

ANNUAL REPORT 2011



**CONVENIENCE TRANSLATION OF  
THE REPORT ON COMPLIANCE OF ANNUAL REPORT  
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

**Compliance Opinion**

To the General Assembly of Finansbank A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual report of Finansbank A.Ş. with the audit report issued as of December 31, 2011. The annual report is the responsibility of the Bank's management. Our responsibility, as independent auditors, is to express an opinion on the audited annual report based on the compliance of financial information provided in the annual report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual report presents fairly, in all material respects, the financial position of Finansbank A.Ş. as of December 31, 2011 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual report is in compliance with the audited financial statements and explanatory notes, and also includes the summary Management report and our audit opinion on these financial statements.

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.**  
**Member of DELOITTE TOUCHE TOHMATSU LIMITED**



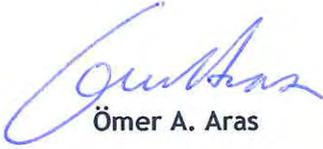
Hasan Kılıç  
Partner

İstanbul, March 13, 2012

FINANSBANK A.Ş.

REPRESENTATION LETTER FOR THE 2011 ANNUAL REPORT

Finansbank's Annual Report is prepared in accordance with the principles and regulations stated in the "Regulation on the Preparation and Publication of Annual Report for Banks" which appeared in Official Gazette on November 1, 2006 numbered 26333.



Ömer A. Aras

Chairman of the  
Board



Mustafa A. Aysan

Board Member and  
Head of Audit  
Committee



Paul Mylonas

Board Member and  
Audit Committee  
Member



Michail Oratis

Board Member and  
Audit Committee  
Member



Temel Güzeloğlu

Board Member and  
General Manager



Adnan Menderes Yayla

Executive Vice President

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# FINANSBANK IS 24 YEARS OLD...

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During our short but busy years in business, we have worked very hard, made excellent use of our circumstances and turned them into opportunities. As we instigated the success of our customers, and made them shine, our achievements endured. We have placed infinite value in all our stakeholders, and acted accordingly.

Our past accomplishments provided us with a guide for our future achievements. We explored our values and internalized them. We took care to make sure that each of our values contributes to our business processes. We discussed what we can do for the benefit of our customers, colleagues and all other stakeholders; we launched new projects. We continuously trained and improved ourselves to provide a better level of service to our environment and customers. We devised a brand new conception of banking that centers on:

- Listening to customers and identifying their needs,
- Offering the products and services that best suit these needs,
- Building lifelong partnerships standing by customers and
- Stakeholders in less good days just as in good days.

We have identified our work objectives and principles in the context of the same conception:

Our vision entails being the architect of every individual and commercial financial plan that will lead Turkey to success.

Our mission is to seal a lifelong partnership to comprehend the needs of all those who deal with Finansbank, anchored in the right solutions and eliciting satisfaction, aiming to succeed without fail.

That is the conception by which we operate.

We, at Finansbank Believe in the Possibility of becoming “the most preferred bank in Turkey”

# THE ACHIEVEMENTS OF 2011

The campaign "Card Finans- Even Your Father Wouldn't" received the Silver Effie Award in the category of card payment systems and the Crystal Apple Award in the category for television in the Crystal Apple competition.

Again in the Crystal Apple competition, the application, "El Öpenlerin Şok Olsun" ("Shock Your Hand Kissers"- you won't have to kiss anyone's hand for money if you visit Finansbank") prepared for the Facebook page of Finansbank received second prize in the social media category.

Finansbank had Red Awards for the best insurance and in other financial services categories.

In the Visa 2010 Achievement Awards, Finansbank was recognized as the "Bank that Achieved the Highest Growth in the Trade Volume of Visa Credit Cards" and "the Bank that Achieved the Highest Growth in the Trade Volume of Visa Electron Debit Cards".

Fix Card was accorded the highest honor, the Stevie Award, in two categories at the International Business Awards. Recognized in the "Product-oriented Marketing Campaign" and "Financial Services Advertising Campaign" categories, Fix Card made its mark on the international platform. The success of Fix Card was also deemed worthy of a place among the "notable projects" category on the Stevie Awards website.

The website of FinClub, Finansbank's private employee social club, education portal Finarmoni and the video animation "Carrying Finansbank to the Future" won special jury prizes at the International Business Awards. Fix Card was awarded in the best product category of the Best Business Awards, one of the premier award programs of the UK.

In a competition run by the ASTD (American Society for Training & Development), the authority for training and development professionals, Finansbank's development program received the "ASTD Excellence in Practice Citation" award.

Finansbank's Call Center became first in the 6th Istanbul Call Center Awards by IMI Conferences. Finansbank was one of the top 3 most popular banks named among the Most Popular Companies survey of Capital Magazine.

Finansbank was the 3rd most popular bank in a poll by Realta with 14,215 student participants.

In the "Social Security Week" organized by the Turkish Social Security Administration, Finansbank was given awards in three categories. It was second in the category of "companies employing the highest number of female workers", fourth in the category of "employers paying the highest premiums/commissions" and also fourth in the category of "employers with the highest number of disabled insured employees".

Finansbank was recognized as the fourth company to generate employment in the service sector of Erzurum, as recognized by the city's Taxation Office Authority.

In the Western Union "You Club Winners of 2011" program that selects the most successful Western Union agents in the world, Finansbank's Laleli Branch emerged with the 5th best score in the Europe&CIS region among 1,027 branches of 107 agents from around the world.

# FINANSBANK RATINGS

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## MOODY'S INVESTOR SERVICE

Long-term Foreign Currency Deposit	Ba3
Long-term Local Currency Deposit	Baa2
Short-term Foreign Currency Deposit	Prime-2
Bank Financial Strength Rating	C -

## FITCH RATINGS

Long-term Foreign Currency	BBB -
Long-term Local Currency	BBB -
Short-term Foreign Currency	F3
Short-term Local Currency	F3
Long-term National Rating	AAA (tur)
Support	3
Individual Rating	bbb-

## CAPITAL INTELLIGENCE

Long-term Foreign Currency	BB
Short-term Foreign Currency	B
Financial Strength	BBB+
Support	3



# CHAIRMAN'S STATEMENT

# Our financial success is a direct outcome of the trust, confidence and loyalty of our customers in Finansbank.

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Dear Shareholders,

After completing an active year, we see that the Euro Zone debt issue continues to have a firm bearing on the agenda of the global economy. In addition to initiatives by the EU and the IMF, the liquidity injected into the market by the long term repo operations of the European Central Bank allayed concerns to an extent. In the USA, the prolonged FED pledge to keep interest rates low until the end of 2014 and the reinforcement of the much anticipated 3rd round of quantitative easing curtailed commodity prices. Gold prices hit a high of \$ 1.920 while the political tension that simmered in the Middle East due to the Arab Spring thrust oil prices above the \$ 120 per barrel level. In the upcoming period, markets will be watching closely the developments in the USA and the Euro zone economies, as well as the course of commodity prices with particular emphasis on energy prices.

