subsequent accounting requirements for contingent consideration.
c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013

IAS 24 (Revised 2009) Related Party Disclosures

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government-related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. The Company has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

IAS 27 (revised) is effective for annual periods beginning on or after 1 July 2009. The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Company's interests in its subsidiaries. The revised standard requires that ownership decreases or increases that do not result in change in control to be recorded in equity.

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

2. Basis of preparation *(continued)*

2.4 Adoption of new and revised standards *(continued)*

Amendments Related to Annual Improvements to IFRS (2009)

As part of the Annual Improvement project, in addition to the amendments mentioned above, other amendments were made to various standards and interpretations. These amendments are effective for annual periods beginning on or after 1 January 2010. The Company has not yet had an opportunity to consider the potential impact of the adoption of these amendments.

2.5 Significant accounting judgments and estimates

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

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

3. Summary of significant accounting policies

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

3.1 Foreign currency translation

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

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

Dates	EUR / TRY (Full TRY)	USD / TRY (Full TRY)
December 31, 2008	2.1408	1.5123
December 31, 2009	2.1603	1.5057

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

3.2 Property, plant and equipment

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

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

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

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

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

3.3 Intangible assets

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

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

3.4 Financial instruments

Non-derivative financial instruments

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

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

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

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

3.4 Financial instruments *(continued)*

Non-derivative financial instruments *(continued)*

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

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

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

Financial assets at fair value through profit or loss:

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

Effective interest rate method:

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

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

Held-to-maturity investments:

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

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

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

3.4 Financial instruments *(continued)*

Non-derivative financial instruments *(continued)*

Available for sale financial assets:

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

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

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

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

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

Bank borrowings

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

Other

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

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

3.4 Financial instruments *(continued)*

Derivative financial instruments

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

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

Hedge accounting

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

3.5 Offsetting

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

3.6 Impairment

Financial assets

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

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

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

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

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

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

All impairment losses are recognised in income statement.

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

3.6 Impairment *(continued)*

Financial assets *(continued)*

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

Non-financial assets

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

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

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

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

3.7 Employee benefits

Defined benefit plans

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

Defined contribution plans

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

3.8 Leases

Finance leases

(a) The Company as lessor

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

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

3.8 Leases *(continued)*

Finance leases *(continued)*

(b) The Company as lessee

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

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

Operating leases

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

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

3.9 Provisions

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

3.10 Related parties

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

3.11 Income and expense recognition

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

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

3.12 Income tax *(continued)*

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

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

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

3.13 Earnings per share

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

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

3.14 Statement of Cash Flows

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

4. Determination of fair values

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

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

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

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

4. Determination of fair values *(continued)*

The Company utilizes currency forward and interest rate swap derivative instruments. “Currency forwards” represent commitments to purchase or to sell foreign and domestic currency, including undelivered spot transactions. An “interest rate swap” is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flows. The Company conducts these transactions in order to hedge foreign currency position and manage the fixed or floating assets and liabilities on the balance sheet. The fair values of derivative instruments held at December 31, 2009 and 2008, are disclosed in note 13.

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

	Carrying amount		Fair value	
	2009	**2008**	**2009**	**2008**
Financial assets				
Finance lease receivables	963,787	1,291,871	1,008,717	1,243,475
Financial liabilities				
Funds borrowed	916,891	1,201,082	920,860	1,173,545

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

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 (%)	
	2009	**2008**
Turkish Lira	11.19	28.00
USD	4.76	11.00
EURO	4.66	12.00
CHF	7.64	12.59

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

5. Segment information

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

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

6. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	2009	**2008**
Cash on hand	28	25
Cash at banks	333,323	243,809
Cash and cash equivalents	**333,351**	**243,834**

As of December 31, 2009 and 2008, composition of bank deposit is as follows:

	2009			
	Amount		**Effective interest rate**	
	Turkish Lira	**Foreign currency**	**Turkish Lira**	**Foreign currency**
Time deposit	192,524	139,194	7.50 – 10.50	1.50 – 3.50
Demand deposit	299	1,306	-	-
Total	**192,823**	**140,500**		

	2008			
	Amount		**Effective interest rate**	
	Turkish Lira	**Foreign currency**	**Turkish Lira**	**Foreign Currency**
Time deposit	145,896	97,294	13.50 – 23.50	0.25 – 7.25
Demand deposit	155	464	-	-
Total	**146,051**	**97,758**		

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

	2009	**2008**
Cash on hand	28	25
Cash at banks	333,323	243,809
Interest accrual on time deposits	(2,285)	(1,874)
Cash and cash equivalents as stated in the cash flow statement	**331,066**	**241,960**

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

7. Finance lease receivables

As of December 31, 2009 and 2008 details of gross investments in finance lease receivables, is as follows:

	2009	2008
Minimum lease payments receivable, gross	927,703	1,358,219
Finance lease receivables outstanding	41,942	45,539
Others (*)	6,506	5,668
Less: Unearned interest income	(104,802)	(188,845)
	871,349	1,220,581
Equipments to be leased (**)	51,238	28,381
Advances given related with finance leases	9,723	11,583
	932,310	1,260,545
Impaired finance lease receivables	91,809	51,376
Reserve for impairment	(60,332)	(20,050)
Finance lease receivables	**963,787**	**1,291,871**

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

(**) The Company purchases machinery and equipment from foreign and domestic vendors in relation to the finance lease agreements signed in the current year for projects in progress of its customers, which will be completed in the subsequent year. As of December 31, 2009 and 2008, the equipment to be leased balance includes cost of the equipment to be leased as described above together with related expenses.

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

	2009	2008
2010	-	349,029
2011	246,926	216,185
2012	134,959	110,739
2013	46,458	31,805
2014	11,308	7,023
2015	3,767	2,472
2016	2,488	2,632
2017	2,510	2,831
2018	875	1,016
Total	**449,291**	**723,732**

As of December 31, 2009 effective interest rates for USD, Euro and TRY lease receivables are 8.41%, 9.44% and 26.03%; respectively (2008 – 8.52% for USD, 9.10% for Euro and 26.26% for TRY).

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

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

7. Finance lease receivables *(continued)*

Movements in the reserve for individual impairment, for the year ending December 31, 2009 and 2008 are as follows:

	2009	2008
Reserve at the beginning of the year	20,050	12,538
Provision	37,630	19,159
Recoveries	(2,970)	(1,616)
Receivables written-off	(18)	(10,031)
Reserve at the end of year	**54,692**	**20,050**

Movements in the reserve for collective impairment for the year ending December 31, 2009 and 2008 are as follows:

	2009	2008
Reserve for collective impairment at the beginning of the year	-	-
Reserve for collective impairment	5,640	-
Reserve for collective impairment at the end of year	**5,640**	**-**
Provision / (recovery) of the reserve for individual impairment	**34,660**	**17,543**
Provision for the year	**40,300**	**17,543**

8. Available-for-sale investments

	2009	2008
Equity instruments – unlisted	61	61
	61	**61**

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

The list of equity instruments is as follows:

	2009		2008	
	Amount	**Participation-%**	**Amount**	**Participation-%**
Equity instruments - unlisted				
Finans Yatırım Menkul Değerler A.Ş.	61	Less than 1	61	Less than 1
Finans Portföy Yönetimi A.Ş.	<1	Less than 1	<1	Less than 1
	61		**61**	

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

9. Property, plant and equipment

	Furniture and Equipment	Motor Vehicles	Leasehold Improvements	Total
January 1, 2009, net of accumulated depreciation	**411**	**-**	**149**	**560**
Additions	60		11	71
Depreciation charge for the year	(169)	-	(60)	(229)
At December 31, 2009, net of accumulated depreciation	**302**	**-**	**100**	**402**
At December 31, 2008				
Cost	6,172	41	294	6,507
Accumulated depreciation	(5,761)	(41)	(145)	(5,947)
Net carrying amount, at December 31, 2008	**411**	**-**	**149**	**560**
At December 31, 2009				
Cost	6,232	41	305	6,578
Accumulated depreciation	(5,930)	(41)	(205)	(6,176)
Net carrying amount, at December 31, 2009	**302**	**-**	**100**	**402**

As of December 31, 2009, net carrying value of assets acquired through finance leases amount to TRY 92 (2008 – TRY 175) and consist of vehicles, furniture and equipments.

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

10. Intangible assets

	Software	Total
At January 1, 2009, net of accumulated amortization	**513**	**513**
Additions	161	161
Amortization charge for the year	(162)	(162)
At December 31, 2009, net of accumulated amortization	**512**	**512**
At December 31, 2008		
Cost	951	951
Accumulated amortization	(438)	(438)
Net carrying amount, at December 31, 2008	**513**	**513**
At December 31, 2009		
Cost	1,112	1,112
Accumulated amortization	(600)	(600)
Net carrying amount, at December 31, 2009	**512**	**512**

11. Other assets

	2009	2008
Value Added Tax receivables	12,207	23,408
Prepaid expenses	3,907	7,500
Advances and deposits given	71	122
Other prepaid taxes	9	26
Others	123	123
	16,317	**31,179**

12. Funds borrowed

		2009		
		Original Amount (‘000)	**TRY Equivalent**	**Interest rate (%)**
Short term			**148**	
Fixed interest				
	TRY	148	148	-
Medium / Long-term			**916,743**	
Fixed interest				
	EUR	7,885	17,033	4.95– 6.19
Floating interest				
	EUR	296,005	639,460	1.55 – 3.76
	USD	172,844	260,250	1.38 – 5.28
Total			**916,891**	

		2008		
		Original Amount (‘000)	**TRY Equivalent**	**Interest rate (%)**
Short term			**140**	
Fixed interest				
	TRY	140	140	-
Medium / Long-term			**1,200,942**	
Fixed interest				
	EUR	38,077	81,515	3.91 – 7.26
	USD	19,792	29,932	5.60 – 5.87
	TRY	93,250	93,250	20.10 – 22.00
Floating interest				
	EUR	332,886	712,642	3.52 – 7.43
	USD	187,531	283,603	1.13 – 6.95
Total			**1,201,082**	

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

12. Funds borrowed *(continued)*

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

	2009		2008	
	Fixed rate	**Floating rate**	**Fixed rate**	**Floating rate**
2009	-	-	189,294	613,971
2010	17,033	329,719	15,403	326,193
2011	-	528,053	-	31,630
2012	-	13,854	-	13,747
2013	-	17,282	-	-
2014	-	10,802	-	10,704
Total	**17,033**	**899,710**	**204,697**	**996,245**

The Company has obtained letters of guarantee amounting to TRY 703 and USD 14 (2008 – TRY 426 and USD 14) and submitted to various legal authorities.