A view of the Turkish economy quite clearly shows that in 2011, it de-coupled from a number of other economies registering a growth of over 8 %. Parallel to this rapid-paced growth, the foreign trade deficit expanded rapidly, and the current accounts deficit of 2011 rose significantly to \$ 77 billion (or 10 % of GDP). Alongside strong domestic demand, the rise in energy spending was the main reason for the gaping current accounts deficit. In an effort to thwart the surge of credit growth and to contain domestic demand in the name of financial stability, the Turkish Central Bank raised the capital reserve requirements of banks. In the last months of the year, the suppressed global risk appetite exerted pressure on the TL as well as currencies of other developing nations. This currency depreciation, in conjunction with reasons such as tax hikes drove the rate of inflation to double digits by the end of 2011: 10.45 %.

In such a setting, it is certainly possible to suggest that last year was a year of development for Turkey. As for our bank, we have taken our position among the top players of our sector. We are delighted to close the year with our achievements in spite of all the difficulties we faced and the lingering negative

conditions in the economies we deal with. The harmonious and dedicated work of our people in our bank and subsidiaries have played a major role in bringing us to this point.

2011 saw a turning point of our short past. We presented to the public, and put into practice our new concept, "Believe in Possibility" initiated and engineered in 2010. This new understanding has given us direction to build long-term and healthy relations with our customers and to serve them much better. Up next, we believe that we will reach far greater achievements on our course to becoming the "most preferred bank of Turkey".

We look to year 2012 with confidence. As always, we analyze the economic and political developments of the world and the dynamics of our country competently, and exhibit our powerful "good governance". Finansbank will amplify its support to the real sector. We will build deeper relations with our customers so as to augment their numbers, and render our ties with them long-term and lasting. We will fulfill the necessities of a process whereby we will accurately understand the needs of our customers, and get back to them with the perfect solutions.

Our financial achievements are an outcome of our customers' confidence, loyalty and commitment to cooperate with us.

On behalf of our Board and shareholders, I thank all our employees, who play a part in our success, and our customers who have placed their trust in us and have stayed with us.



Ömer A. Aras  
Chairman of the Board of Directors and Group CEO



MESSAGE FROM  
THE GENERAL MANAGER

# We believe that we can make great strides along our chosen path of being “the most preferred bank”.

Dear Shareholders,

In 2011, when the Euro Zone debt crisis governed the agenda of the global economy, our country's economy recorded vigorous growth. In a nutshell, the rate of inflation that had dwindled to 3.99 % in the first quarter of the year sprang to double digits in the last quarter. On par with the inflation, the benchmark bond interest rate, which had remained below 7 % during the year, closed 2011 at a level of 11 %.

Around the world, the most blatant impact of the global crisis was on employment. However, in 2011, the Turkish economy de-coupled positively from many countries thanks to its high rate of growth, increased employment, improved public financing balances and robust banking structure.

The banking sector made substantial contribution to growth by buttressing the real sector in the process of economic recovery. Doubtlessly, in the negative global conjuncture of the past, our banking sector served as leverage in the process of our country's emergence out of the global crisis.

A brief overview of the performance of the Turkish banking sector in 2011 demonstrates that the sector's total assets grew by 21.0% over 2010 (end of the year), and reached to TL 1,217.6 billion as of December 2011. Total loans rose by 30.3% (TL 163.0 billion) to TL 700.2 billion. As of December 2011, the sector's capital adequacy ratio was 16.6%. Shareholders' equity climbed by 7.5% to TL 144.6 billion. Sector profitability became TL 19.9 billion by the end of 2011.

Through its banking concept that always supports the real sector, its leadership stance in developing products and services and singular potential of human resources, our bank pulled off further achievements in 2011, and took its position in the league of principal financial organizations.

2011 was a privileged year for us. By way of the image campaign launched in June, our bank implemented all 5 basic principles covered under the

“Believe In Possibility” approach without exception, and thus obtained the chance to express that it will be a bank that solely makes earnings in exchange of the benefits and returns provided to its customers. I wish to list the principles in the essence of this conception underlined by the “Believe In Possibility” discourse:

- To hear out our customers and understand their needs,
- To offer the most suitable products and services for these needs,
- Ensure 100% transparency in product and service fees,
- Work out fast solutions to problems; establishing lifelong partnerships standing by our customers in less good days just as in good days.

In the framework of this conception, we drew up our work principles. We have been actively coming up with the most viable solutions in all banking transactions in order to be by the side of our customers at all times. In sum, in individual banking, we put in service mortgage products entailing varied payment and credit options, devised for the purpose of providing versatile services as imagined by our customers and the “5030 Money by Mobile” channel within our individual loan spectrum that allows our customers to easily obtain loans via different channels. Finally, with our “Today's Investment Instruments” concept that brings together brand new investment options, we leveraged on the chance of communicating to our customers opportunities of investment funds for commodities and capital guaranteed commodity-oriented funds. In particular, 2011 was the time when we extended our gold-based instruments and services.

As a consequence of our approach that centers on being a bank closely affiliated with commercial companies since our founding day, we have broken new ground once again by a new product in the relevant segment. By virtue of a new agreement signed with the European Investment Fund, entrepreneurs finding it difficult to offer collateral and customers from the segment of small and medium sized enterprises (SMEs) are able to take out loans

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using different packages. This contribution to the real sector is yet another successful milestone that certainly makes us proud.

Another novelty we introduced to Turkey in SME banking is the opportunity to earn up to TL 12,000 worth of money points for all small and medium sized enterprises that use our SME products and services. Another unprecedented loyalty program, called "Member Get Member" earns SMEs extra money points. Our Card Finans Agriculture Card offers very special advantages to producers who sell products to the TMO (Turkish Grain Board).

In the category of payment systems, we developed campaigns that make life easier for customers and bring them benefits in their shopping.

In short, in all products and services, we have completed another period during which our customers experienced our banking conception "Believe In Possibility". Our Development Program, commenced in harmony with this conception, won the "ASTD Excellence in Practice Citation" in a competition held by the ASTD (American Society for Training & Development), the authority for training and development professionals.

In addition, we were involved in a good number of support projects and accomplishments in 2011. The Boğaziçi (Bosphorus) University Jazz Choir, which managed to attract the attention of the whole nation with their video shot in the Istanbul subway, participated in the 1st World Choir Championship in Austria with the support of Card Finans GO, and represented Turkey adeptly. They were the world champion in the categories of "Contemporary Music and Folklore", won second place in the "Mixed Choirs" category and secured 2 gold medals in the Grand Prix between champions, returning home with 5 gold medals.

Finansbank's successful credit card and debit card applications were certified by the "Visa 2010 Achievement Awards. Finansbank was declared the

"Bank that Achieved the Highest Growth in the Trade Volume of Visa Credit Cards" and "the "Bank that Achieved the Highest Growth in the Trade Volume of Visa Electron Debit Cards". The awards were distributed in 2011 at the end of assessments of debit card, credit card and business card trade volumes and growth rates for the year 2010.

Last year, we had announced various versions of the Card Finance "Even Your Father Wouldn't" campaign series. It won the Crystal Apple Award on television, one of the most significant competitions of the advertising world. The application, "El Öpenlerin Şok Olsun" ("Shock Your Hand Kissers"-you won't have to kiss anyone's hand for money if you visit Finansbank") prepared for the Facebook page of Finansbank received second prize in the social media category. Furthermore, the Card Finance "Even Your Father Wouldn't" campaign series won the Silver Effie Award in the category of card payment systems, attesting to outstanding marketing work induced by creativity in advertising. We also won the Red Award in the category of best insurance and other financial services in the press.

Our bank's products, services and applications were found worthy of five awards at the "International Business Awards", one of the most prestigious award organizations linked with the world of business. Finansbank's credit card with no annual card fee, the Fix Card, secured the Stevie Award, the most prestigious prize in two categories: "Product-Oriented Marketing Campaign" and "Financial Services Advertising Campaign". It was the confirmation of the success of Fix Card in the international arena. The website of FinClub, Finansbank's private employee social club, education portal Finarmoni and the video animation "Carrying Finansbank to the Future" won special jury prizes in the same event.

Our call center became first in the 6th Istanbul Call Center Awards by IMI Conferences. We were selected as one of the 3 most admired banks named among the Most Admired Companies survey of Capital Magazine. Our bank emerged as the 3rd most popular

company in a poll by Realta with 14,215 student participants.

As a result of our human resources policies that are always geared to create benefit, we were given awards in three categories of the "Social Security Week" organized by the Turkish Social Security Administration: second in the category of "companies employing the highest number of female workers", fourth in the category of "employers paying the highest premiums/commissions" and also fourth in the category of "employers with the highest number of disabled insured employees".

In the Western Union, "You Club Winners of 2011" program that chooses the most successful Western Union agents in the world, Finansbank's Laleli Branch secured the 5th best score in the Europe&CIS region among 1027 branches of 107 agents from around the world.

This brilliant work and successful campaigns in 2011 elevated our total loans by 19 % to TL 30.8 billion, total consolidated assets by 20 % to TL 47.2 billion, customer deposits by 24 % to TL 28.7 billion. Our bank's shareholders equity grew by 10 % to TL 5.9 billion. Our consolidated capital adequacy ratio was 1761 % and consolidated net operating profit was TL 896 million. By the end of 2011, we were in service through 522 branches and with just under 11,000 employees.

In 2011, we have again allocated the majority of our resources to the financing needs of our customers. The loan volume that makes up 65 % of our bank's consolidated total assets serves as testimony to this support. Having had major achievements in business outcomes in 2011, our bank added new projects to its work for "building lifelong ties" with customers, and proceeded confidently on the path to becoming the most preferred bank in Turkey.

Finansbank takes its strength from the care and support shown by our customers, our shareholders and our nearly 11,000 employees in all business

processes. As a pioneer in the Turkish financial sector, in forthcoming years, we have no doubt our bank will continue to work at being the bank that offers customers services that exceed their expectations. We will endeavor to build further on our successes wherein shareholders and employees will feel proud to be part of such an organization.

I thank all our employees, customers, strategic business partners and correspondent banks that have contributed to these achievements.



Temel Güzeloğlu  
General Manager



# CORPORATE BANKING

## Developing uniquely different solutions as part of its corporate services, Finansbank grows from strength-to-strength with each passing day and reflects this strength onto its customers, thanks to its long-term and sturdy relationships.

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Finansbank's corporate banking activities continue to grow in importance, aiming to establish long term relationships with customers, and sustains its development presenting tailor made solutions at the core of its principles. Finansbank serves its corporate customers from 4 branches in Istanbul and Ankara, all employing expert staff with customer service to the fore. Major groups and multinational companies in Turkey are serviced under the umbrella of corporate banking.

Having achieved substantial growth in imports especially, foreign trade volume aimed to boost the diversity of foreign trade products in corporate companies.

With a structure focused on relationship banking and value added approach, Corporate Banking has the capacity to create a stable customer profile.

Aiming to obtain a share of customer cash flow, Corporate Banking contributes to the synergy of the bank, generating new customers for different segments.

### Structured Finance and Syndication Group

Finansbank has played an active role as Mandated Lead Arranger in Project Finance, Acquisition Finance, Privatization and Infrastructure Finance deals, which have contributed to Turkish economic growth in recent years. Its quality service approach is allied with extensive knowledge and experience in the sector. Thus, it serves local and multinational customers in all segments, particularly the Corporate segment, whose investments meet project finance criteria, under the Structured Finance and Syndications Group umbrella. In 2011, Finansbank supported green field investments and acquisitions in leading sectors which have contributed to the development of Turkey's economy such as energy, construction, real estate, transportation and infrastructure.

In 2012, Finansbank will continue to lead development in the sector, using its know-how and innovative

financing approach to analyze its customers' needs and to provide support for their investments as a Lead Arranger. Finansbank aims to provide high quality, fast and diversified solutions to its customers in accordance with their needs, by closely following up current projects in the construction, infrastructure, real estate and energy sectors and Public-Private Partnership Projects. Thus Finansbank will retain its effective role in structured and project finance products.



## COMMERCIAL BANKING

## The commercial banking line embraced a more effective sales and client management model in 2011, thus assuring that customers received services most appropriate to the specific conditions and corporations.

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Thanks to its holistic approach to business sectors, its broad customer base, wide range of banking products, efficient product management and service excellence, Finansbank Commercial Banking achieved its main goal of maintaining healthy and sustainable growth. The bank has raised its total risk by 13 %, demand deposits by 18 % and time deposits by 25 %.

Turnover criterion for the Commercial Banking service was over TL 10 million prior to devolving of Medium Sized Enterprises. The criterion was subsequently expanded to between TL 2 million to TL 100 million.

A new organizational framework has been restructured in order to provide a holistic approach to the banking industry and customers, aiming to improve relationship banking, enhancing cross-selling opportunities and expanding the existing trade network via the "Network Project". To this end, the business line has been structured to operate under 4 main groups in order to serve current and prospective customers:

- Large Commercial Banking Sales and Strategic Management,
- Commercial Banking Sales,
- Commercial Marketing,
- Cash Management.

With the aim of providing more suitable products and services to Commercial Banking customers, the "Commercial Marketing Insurance Product and Sales Management" unit was established in July 2011. This division operates under the Commercial Marketing Group, and its mission is to meet the insurance requirements of Corporate, Commercial and SME banking customers.