Additionally, the shareholder bank has given letter of comfort for the funds borrowed amounting to EUR 21,488 Thousand and USD 2,714 Thousand (2008 – EUR 32,506 Thousand and USD 3,618 Thousand) and letters of guarantee amounting to TRY 74 (2008 – TRY 85) to customs authorities and courts.

13. Derivative financial instruments

The fair value of derivative financial instruments is calculated by using forward exchange rates at the balance sheet date for forward transactions and by using Euribor rates for interest rate swap transactions. 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.

The breakdown of derivative financial instruments as of December 31, 2009 and 2008 is as follows:

2009	**Fair value assets**	**Fair value liabilities**	**Notional amount in TRY equivalent**
Derivatives held for trading			
Interest rate swap purchase contracts	314	(1,302)	5,765
Total	**314**	**(1,302)**	**5,765**

2008	**Fair value assets**	**Fair value liabilities**	**Notional amount in TRY equivalent**
Derivatives held for trading			
Forward purchase contracts	49	-	2,300
Interest rate swap purchase contracts	-	(1,022)	5,403
Total	**49**	**(1,022)**	**7,703**

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

14. Other liabilities and provisions

	2009	**2008**
Bonus accrual	2,837	2,500
Unused vacation pay accrual	766	572
Taxes and social security premiums payable	413	340
Others	187	202
Total	**4,203**	**3,614**

15. Reserve for employee termination benefits

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay, maximum of TRY 2,427.04 in full currency at January 1, 2010 (January 1, 2009 – TRY 2,260.05 in full currency) per year of employment at the rate of pay applicable at the date of retirement or termination. The principal assumption used in the calculation of the total liability is that the maximum liability for each year of service will increase in line with inflation semi-annually.

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

As of December 31, 2009 and 2008 retirement pay liability of the Company is accounted based on the actuarial calculations performed by an independent actuary. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The reserve has been calculated by estimating the present value of future probable obligation of the Company arising from the retirement of the employees. Accordingly, the following actuarial assumptions were used in the calculation of the following liability by the independent actuary:

	2009	**2008**
Inflation rate	4.80%	5.50%
Discount rate	11%	12%
Average future working life	14.40	13.57

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

	2009	**2008**
Balance at the beginning of the year	412	377
Payments during the year	(20)	(40)
Service cost	64	56
Interest cost	47	26
Amortisation of unrecognised net loss	-	(7)
Balance at the end of the year	**503**	**412**

16. Income taxes

Corporate Tax

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

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

The effective rate of tax in 2009 is 20% (2008 – 20%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2009 is 20% (2008 – 20%).

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

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

Income withholding tax

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

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

Upon the resolution made by the Constitutional Court on 15 October 2009, the legal arrangement made in 2006 which proposes to eliminate the vested rights, was revoked on the basis of being contradictory to the constitution. The related resolution was published in the Official Gazette on 8 January, 2010. Accordingly, time restriction on the usage of the investment incentives as tax deductible item was revoked as of the reporting date.

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

16. Income taxes *(continued)*

Income withholding tax *(continued)*

The effective tax rate of the Company as of December 31, 2009 is 20% (2008 – 30%).

	2009	**2008**
Tax Provision		
Current corporate tax provision	(13,346)	-
Less: advance taxes and surcharges	10,144	-
	(3,202)	**-**
Tax income comprises:		
Current tax charge	(13,346)	-
Deferred tax benefit	27,029	-
	13,683	**-**

Deferred Tax

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

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

No deferred tax asset provided on the unused investment incentive amount as of December 31, 2008, since the carry forward of investment incentives after year 2008 was restricted.

In accordance with the Constitutional Court's resolution published in the Official Gazette on 8 January, 2010, time restriction on the deduction of investment incentives from taxable income was revoked. Accordingly, unused investment incentive amount of the Company will be used as a tax deductible item in the tax computation without any time restriction, with the publishment of the resolution of the Constitutional Court. Therefore, deferred tax asset is computed on unused investment allowances at 20% effective tax rate as of December 31, 2009.

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

16. Income taxes *(continued)*

Deferred Tax *(continued)*

The breakdown of deductible and taxable temporary differences as of December 31, 2009 is as follows:

	2009	**2008**
Deductible temporary differences		
Tax credits of unused investment incentive allowances	24,994	-
Reserve for possible lease receivable losses	5,068	4,010
Bonus accrual	567	500
Expense accruals on derivative transactions	260	204
Unused vacation pay liability	153	115
Employee termination benefit	101	82
	31,143	**4,911**
Taxable temporary differences		
Leasing income accruals	(3,430)	(3,711)
Accrued interest income on overdue receivables	(550)	(568)
Income accruals on derivative transactions	(63)	(10)
Restatement effect on property, plant and equipment and intangible assets	(55)	(49)
Expense accruals on funds borrowed	(16)	(445)
Accounting of finance leases	-	(128)
	(4,114)	**(4,911)**
Net deferred tax assets	**27,029**	**-**

A reconciliation of income tax applicable to profit from operating activities before income tax at the statutory income tax rate to income tax at the Company's effective income tax rate for the years ended December 31, 2009 and 2008 is as follows:

	2009	**2008**
Profit from operations before tax	26,586	51,545
Tax at the income tax rate of 20% (2008 – 30%)	(5,317)	(15,464)
Tax effects of:		
- Deferred tax on unused investment incentive	24,994	-
- Revenue that is exempt from taxation	10,452	9,262
- Expenses that are not deductible in determining taxable profit	(18,076)	(14,867)
- Investment incentives used	-	19,674
- Other	1,630	1,395
Income tax	**13,683**	**-**

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

17. Share capital

	2009	2008
Number of common shares (authorized, issued and outstanding) 0.01 TRY par value	11,500,000,000	10,500,000,000

The Company increased its share capital by distributing bonus shares amounting to TRY 10,000 in accordance with the resolution of General Assembly held at March 31, 2009. The capital increase is registered on July 2, 2009.