The Commercial Marketing Group focused on raising loan income. Meanwhile, responsibilities such as working in collaboration with the various departments and branches, boosting customer penetration together with risk-free income, promotion of Bank Assurance and subsidiary transactions have been transferred to the Commercial Marketing Group. In 2011, the group

worked on the "Network Project", offering custom-designed products, and POS and cash management tools at special prices for Corporate, Commercial and Retail Banking customers and their dealers/suppliers.

The Cash Management Department concentrates not only on acquiring new customers, but also enhancing existing customer loyalty, via technology-based applications which have reduced transaction costs significantly. In this period, the number of customers using the Electronic Banking Product has grown by 62 %. Throughout 2011, activities enhancing effective use of the Bank's customer network ensured circulation of customers' cash flow within the bank and helped boost synergy among all business units, cross-selling ratio and acquisition of new customers who have commercial relationships with the Bank's existing customers. The technical infrastructure of the Direct Debit System (DDS) has been completely revised. Upon completion of the third phase of the project, Finansbank now offers far more technologically advanced, competitive DDS to its customers. In 2011, the number of active firms grew by 43 %, while the number of dealers rose by an astounding 183 %.

The Trade Finance Unit is responsible for development and marketing of trade finance products, and made major contributions to Finansbank's overall foreign trade volume & profitability in 2011. In this period, Finansbank's annual foreign trade volume rose by 17 %.

With 12 Regional Offices established to better understand and manage regional needs, Medium Sized Enterprises and Commercial Banking portfolios, Commercial Banking's branch network expanded from 84 to 255 service points and 520 Portfolio Managers with mixed branch structure, thus evolving into a more effective sales and customer management model.



# SME BANKING

## Creating differentiation in SME Banking, Finansbank continues its studies with an understanding which takes into account the needs of SME customers.

Driven since its establishment in 2004 by the principle that it will understand and fully address all customer requirements, SME Banking continued to break new ground by offering fresh products and services to the market in 2011.

Finansbank has developed a new loyalty program called 'Kazanan KOBİ', with the principle that 'We believe it's feasible for your Bank to grant you TL 12,000, merely for carrying on your business with us as your sole bank'. 'Kazanan KOBİ', is the first and only loyalty program for SMEs in Turkey, in which SMEs can collect MoneyPoints via their banking transactions. SMEs can earn up to TL 1,000 MoneyPoints in a month, and TL 12,000 in a year, simply by using certain Finansbank products.

As part of its activities set on offering solutions to all its customers, Finansbank has developed a product called 'KOBİ Şipşak' with the intention of meeting SME cash needs up of to TL 50,000 in a day, by removing a raft of formalities.

In Turkey's dynamic economic climate, Finansbank SME Banking provides SMEs with various advantages during a certain week of every month through its 'Büyük Fırsat Haftası' campaign. In a given week every month, 'Büyük Fırsat Haftası' generates advantageous solutions to customers' needs, such as interest rate discounts on several loan products, low fees and commissions, and extra MoneyPoints.

By 2011, Finansbank had shown rapid growth in sector-oriented banking services. While one in three citizens makes their living through farming and other agriculture-related jobs, the agricultural sector assumes priority and significance in the Turkish economy. The major purpose of Finansbank Agricultural Banking is to understand and best address agricultural producers' financial needs regarding sectoral dynamics, via supporting their businesses with financial analysis and a responsible lending policy. With the recent introduction of 29 unique agriculture-based products, Finansbank provides financial solutions for the unique needs of stakeholders. Finansbank

continues to develop new sector-based products according to new trends and developments in the agricultural sector.

In parallel with the investment focus in the healthcare sector, Finansbank generated solutions to the financial needs of pharmacies in 2011. Finansbank provides its customers in the pharmacy sector with a range of services, including discounted POS charges, collection options in National Security Institution payments, reduced loan interest rates, and the opportunity to join "Kazanan Eczane", part of "Kazanan KOBİ", one of the most comprehensive loyalty programs in the sector.

While carrying on ceaselessly with all the banking activities mentioned above, Finansbank also takes special care to preserve natural resources and employ sustainable environmental practices. With this perspective, in 2011, Finansbank continued to pay utmost care not to bankroll any entrepreneurship that threatens natural resources. To this end, loans are assessed for compatibility with Environmental Impact Assessment (EIA) policy, via analyzing the temporary or permanent ecological effects of the invested projects, and making evaluations on their social impact, in order to safeguard against financing projects with serious social or environmental effects.

Total cash loans for SME Banking rose by 33 %, from TL 1.8 billion to TL 2.4 billion. Commercial loans enjoyed a boost of 42 %, from TL 1.4 billion to TL 2.0 billion. Finansbank SME segment banking maintained its mission of forming the bank's demand deposit base in 2011 by growing demand deposits by 33 %, up from TL 402 million to TL 535 million.



# CONSUMER BANKING

# Finansbank Consumer Banking provides innovative products designed in accordance with customer needs through studies conducted to better comprehend customers.

## Consumer Loans

Throughout 2011, we continually attempted to be innovative and to promptly offer our customers optimal products. We launched "Tax Loan" in May for customers who wanted to avail of the tax amnesty and "Military Exemption Loan" in November for customers who were eligible for military exemption. We launched the "Incremental Installment Loan" in July and continued advertising it throughout the whole year. It provides alternative payment plans to customers who are not able to pay the standard installments. In addition to new products, we focused on raising the number of credit application channels and on accessing our customers through new advertising channels. We added mobile banking and new web affiliates to our credit application channels, thus attempting to expand our loan application spectrum and speed up the process. Finansbank provided access through the most popular social media, Facebook & Twitter.

We augmented our market share from 5.6 % to 6.18 % over 2011 as a result of new product launches and system improvements.

In order to boost customer loyalty, "Member Get Member" and "Loyalty Club" programs were launched in 2011. Benefits offered through the "Mortgage Member get Member" program aimed to enhance existing customer loyalty and new customer acquisition. Additionally, many privileges in different sectors are presented to all mortgage customers, under the Mortgage Loyalty Club.

Real estate agencies are undoubtedly one of the key channels for new customer acquisition. The "Real Estate Agency Program", which has been running since 2008, has been maintained to foster loyalty and activation of Real estate Agencies. Finansbank housing loans year-end 2011 market share stood at 8.34 %. Our strategy for Auto loans did not change in 2011 and our market share at the year-end was 2.18 %.

## Investment Products

Finansbank's deposit and investment products portfolio grew faster than the market itself in 2011 and its total consumer deposit market share rose from 4.16 % to 5.03 %. As its total consumer deposits portfolio reached TL 19.6 billion with growth of 41 %, TL savings deposits market share rose rapidly from 4.59 % to 6.05 %, showing growth of 47.6 % over the year. Reliability, widespread branch network, service quality and innovative products offering risk alternatives assumed a decisive role in ensuring this growth.

A point of note for 2011; it was a year wherein the range of gold oriented instruments and services grew. The Gold Account, which enables customers to trade on par gold and keep these amounts in savings or demand gold warehouse accounts, grew four fold in terms of customer numbers.

Driven by the principle of offering services and products tailored to customer needs and demands, Finansbank placed four capital-guaranteed funds on the market in cooperation with Finansbank Portfolio Management Inc. for its customers to benefit from opportunities of commodity oriented capital-guaranteed funds in 2011.

"Commodity Fund, Gold Fund, Copper Fund, Agricultural Fund", these new products were intended to provide investors with a chance to claim their share of the rising commodity basket, from gold to industrial metals, without the risk of losing their principle investment. In addition, adding Index-Linked Deposits to its capital-guaranteed range of products, while protecting 10 stock market performance and foreign exchange indexed deposits launched in 2011 and the principle investments of the investors, Finansbank intended to create the opportunity of greater deposit proceeds. The Revocable Deposit product was launched in 2011, enabling investors to switch between USD/EUR/CHF/GBP/JPY/TL. Revocable Deposit is a deposit account that earns both from the interest rate and the exchange rate during exchange transactions within the deposit period without any loss of interest. This innovative product was well received by investors.



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### Affluent Segment Management

With its special model of service, the Affluent Segment intends to provide its customers privileged services and skillful management of their savings. In 2011, many new customers were gained through agreements and campaigns conducted by contacting various associations and clubs with affluent segment customer potential. Customer satisfaction and loyalty were enhanced through Xclusive activities and campaigns conducted throughout the year. The number of employees rose 67 % as a result of raising the number of Affluent Segment service points from 138 to 224 in 2011.

By making differences in the requirements to qualify as an Affluent Segment customer, more people became eligible for the service. By expanding the network coverage, customer numbers went up by 89 % and volume rose by 41 %.

A comprehensive survey was made in order to measure the segment customers' satisfaction. It is intended to expand the Xclusive service points and continue Xclusive activities in 2012..

### Alternative Sales Channels

ASC Mobile was implemented in 2011 as an Alternative Sales Channel. Now customer applications for credit cards and credit-card-related products sold by the Direct Sales Teams can be received via mobile devices.

As of November 10, 2011, the ASC Mobile Application became widespread at all Direct Sales Teams save for Instant Credit Card Points. Thus, credit card delivery time has been reduced, as well as time and money saved in the operational processes.

The Alternative Sales Channels accessed many townships in Turkey thanks to the endeavors of 600 employees in 24 Direct Sales Offices across 21 provinces. Online-transmission to the centralized system of all customer requests has been performed smoothly. Thanks to this application, there has been a time saving in excess of 80 % compared to the former system.

Finansbank broke new ground in Turkey with the use of Galaxy Tab Devices in the hands of such an innovative team, applying Alternative Sales Channels for immediate receipt of mobile customer applications for the said products.



Finansbank's Internet Banking, offering effective and easy banking service 24/7, continued to expand with new services in 2011. Internet banking usage grew substantially, bringing in new customers on the back of a number of campaigns. User numbers grew by approximately 20 % over the year. New products were also introduced and sold via Internet Banking. A broad range of services has been further expanded with a special Internet Banking page differentiated for credit cards.

The ATM network was enlarged by over 15 % over the year to 1826 units. ATMs are the most popular channel, especially in cash transactions, with customer usage up by 27 %. While the ATM park is being extended with new models, the service range has also been enhanced with new products.

A number of campaigns were conducted in order to improve branch productivity. ATM efficiency has been improved and operational costs have been reduced due to these campaigns. A new ATM machine was developed solely for Credit Card Payments, and is in operation in a number of branches.

Customers who opt for in-branch service have been informed about Direct Banking Channels via the Direct Banking Assistants program. Major operational cost savings have been secured by reducing teller transactions as part of the program. Development on the Mobile Banking application is on-going, already boosting user numbers fivefold compared to the previous year.

New websites were launched in 2011, with the aim of promoting our products and services.

[www.mortgagekolay.com.tr](http://www.mortgagekolay.com.tr), the new web site for prospective mortgage loan customers was launched. Its main features include house searches, house valuations and mortgage loan applications.

New forms were designed for existing web sites and the application numbers were leveraged. In addition to forms, new web applications were designed and opened for use by web site visitors.

In order to promote new campaigns and/or products, Google Search Engine Marketing advertising and Search Engine Optimization activities became constant, helping our web sites appear at the top of the list in web search results.

In 2011, Finansbank redoubled its effect on social media channels and Finansbank's Facebook Page was liked by 160,000 fans. Finansbank's Twitter account reached 5,300 followers. As well as Finansbank's Facebook page, CardFinans, ClubFinans, Gogogo Tutkunlar, FixCard and Finansbank Kariyer Facebook accounts attracted more than 60,000 fans in total. Effective reputation, complaint and campaign management throughout these channels allow us to instigate the bilateral interaction needed for the social media era. Campaigns and products were introduced and product applications were taken through these channels. As part of digital reputation management, all contents relating to Finansbank and its sub-brands are monitored instantaneously, and customer questions/complaints are promptly addressed and also passed on immediately to the relevant units.

In line with the Bank's values, the intranet site has been revamped and launched as "Bizce Mümkün ("Believe in Possibility"). Besides social media campaigns, in order to expand the number of new customers, several campaigns were conducted targeting external customers by sending SMS/E-mail or advertising through mobile channels.

An iPhone application was developed for ClubFinans. This application supplies users with the offers of the month, contracted locations and service information. Users can also find these locations with the integrated Google map function.



# PRIVATE BANKING

## Finansbank Private Banking is acutely aware of the needs and expectations of its customers and provides numerous privileges to facilitate their lives.

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Finansbank Private Banking provides its customers with a completely different model to those of its other sector competitors. In order to provide exclusive services and to present a wide range of products, all individual customers with assets worth TL 500,000 or above in our bank can avail of Private Banking, a segment that is configured to support all profit centers. Since its structure is not profit center based, all revenues generated reflects the profit center of the customer concerned. Based on this model, cooperation with all profit centers, combined with Finansbank's large number of branches, provides access to all potential and targeted customers.

Finansbank Private Banking serves 7,000 customers through its Head Office and 4 Private Banking Centers in Istanbul, as well as one each in Ankara, Izmir, Adana and Bursa. These operate along with 12 specially selected Finansbank branches, all run by 79 expert staff.

2011 was a year of success for Finansbank Private Banking. Customer numbers grew an impressive 18 % to 6,923. Thus total asset bearing financial services have grown 54 % to TL 9.6 billion.

Customers using mutual funds went up 18 %, while customers availing of protected funds rose by 103 %, and customers using linked deposit accounts jumped by 346 %. The volume of derivative transactions was recorded at \$ 9.8 billion.

In 2011, a new individual retirement account plan was initiated for Private Banking customers, and a new Private Banking mutual fund was formed and successfully implemented.