The movement of the share capital (in numbers and in historical TRY) of the Company during 2009 and 2008 is as follows:

	2009		2008	
	Number	**TRY**	**Number**	**TRY**
At January 1	10,500,000,000	105,000	7,500,000,000	75,000
Shares issued in:				
- transfer from statutory retained earnings	1,000,000,000	10,000	2,589,300,000	25,893
- transfer from inflation adjustment to share capital	-	-	410,700,000	4,107
At December 31	**11,500,000,000**	**115,000**	**10,500,000,000**	**105,000**

As of December 31, 2009 and 2008, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	2009		2008	
	Amount	**%**	**Amount**	**%**
Finansbank A.Ş.	58,715	51.06	53,609	51.06
Finans Yatırım Menkul Değerler A.Ş.	9,444	8.21	8,623	8.21
Publicly traded	46,841	40.73	42,768	40.73
Total in historical TRY	**115,000**	**100.00**	**105,000**	**100.00**
Restatement effect	44,353		44,353	
Total	**159,353**		**149,353**	

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

18. Legal reserves and retained earnings

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

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

Dividends

Public companies pay dividends according to the Capital Markets Board Standards as explained below:

In accordance with the Capital Markets Board's (the "Board") Decree issued as of 27 January 2010, in relation to the profit distribution of earnings derived from the operations in 2009, minimum profit distribution is not required for listed companies (31 December 2008: 20%), and accordingly, profit distribution should be made based on the requirements set out in the Board's Communiqué Serial:IV, No: 27 "Principles of Dividend Advance Distribution of Companies That Are Subject To The Capital Markets Board Regulations", terms of articles of corporations and profit distribution policies publicly disclosed by the companies.

19. Earnings per share

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

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation, such Bonus Share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly, the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through December 31, 2009.

According to the General Assembly held on March 31, 2009, the Company has increased its share capital by distributing bonus shares amounting to TRY 10,000.

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

	2009	2008
Net profit attributable to ordinary equity holders of the parent for basic earnings per share	40,269	51,545
Weighted average number of ordinary shares for basic earnings per share (0,01 TRY par value)	11,500,000,000	11,500,000,000
Basic earnings per 1 TRY share	0.350	0.448

Capital increase is financed through internal sources and prior year earnings per share figure is revised by using the number of shares subsequent to the capital increase.

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

20. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making the operating decisions. The Company is controlled by Finansbank A.Ş., which owns 51.06% (2008 – 51.06%) 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.

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

	2009	2008
Balances outstanding		
Cash and cash equivalents	259,664	2,173
Finance lease receivables	4,957	23,528
Funds borrowed	-	1,138
Advances from customers	17	26
Fair value gain on derivative transactions	-	49
Transactions		
Income from finance leases	1,320	2,159
Interest income on bank deposits	5,983	162
Interest expense	174	162
Commissions paid	72	325
Rent expense	106	90
Gain on derivative transactions	-	52
Loss on derivative transactions	68	-

Additionally, the shareholder bank has given letter of comfort for the funds borrowed amounting to EUR 21,488 Thousand and USD 2,714 Thousand (2008 – EUR 32,506 Thousand and USD 3,618 Thousand) and letters of guarantee amounting to TRY 74 (2008 – TRY 85) to customs authorities and courts.

(b) Balances outstanding and other transactions with NBG:

	2009	2008
Balances outstanding		
Funds borrowed	782,687	691,721

	2009	2008
Transactions		
Interest expense	28,392	25,933

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

20. Related party transactions *(continued)*

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

	2009	2008
Balances Outstanding		
Cash and cash equivalents	53,124	241,291
Finance lease receivables	646	1,318
Advances from customers	3	3
Trade payables and other liabilities	2,273	2,400
Fair value gain on derivative transactions	314	-
Fair value loss on derivative transactions	1,302	1,022
Transactions		
Income from finance leases	98	194
Interest income on bank deposits	11,608	9,011
Rent expense	659	347
Insurance agency commission income	1,268	1,779
Loss on derivative transactions	269	1,022

(d) In 2009, compensation of the key management personnel of the Company amounted to TRY 1,946 (2008 – TRY 2,107).

21. Finance (expenses) / income

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

	2009	2008
Finance income		
Foreign exchange gains	300,834	560,772
Interest income on bank deposits and reverse repo agreements	23,013	15,124
Income on derivative transactions	416	59
	324,263	**575,955**
Finance expenses		
Foreign exchange losses	(300,292)	(557,070)
Interest expenses on funds borrowed	(49,101)	(70,626)
Expenses on derivative transactions	(651)	(1,029)
	(350,044)	**(628,725)**
Net finance expenses	**(25,781)**	**(52,770)**

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

22. General & administrative expenses and Salaries & employee benefits

	2009	**2008**
Expenses originating from leasing transactions	5,002	7,012
Rent expenses	1,548	1,111
Audit and consultancy fees	607	543
Travel expenses	452	553
Taxes and duties other than on income	300	428
Communication expenses	352	443
Other administrative expenses	2,304	1,232
Total general and administrative expenses	**10,565**	**11,322**