Private Banking Centers were newly configured and are now in service at their new locations. Private visiting rooms and meeting rooms were made available for our customers.

In order for our customers to follow up on changes and developments in the markets, Finansbank Private Banking organizes seminars and panels on various subjects including economics, politics and taxation.

A sponsorship agreement was established in 2011 with "Atölye Modern", part of the Istanbul Modern Art Museum, offering art education to customers. Finansbank Private Banking also successfully accomplished the organization of the ITF Seniors Cup tennis tournament.



## PAYMENT SYSTEMS

## Finansbank continued to demonstrate success in its credit card portfolio, designed specifically for different segments, in 2011.

### CardFinans

At the end of 2011, CardFinans reached 9.14 % of market share volume with more than 4.7 million credit cards issued. Credit card turnover rose from TL 23 billion to TL 32 billion, representing a year-on-year growth of 40 %. The total credit balance continued to rise, reaching TL 8 billion for a 27 % year-on-year increase. CardFinans implemented many new services to facilitate the lives of credit card holders. Now CardFinans holders can pay their credit card debts easily by dividing their debt into installments with "Statement Installment". They can also load credit onto their loved ones' mobile phones automatically with "Load and Talk Regularly".

The "EkstreCepte" ("statement in mobile") service allows CardFinans holders to access their account statements whenever they want simply by sending an SMS. "LimitCepte" ("limit in mobile") and "ParaPuan Cepte" ("Money points in mobile") services enable card holders to find out their money points and limit information. All these have been implemented and money point and limit information can be accessed quickly and easily with just a single SMS.

In 2011, one in every five Finansbank branches delivered credit cards within a few minutes of application.

"CardFinans One" is a first in the sector and provides credit and debit card services on one card. The service was initiated and works either as a credit card or as a debit card according to the wish of the customer at all POS and ATMs in Turkey and worldwide, operating on the EMV platform. As well as accumulating MoneyPoints while shopping with either a credit card or debit card, CardFinans One offers its customers information services with which they can control their accounts. CardFinans One opened a new page in the Turkish payment sector by combining payment solutions on one card.

In November 2011, credit card applications began to flood in instantly on the mobile environment using Tablet PCs, the latest technology. A first in Turkey,

Direct Sales teams could evaluate applications much more quickly.

The number of Card Internet Branch customers grew rapidly in 2011 as the Card Internet Branch service allows customers easy access to many services, as well as expense and statement information. With this service, convenience of access and use of the website contributed hugely to customer satisfaction. Finansbank was granted "the Bank whose Visa Electron Banker's Card Achieved the Highest Growth" award at the Visa 2010 Success Awards, given at the Visa Europe Turkey Conference Visionist'11 organized annually by Visa Europe for member banks in Turkey.

Fix Card paved the way to a new world in May 2010 by allowing customers to become card holders without paying a card fee. It became a major product both by satisfying customers and contributing heavily to the bank's goals with more than 500,000 cards issued by November 2011.

Fix Card also made its mark on the international platform, winning the Stevie Award in the "Product-Oriented Marketing Campaign" and "Financial Services Advertising Campaign" categories.

CardFinans was the main sponsor of Retail Days for the third time. Retail Days, now in its 11th year, is a major meeting venue organized with the leaders and experts of the sector. It has become one of just a few international platforms since 2001. "Retail Days" was held on October 19-20 with 4,000 participants at the Lütfi Kırdar Convention and Exhibition Center.

### CardFinans Go

In 2011, work on the youth segment continued with CardFinans GO. Organizing different campaigns operating online and in-field in order to enhance brand recognition, the "Anne Çiçeği" (Mother Flower) application won 2nd prize in the Direct Marketing 2011 Awards.

CardFinans Go recorded a 16 % rise in the number of cards and 20 % growth in turnover in 2011.



The ClubFinans world not only provides special solutions in accordance with the financial needs of its customers, but also helps them to identify priorities and take full advantage of opportunities, thus enhancing their lives in every area.

#### ClubFinans & ClubFinans Xclusive

The ClubFinans card program was a major attraction for affluent customers, boosting card volume by more than 60 % in 2011. It maintained its status as the only credit card program in Turkey providing special privileged services to doctors in 2011.

In 2011, ClubFinans and World Signia customers became eligible for 50 % discounted parking service and pre-flight lounge services at Sabiha Gökçen Airport. Both services have been very well-received by customers, taking their place among the most popular services available to customers.

In October 2011, the ClubFinans iPhone application, providing ClubFinans services, was launched. ClubFinans card holders and other potential customers receive detailed information about ClubFinans services and locations by downloading the application to their iPhones. iPhone users can also apply for a ClubFinans card with the ClubFinans iPhone application.

#### CardFinans Nakit (CardFinans Cash)

In 2011, CardFinans Cash, the world's first debit card with installment payment feature, added the POS Money service feature, enabling cash withdrawal from member companies while shopping. This complements the Money Point accumulation and online shopping features.

CardFinans Cash debit cards reached a market share of 5.3 % by volume, with growth of 23 % compared to 2010. CardFinans Cash closed the year ranking third in the sector with 72 % POS turnover growth and 10.68 % market share.

#### CardFinans Commercial Cards

CardFinans Commercial Cards brought its product range up to 6 by adding 'CardFinans Tarım' to its portfolio. 'CardFinans Tarım' was developed to meet the needs of farmers who sell their crops to the Soil Products Office (TMO). Thereby, farmers took

advantage of the opportunity to collect their payments 10 days before the standard payment day, without having to go to the TMO.

During the year, CardFinans VadeKart and CardFinans Business Credit Cards have supported enterprises with campaigns in the fuel, wholesale food sector, etc. CardFinans VadeKart provided a solid base and an advantageous relationship between retailer and supplier with the card's post-dating and post-installment feature. As a result, commercial card numbers rose to 138,000. Market share by volume rose to 9.7 %, while total sales market share reached 5.3 %.

#### POS

POS numbers reached 174,529 with a market share of 6.96 %, while the number of businesses now exceeds 140,000. In addition, total sales volume reached TL 1.5 billion commanding a market share of 5.88 %.

Finansbank is the first bank to accept debit card payments on virtual pos. A new channel was developed by facilitating the use of debit cards in e-commerce.

With the new developments, businesses began to display the defined campaigns and demand deposits and blocked accounts could be securely viewed.

[www.cardfinansticari.com.tr](http://www.cardfinansticari.com.tr), a dedicated website for POS and Commercial Credit Cards, became an alternative channel in addition to the Call Center.

Business owners who want to have a Finansbank POS, are beginning to apply for POS by SMS to the 7673 short message service. In 2011, businesses could take advantage of special opportunities by offering special POS packages and campaigns.



## CALL CENTER & TELE SALES

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In 2011, the Call Center maintained its focus on sales and services. The Finansbank Call Center responded to 43 million calls, and 61 % of incoming calls ended up at the IVR (Interactive Voice Response). The number of completed transactions rose to 65 million, 95 % up on the previous year. 6,625,264 sales and sales transactions supporting product usage took place at the Call Center and the Interactive Voice Response system. These figures show 49 % growth in sales numbers compared to the previous year. Commission incomes reached TL 28 million, representing a 115 % leap.

In 2011, when operational efficiency gained importance, speaking time was reduced and attempts were made to improve the ratio of solutions at the first call. As a consequence of these efficiency studies, Finansbank Call Center, operating with 719 Telephone Service Representatives (TSR) at the end of 2010, managed to respond to more calls and achieve a higher level of service with 467 TSRs at the end of 2011. The number of calls answered in 30 seconds went up 14 %, and average speaking time fell to 157 seconds, down by 9 %. 82 members of staff from the Call Center were transferred to branches and different units in 2011, and thus a stable human resource was created, a career path for TSRs.

In order to utilize the capacity of Telephone Banking efficiently, joint teams were set up from Telesales and the Call Center, and capacity planning was made in compliance with demand. While the Telesales team responded to 1 million incoming calls, the Call Center made 277,000 external calls. Usage of part time staff was another successful implementation this year.

The Telesales team completed 474,000 confirmed CardFinans, 228,000 CardFinans Cash, and 120,000 automatic payment orders in 2011. It created more than 1 billion in volume of Instant Credit and nearly 290 million in volume of Plus Credit.

Total customer satisfaction was maintained as the main goal in 2011. At the end of December, the "Smart Interactive Voice System" was implemented. This

system has the ability to evaluate the reason for the customer's call, and is able to offer dynamic menus instead of fixed menus. With the help of the New Interactive Voice System, customers can introduce themselves by entering their Turkish National ID number, debit or credit card, or mobile phone number. The virtual queue technology implemented with the Interactive Voice System facilitates choices such as calling customers back by appointment at busy times, or calling them back when their turn comes.

# CREDITS & PROJECT FINANCE

## Credits

The main principles of the Credits Division can be summarized into four parts: balancing the quality of clients' portfolio and business goals; recognizing potential problematic credits in order to quickly find solutions by using all manner of qualitative and quantitative analysis methods; allocating all types of credits and credit cards faster and more efficiently; and ensuring customer satisfaction and loyalty.

Guided by these principles, the Credits Division operates with groups responsible for processing credit allocation through to follow-up processes.

Credit allocations and disbursements are fulfilled by Head Office Credit Allocation Groups and 12 Credit Allocation Regions organized in parallel with the field organization, for the purpose of providing close and strong coordination.

Companies' project finance and syndicated loan requests are monitored and assessed in detail by an allocation team with expertise in project financing and syndicated lending.

The financial analysis of applicants is conducted by expert teams. In this context, complex financial data prepared according to the varying accounting systems of current and prospective customers are evaluated in accordance with applicable procedures by assessing the previous financial performance of those customers in order to forecast financial performance in subsequent periods.

Furthermore, sectors representing a large proportion of Finansbank's loan portfolio are monitored closely with reports and sector data updated monthly, covering long-term progress, structural characteristics, sensitivity to economic developments, success factors and non-performing loan ratio. These reports are prepared by an expert team and this analytical structure facilitates the establishment of an effective risk management system. Within the current legal framework, the Credit Monitoring Group takes measures abiding by the principle of "separation of

powers" to ensure timely repayment of credits. The Group also takes the necessary precautions for the possible impact of daily economic developments that may affect credits.

Credit Analysis, Credit Policy and Credit Project Units are responsible for establishing credit application assessment methods, credit decision models, collection models, and loans and credit card limit setting methods. In addition, with the guidance of loan portfolio analysis, current applications, methods and models are enhanced. These units also manage IT-based projects and take part in process improvement activities.

## Project Finance

In 2011, organizational structure became more effective by merging Project Finance, Sectoral Research and Technical Advisory operations under one umbrella. The unit continuously provides up-to-the-minute information to the relevant departments and upper management on industry analysis and monitoring and macroeconomic developments with its sector-specific specialized team.

As of 2011, Finansbank continues to provide medium and long term financing in the key sectors of the Turkish economy, particularly in the energy, infrastructure, health, education, construction and contracting sectors, with its 21-strong Project Finance, Sectoral Research and Technical Advisory Department team. Our bank closely follows projects, especially in the energy and construction-contracting sectors, and is a notable player, strengthening its position in project financing and syndication operations in these sectors. With its philosophy of sustainable growth, understanding based on continuous and solid relationships, systematic risk monitoring and security structure, our bank aims to maintain credit-risk harmony.

In 2011, 82 projects were evaluated and 18 projects were monitored. In addition, 16 different sector reports were published, identifying risks and trends within the framework of macroeconomic developments.

## TREASURY

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In 2011, following the strong cyclical recovery in the Turkish economy, authorities' focus shifted to cooling economic activity and reducing the vulnerabilities posed by the rapidly widening external deficit. To this end, the Central Bank on the one hand engineered currency depreciation by reducing interest rates, and on the other hand tightened domestic monetary conditions through hikes in required reserve ratios. Although a soft patch in the summer months led the Central Bank to temporarily drop its tightening bias, the persistence of strong activity forced the Bank to use the interest rate tool more aggressively in the final quarter of the year, stabilizing the currency through markedly higher interbank rates.

The unconventional policy stance of the Central Bank resulted in almost continuous depreciation of the currency and the basket exchange rate rose by 20 % between the beginning and the end of 2011. Benchmark bonds also traded across a very broad range and, having seen 6.9 % in early 2011, it closed the year at 11.5 %.

The bank's liquidity is managed by the Liquidity Desk while Trading Desks run bonds and FX trading activity. Trading limits, limit usage and profitability are closely monitored by dealers and desks. 2011 was a good year as Trading Desks were well positioned to take advantage of the market movements on FX and interest rate fronts.

Balance sheet risk management and funds transfer pricing (FTP) are run under the Balance Sheet Management (BSM) desk. The desk is responsible for executing the hedging strategy set by the ALCO, assessing potential exposure of the Bank's balance sheet to risk, especially credits and deposits, in terms of maturity and costs, and will evaluate developments in terms of risk and hedging. Tools such as IRSs (Interest Rate Swap), cross currency swaps, swaptions and other interest rate risk management instruments have been used in the hedging process. Besides this, as mentioned above, the desk is responsible for determination of deposit and loan pool rates (FTP) in main currencies for all tenors in order to ensure fair profit sharing among business lines and realistic

pricing in products.

The Derivatives Desk continued to offer highly competitive pricing of derivative products, which helped provide an excellent service to both corporate and private clients who need such products. This desk aims to price and trade all kinds of derivative instruments such as forwards, futures and options. The Derivatives Desk keeps a volatility book within pre-defined and closely monitored risk metrics and sets prices in both currency and stock derivatives in local markets.