	2009	**2008**
Staff costs		
Wages and salaries	8,116	7,622
Bonuses	2,500	2,547
Provision for unused vacation pay liability	209	172
Provision for employee termination benefits	111	75
Other fringe benefits	888	826
	11,824	**11,242**
Defined contribution share		
Social security premiums – employer share	930	1,064
	930	**1,064**
Total salaries and employee benefits	**12,754**	**12,306**

23. Other operating income / (expenses)

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

	2009	**2008**
Income from sale of tangible assets and assets acquired through foreclosure proceedings	4,311	3,596
Insurance commission income	1,268	1,787
Unpaid bonus reversal related to 2008 performance	1,144	-
Miscellaneous income	1,010	845
Total other operating income	**7,733**	**6,228**
Miscellaneous expenses (*)	(3,299)	(3,290)
Total other operating expenses	**(3,299)**	**(3,290)**
Total other operating income (net)	**4,434**	**2,938**

(*) Miscellaneous expenses are comprised of write offs and loss on sales to third parties.

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

24. Financial risk management

Capital risk management

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

As of December 31, 2009 and 2008, the leverage ratios are as follows:

	2009	**2008**
Total borrowings	980,436	1,251,161
Less: Cash and cash equivalents	(333,351)	(243,834)
Net liabilities	647,085	1,007,327
Total shareholders’ equity	352,127	311,858
Shareholders’ equity / liabilities	54.42%	30.96%

According to the credit opinion of the Company issued by Moody’s Investors Service, as of September 7, 2009, the foreign currency issuer rating of the Company is Ba1 and the outlook is stable.

Financial instruments:

	2009	**2008**
Financial assets		
- Cash equivalents	333,351	243,834
- Finance lease receivables	963,787	1,291,871
- Available for sale investments	61	61
- Derivatives	314	49
Financial liabilities		
- Funds borrowed	916,891	1,201,082
- Trade payables	53,847	41,390
- Advances from customers	9,698	8,689
- Derivatives	1,302	1,022

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

24. Financial risk management *(continued)*

Credit Risk

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

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

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

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

	2009	**2008**
Building and Construction	15.4%	16.4%
Textile	14.7%	14.2%
Manufacturing	12.9%	12.3%
Health and Social Activities	11.3%	11.1%
Agriculture, Hunting and Forestry	9.9%	11.5%
Transportation, Storage and Comm.	6.7%	6.4%
Metal	6.5%	5.3%
Mining and Quarrying	6.2%	6.0%
Food	4.4%	3.4%
Printing	4.1%	3.7%
Services	3.1%	3.6%
Wood and Wood product	1.3%	1.1%
Chemical	1.2%	1.2%
Financial Institutions	0.9%	2.2%
Other	1.4%	1.6%
Total	**100.0%**	**100.0%**

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

24. Financial risk management *(continued)*

Credit Risk *(continued)*

The breakdown of finance lease receivables is as follows:

	2009	**2008**
Neither past due nor impaired	777,898	947,110
Past due but not impaired	154,412	313,435
Individually impaired	91,809	51,376
Reserve for impairment	(60,332)	(20,050)
Total	**963,787**	**1,291,871**

As of December 31, 2009 and 2008 internal rating results for the neither past due nor impaired finance lease receivables are as follows:

	2009	**2008**
Debtor has a strong financial structure	3.9%	3.9%
Debtor has a good financial structure	26.5%	37.2%
Debtor has a medium financial structure	59.6%	53.2%
Debtor has a financial structure which needs attention in medium term	10.0%	5.7%
Total	**100.0%**	**100.0%**

As of December 31, 2009 and 2008 aging of past due but not impaired finance lease receivables is as follows:

2009	**Invoiced and Accrued Amounts**	**Outstanding Principal**
Between 1-30 days	7,345	46,885
Between 1-3 months	10,707	35,503
Between 3-12 months	11,539	22,520
Between 1-5 years	15,643	4,270
Total	**45,234**	**109,178**

2008	**Invoiced and Accrued Amounts**	**Outstanding Principal**
Between 1-30 days	11,666	135,274
Between 1-3 months	15,871	93,266
Between 3-12 months	14,280	31,911
Between 1-5 years	7,865	3,302
Total	**49,682**	**263,753**

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

24. Financial risk management *(continued)*

Credit Risk *(continued)*

As of December 31, 2009 and 2008 the guarantees received for the finance lease receivables are as follows:

	2009		**2008**	
	Nominal Value (*)	**Fair Value (*)**	**Nominal Value (*)**	**Fair Value (*)**
Mortgages	762,272	297,379	679,312	263,033
Assignment of receivables	37,613	37,613	34,522	34,522
Pledges	13,499	9,386	13,159	12,065
Cash blockages	3,195	3,195	4,539	4,539
Transferral of cheques received	650	650	880	880
Letters of guarantee	174	174	214	214
	817,403	**348,397**	**732,626**	**315,253**

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

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

24. Financial risk management *(continued)*

Liquidity Risk

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

				2009			
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Unallocated**	**Total**
Cash and cash equivalents	302,537	30,814	-	-	-	-	333,351
Finance lease receivables (*)	50,001	64,220	94,679	176,161	449,291	129,435	963,787
Available for sale investments	-	-	-	-	-	61	61
Derivative financial instruments	(25)	(37)	(36)	(53)	465	-	314
Property, plant and equipment	-	-	-	-	-	402	402
Intangible assets	-	-	-	-	-	512	512
Other assets	2,725	5,042	6,041	817	1,569	123	16,317
Deferred tax assets	-	-	-	-	-	27,029	27,029
Total assets	**355,238**	**100,039**	**100,684**	**176,925**	**451,325**	**157,562**	**1,341,773**
LIABILITIES							
Funds borrowed	63,469	52,927	104,324	126,180	569,991	-	916,891
Trade payables (**)	8,411	-	-	-	-	45,436	53,847
Advances from customers	9,698	-	-	-	-	-	9,698
Current income tax	-	3,202	-	-	-	-	3,202
Derivative financial instruments	421	-	-	359	522	-	1,302
Other liabilities and provisions	477	-	2,837	766	-	123	4,203
Reserve for employee termination benefits	-	-	-	-	503	-	503
Equity	-	-	-	-	-	352,127	352,127
Total liabilities	**82,476**	**56,129**	**107,161**	**127,305**	**571,016**	**397,686**	**1,341,773**
Net liquidity gap	**272,762**	**43,910**	**(6,477)**	**49,620**	**(119,691)**	**(240,124)**	**-**

(*) The unallocated portion of finance lease receivables, consists of equipment to be leased, advances given related with finance leases (whose payment plans are not finalized yet) and invoiced overdue leasing receivables.

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

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

24. Financial risk management *(continued)*

Liquidity Risk *(continued)*

	2008						
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Unallocated**	**Total**
Cash and cash equivalents	243,834	-	-	-	-	-	243,834
Finance lease receivables (*)	58,699	76,898	111,522	222,371	723,732	98,649	1,291,871
Available for sale investments	-	-	-	-	-	61	61
Derivative financial instruments	-	-	49	-	-	-	49
Property, plant and equipment	-	-	-	-	-	560	560
Intangible assets	-	-	-	-	-	513	513
Other assets	2,646	4,757	7,055	13,581	3,017	123	31,179
Total assets	**305,179**	**81,655**	**118,626**	**235,952**	**726,749**	**99,906**	**1,568,067**
LIABILITIES							
Funds borrowed	48,138	110,994	244,599	399,674	397,677	-	1,201,082
Trade payables (**)	7,291	531	1,994	5,320	-	26,254	41,390
Advances from customers	8,689	-	-	-	-	-	8,689
Derivative financial instruments	1	-	-	261	760	-	1,022
Other liabilities and provisions	412	-	2,500	572	-	130	3,614
Reserve for employee termination benefits	-	-	-	-	412	-	412
Equity	-	-	-	-	-	311,858	311,858
Total liabilities	**64,531**	**111,525**	**249,093**	**405,827**	**398,849**	**338,242**	**1,568,067**
Net liquidity gap	**240,648**	**(29,870)**	**(130,467)**	**(169,875)**	**327,900**	**(238,336)**	**-**

(*) The unallocated portion of finance lease receivables, consists of equipment to be leased, advances given related with finance leases (whose payment plans are not finalized yet) and invoiced overdue leasing receivables.
(**) The unallocated portion of trade payables consists of letters of credit accruals whose payment terms are not finalized yet.

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

24. Financial risk management *(continued)*

Liquidity Risk *(continued)*

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

				2009				
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Unallocated**	**Adjustments**	**Total**
Cash and cash equivalents	302,966	31,019	-	-	-	-	(634)	333,351
Finance lease receivables (*)	42,229	79,071	113,951	208,422	502,798	129,759	(112,443)	963,787
Available for sale investments	-	-	-	-	-	61	-	61
Derivative financial instruments	(25)	(37)	(36)	(53)	465	-	-	314
Property, plant and equipment	-	-	-	-	-	402	-	402
Intangible assets	-	-	-	-	-	512	-	512
Other assets	2,725	5,042	6,041	817	1,569	123	-	16,317
Deferred tax assets	-	-	-	-	-	27,029	-	27,029
Total assets	**347,895**	**115,095**	**119,956**	**209,186**	**504,832**	**157,886**	**(113,077)**	**1,341,773**
LIABILITIES								
Funds borrowed	62,354	57,403	109,489	134,996	580,343	-	(27,694)	916,891
Trade payables (**)	8,411	-	-	-	-	45,436	-	53,847
Advances from customers	9,698	-	-	-	-	-	-	9,698
Current income tax	-	3,202	-	-	-	-	-	3,202
Derivative financial instruments	421	-	-	359	522	-	-	1,302
Other liabilities and provisions	477	-	2,837	766	-	123	-	4,203
Reserve for employee termination benefits	-	-	-	-	503	-	-	503
Equity	-	-	-	-	-	352,127	-	352,127
Total liabilities	**81,361**	**60,605**	**112,326**	**136,121**	**581,368**	**397,686**	**(27,694)**	**1,341,773**
Net liquidity gap	**266,534**	**54,490**	**7,630**	**73,065**	**(76,536)**	**(239,800)**	**(85,383)**	**-**

(*) The unallocated portion of finance lease receivables, consists of equipment to be leased, advances given related with finance leases (whose payment plans are not finalized yet) and invoiced overdue leasing receivables.
(**) The unallocated portion of trade payables consists of letters of credit accruals whose payment terms are not finalized yet

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

24. Financial risk management *(continued)*

Liquidity Risk *(continued)*

				2008				
ASSETS	**Up to 1 month**	**1 to 3 months**	**3 to 6 months**	**6 to 12 months**	**Over 1 year**	**Unallocated**	**Adjustments**	**Total**
Cash and cash equivalents	245,629	-	-	-	-	-	(1,795)	243,834
Finance lease receivables (*)	51,961	96,568	138,370	270,897	831,097	98,973	(195,995)	1,291,871
Available for sale investments	-	-	-	-	-	61	-	61
Derivative financial instruments	-	-	49	-	-	-	-	49
Property, plant and equipment	-	-	-	-	-	560	-	560
Intangible assets	-	-	-	-	-	513	-	513
Other assets	2,646	4,757	7,055	13,581	3,017	123	-	31,179
Total assets	**300,236**	**101,325**	**145,474**	**284,478**	**834,114**	**100,230**	**(197,790)**	**1,568,067**
LIABILITIES								
Funds borrowed	13,728	128,738	277,453	426,778	422,701	-	(68,316)	1,201,082
Trade payables (**)	7,291	531	1,994	5,320	-	26,254	-	41,390
Advances from customers	8,689	-	-	-	-	-	-	8,689
Derivative financial instruments	1	-	-	261	760	-	-	1,022
Other liabilities and provisions	412	-	2,500	572	-	130	-	3,614
Reserve for employee termination benefits	-	-	-	-	412	-	-	412
Equity	-	-	-	-	-	311,858	-	311,858
Total liabilities	**30,121**	**129,269**	**281,947**	**432,931**	**423,873**	**338,242**	**(68,316)**	**1,568,067**
Net liquidity gap	**270,115**	**(27,944)**	**(136,473)**	**(148,453)**	**410,241**	**(238,012)**	**(129,474)**	**-**

(*) The unallocated portion of finance lease receivables, consists of equipment to be leased, advances given related with finance leases (whose payment plans are not finalized yet) and invoiced overdue leasing receivables.
(**) The unallocated portion of trade payables consists of letters of credit accruals whose payment terms are not finalized yet

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

24. 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 assets, liabilities and off balance sheet items:

	2009						
ASSETS	**TRY**	**USD**	**Euro**	**CHF**	**Japanese Yen**	**Others**	**Total**
Cash and cash equivalents	192,823	24,006	116,156	262	100	4	333,351
Finance lease receivables	146,448	246,500	563,447	7,272	120	-	963,787
Available for sale investments	61	-	-	-	-	-	61
Derivative financial instruments	-	-	314	-	-	-	314
Property, plant and equipment	402	-	-	-	-	-	402
Intangible assets	512	-	-	-	-	-	512
Other assets	15,976	21	320	-	-	-	16,317
Deferred tax assets	27,029	-	-	-	-	-	27,029
Total assets	**383,251**	**270,527**	**680,237**	**7,534**	**220**	**4**	**1,341,773**
LIABILITIES							
Funds borrowed	148	260,250	656,493	-	-	-	916,891
Trade payables	3,912	4,555	39,924	5,456	-	-	53,847
Advances from customers	3,754	924	5,020	-	-	-	9,698
Current income tax	3,202	-	-	-	-	-	3,202
Derivative financial instruments	-	-	1,302	-	-	-	1,302
Other liabilities and provisions	4,203	-	-	-	-	-	4,203
Reserve for employee termination benefits	503	-	-	-	-	-	503
Equity	352,127	-	-	-	-	-	352,127
Total liabilities	**367,849**	**265,729**	**702,739**	**5,456**	**-**	**-**	**1,341,773**
Net balance sheet position	**15,402**	**4,798**	**(22,502)**	**2,078**	**220**	**4**	**-**
Net off balance sheet position	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net position	**15,402**	**4,798**	**(22,502)**	**2,078**	**220**	**4**	**-**

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

24. Financial risk management *(continued)*

Currency Risk *(continued)*

	2008						
ASSETS	**TRY**	**USD**	**Euro**	**CHF**	**Japanese Yen**	**Others**	**Total**
Cash and cash equivalents	146,051	14,582	83,092	79	28	2	243,834
Finance lease receivables	240,661	311,166	727,596	12,171	277	-	1,291,871
Available for sale investments	61	-	-	-	-	-	61
Derivative financial instruments	-	-	49	-	-	-	49
Property, plant and equipment	560	-	-	-	-	-	560
Intangible assets	513	-	-	-	-	-	513
Other assets	30,895	22	261	-	-	1	31,179
Total assets	**418,741**	**325,770**	**810,998**	**12,250**	**305**	**3**	**1,568,067**
LIABILITIES							
Funds borrowed	93,390	313,535	794,157	-	-	-	1,201,082
Trade payables	1,462	3,446	23,979	8,366	4,137	-	41,390
Advances from customers	3,038	943	4,708	-	-	-	8,689
Derivative financial instruments	-	-	1,022	-	-	-	1,022
Other liabilities and provisions	3,614	-	-	-	-	-	3,614
Reserve for employee termination benefits	412	-	-	-	-	-	412
Equity	311,858	-	-	-	-	-	311,858
Total liabilities	**413,774**	**317,924**	**823,866**	**8,366**	**4,137**	**-**	**1,568,067**
Net balance sheet position	**4,967**	**7,846**	**(12,868)**	**3,884**	**(3,832)**	**3**	**-**
Net off balance sheet position	**(1,149)**	**-**	**1,151**	**-**	**-**	**-**	**2**
Net position	**3,818**	**7,846**	**(11,717)**	**3,884**	**(3,832)**	**3**	**2**

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

24. 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 asset /liability committee manages this risk which occurs from the position of the company and from the volatility of the interest rates. The company realizes derivative transactions in order to limit the risk. The table below summarizes the Company's exposure to interest rate risk on the basis of the remaining period at the balance sheet date to the re-pricing or contractual dates whichever is earlier.

				2009			
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	302,537	30,814	-	-	-	-	333,351
Finance lease receivables	162,842	69,907	100,682	168,647	398,214	63,495	963,787
Available for sale investments	-	-	-	-	-	61	61
Derivative financial instruments	314	-	-	-	-	-	314
Property, plant and equipment	-	-	-	-	-	402	402
Intangible assets	-	-	-	-	-	512	512
Other assets	-	-	-	-	-	16,317	16,317
Deferred tax assets	-	-	-	-	-	27,029	27,029
Total assets	**465,693**	**100,721**	**100,682**	**168,647**	**398,214**	**107,816**	**1,341,773**
LIABILITIES							
Funds borrowed	816,170	72,181	13,270	15,122	-	148	916,891
Trade payables	-	-	-	-	-	53,847	53,847
Advances from customers	-	-	-	-	-	9,698	9,698
Current income tax	-	-	-	-	-	3,202	3,202
Derivative financial instruments	1,302	-	-	-	-	-	1,302
Other liabilities and provisions	-	-	-	-	-	4,203	4,203
Reserve for employee termination benefits	-	-	-	-	-	503	503
Equity	-	-	-	-	-	352,127	352,127
Total liabilities	**817,472**	**72,181**	**13,270**	**15,122**	**-**	**423,728**	**1,341,773**
Interest sensitivity gap	**(351,779)**	**28,540**	**87,412**	**153,525**	**398,214**	**(315,912)**	**-**
Off balance sheet gap	**(971)**	**-**	**-**	**-**	**-**	**-**	**(971)**
Total interest sensitivity gap	**(352,750)**	**28,540**	**87,412**	**153,525**	**398,214**	**(315,912)**	**(971)**

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

24. Financial risk management *(continued)*

Interest Rate Risk *(continued)*

	2008						
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	243,834	-	-	-	-	-	243,834
Finance lease receivables	160,136	76,451	111,051	227,180	675,912	41,141	1,291,871
Available for sale investments	-	-	-	-	-	61	61
Derivative financial instruments	-	-	49	-	-	-	49
Property, plant and equipment	-	-	-	-	-	560	560
Intangible assets	-	-	-	-	-	513	513
Other assets	-	-	-	-	-	31,179	31,179
Total assets	**403,970**	**76,451**	**111,100**	**227,180**	**675,912**	**73,454**	**1,568,067**
LIABILITIES							
Funds borrowed	352,410	250,981	186,404	395,744	15,403	140	1,201,082
Trade payables	-	-	-	-	-	41,390	41,390
Advances from customers	-	-	-	-	-	8,689	8,689
Derivative financial instruments	1,022	-	-	-	-	-	1,022
Other liabilities and provisions	-	-	-	-	-	3,614	3,614
Reserve for employee termination benefits	-	-	-	-	-	412	412
Equity	-	-	-	-	-	311,858	311,858
Total liabilities	**353,432**	**250,981**	**186,404**	**395,744**	**15,403**	**366,103**	**1,568,067**
Interest sensitivity gap	**50.538**	**(174,530)**	**(75,304)**	**(168,564)**	**660,509**	**(292,649)**	**-**
Off balance sheet gap	**(1,071)**	**-**	**-**	**-**	**-**	**-**	**(1,071)**
Total interest sensitivity gap	**49,467**	**(174,530)**	**(75,304)**	**(168,564)**	**660,509**	**(292,649)**	**(1,071)**

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

24. Financial risk management *(continued)*

Interest Rate Sensitivity

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

	2009	2008
Financial instruments with fixed interest rate		
Financial assets		
- Banks	333,323	243,809
- Finance lease receivables (*)	839,195	1,182,026
Financial liabilities		
- Funds borrowed	17,181	204,837
Financial instruments with floating interest rate		
Financial assets		
- Finance lease receivables (*)	69,272	69,881
Financial liabilities		
- Funds borrowed	899,710	996,245

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

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

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

- Interest income from floating interest rate finance lease contracts would increase by TRY 672 (2008 – TRY 679).
- Interest expense from floating interest rate borrowings would increase by TRY 8,979 (2008 – TRY 9,834).

Foreign Currency Sensitivity

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

	USD Effect		EURO Effect	
	2009	**2008**	**2009**	**2008**
Profit / (Loss)	480	785	(2,250)	(1,172)

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

24. Financial risk management *(continued)*

Fair value of financial instruments

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

2009	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative financial instruments	-	314	-	314
Available for sale investments	-	61	-	61
	-	375	-	375
Financial liabilities at FVTPL				
Derivative financial instruments	-	1,302	-	1,302
	-	1,302	-	1,302

2008	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative financial instruments	-	49	-	49
Available for sale investments	-	61	-	61
	-	110	-	110
Financial liabilities at FVTPL				
Derivative financial instruments	-	1,022	-	1,022
	-	1,022	-	1,022

There are no transfers between the levels during the year.

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

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

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

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

25. Subsequent Events

According to the General Assembly held on March 31, 2010, the Company has resolved to retain the profit of the year 2009 as retained earnings after appropriating legal reserve.