The Sales Desk, in addition to conventional products, offers clients and branch network a wide range of derivatives and capital protected savings products. The desk's innovative approach allowed a steady expansion in its client base and trade volumes. As a result, Finansbank tops the league tables in derivative sales in the Turkish banking sector. The Sales Desk has consistently been growing its share in total Treasury profitability over the recent years.

The Research Desk played a crucial role in the success of both the sales desk and the Treasury. Apart from daily and weekly reports published in both English and Turkish, the research effort supported marketing activities by attending client conferences and providing support for the positioning of the Core Treasury.

The Treasury Department provides liquidity for Finansbank Group exchange traded funds listed on the Istanbul Stock Exchange (ISE) as well as creation-redemption and underlying asset pricing. Finansbank Treasury also provides liquidity for IST30 Exchange traded fund, the first ETF based on an ISE index, and creates arbitrage opportunities for cash and futures markets. The department prices derivatives for capital protected funds issued by Finansbank Group.



# INTERNATIONAL DIVISION

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### Banking Relations and Structured Funding Unit

With its strong financial standing and sound management, Finansbank remained solid and proved itself despite the turmoil in global markets.

Through its efforts in various platforms, the Banking Relations and Structured Funding Team preserved its ties with its related banking network across various products, i.e. trade, funding, international payments and treasury. The Bank borrowed a total of US\$ 2 billion from the international markets in 2011.

In May, Finansbank raised a 5-year US\$ 500 million Eurobond in the international capital markets with the participation of 115 global investors. The coupon was 5.5 %. Fitch and Moody's rated the transaction BBB- and BA1 simultaneously. Also in May, the Bank signed agreements with EIB for SME and energy financing, each for € 75 million, and for 7 and 12 years respectively.

In December, Finansbank's syndicated borrowing from the international markets, amounting to US\$ 220,500,000 and € 210,750,000 was successfully closed, attracting commitments from 22 international banks. The Facility had a maturity of 1 year and the proceeds of the loan will be used for our customers' general trade finance activities. Despite the squeeze in liquidity and higher cost of funding in the global markets, the total cost of the Facility was maintained at its 2010 level and Libor/ Euribor plus 1.3% pa.

### International Business Development Unit

In 2011, the International Business Development Unit supported the NBG subsidiary banks in acquiring as customers the Turkish companies that carry out investment and trade activities in NBG Group domiciled countries.

The Unit researched business opportunities between Finansbank and the Turkish subsidiaries of companies that are active in NBG domiciled countries, and contributed to the Group's balance sheet performance by developing the relationships with existing clients.

The Unit acted as a mediator between Finansbank and NBG Group subsidiary banks in providing intelligence services for companies.

### The Financial Institutions & Credit Management (FI Unit)

In 2011, the Financial Institutions and Credit Management Unit (FI) continued to assess and manage the risks of all domestic and international banks and allocate limits in accordance with the Bank's credit and risk policies and prepare limit/risk reports. Also, when assigning credit limits, Finansbank's rating system was used and these limits were verified as being in the correct ratio with registered capital amount ceilings.

### Investor Relations

In 2011, Finansbank's main shareholder NBG announced its intention to make a secondary public offering. The project was initiated by mandating several investment banks during the year.

An investor relations function was established within the International Division and investor relations personnel were employed to manage Finansbank's related responsibilities in November 2011.

The main goal of investor relations is to provide accurate and reliable information to existing and potential shareholders and investors with respect to the operations and strategies of the Bank. In line with this goal, investor relations is responsible for distributing the quarterly financial results via email and the Internet, publishing materially important information through Istanbul Stock Exchange filings, preparing the investor presentation, managing the investor relations website, attending investor meetings, roadshows and conferences, and answering investor questions and information queries. Furthermore, investor relations act as a feedback mechanism to the Board of Directors by channeling investor comments and suggestions to the upper management. Hence, aligning the expectations of the shareholders with the strategies of the Bank.



# HUMAN RESOURCES

Adopting the vision of being a strategic partner with business lines, Finansbank Human Resources has once again had a productive year, conducting various studies in compliance with Finansbank's strategic goals and policies. As of 2011 year-end, Finansbank continues its consistent and efficient services with 522 branches and 10,837 employees. Never ceasing to develop and broaden its perspective, Human Resources dedicated its efforts this year toward accomplishing its mission to making significant investments in personnel by accurately understanding their career and life goals. Finansbank bases its Human Resources activities on 6 main fronts: attraction, selection, placement, development, retention and strategic and operational support.

By following global trends on recruitment policies, an additional 1,023 employees have joined the Finansbank family. This year's activities and implementations have centered on strengthening the brand image and improving the already growing retention ratio, with the ultimate objective of assigning the right employee to the right position. During the recruitment process, candidates are informed of the bank structure and practices by various means such as corporate introduction video and brochures. New and sector-leading practices are successfully implemented to enhance brand awareness, such as recruitment surveys, which provide valuable feedback from prospective employees, to be used later on for improving related processes. In addition, universities and social media platforms are other major vehicles through which brand awareness efforts are carried out.

Finansbank is one of the highest recruiting banks for new graduates and organizes special events at targeted universities to this end, such as career days and seminars. Created with a view to establishing close relations with high-potential students, the Finans Up project aims to help students in shaping their lives and careers ([www.finansup.com](http://www.finansup.com)). Human Resources took yet another pioneering step in the sector with the creation of the Finansbank career page on Facebook in 2011. Moreover, the newly established corporate LinkedIn site has rapidly become a professional front and an alternative candidate portal for Finansbank. Applications are already being received for vacancies. Led by Realta, Turkey's Most Popular Companies

research serves as testimony to the benefits gained from these activities and new practices. In 2011, Finansbank became Turkey's 3rd most popular bank as a result of votes cast by 14,215 students.

In addition to university and media relations recruits, 610 interns were accepted in 2011 to enhance brand awareness, ensuring talent acquisition, giving willing students an opportunity to know both Finansbank and the banking sector, and to absorb positively evaluated interns into the recruitment process.

Training activities are another important aspect of Human Resources efforts with a view to enabling employees to acquire the knowledge and skills they need to develop themselves. Training programs are structured according to the bank's goals and strategies and are drawn up according to the needs, targets and projects of all business lines. In 2011, an average of 8 days of training was provided for each employee. Since development in this digital age virtually requires easy and instant access to information, constant improvement in training-related technology is considered a must. To this end, Finarmoni has been designed to be user-friendly and easily accessed. Its success is certified by an honorable mention award in the Best Training Portal category at the Stevie International Business Awards, one of the world's most prestigious international award events. Distance training options are also diversified and with the introduction of mobile training programs, another sector-leading practice has been successfully implemented.

As for organizational development, the focus is on taking action in favor of employee strengths and development opportunities, with the help of reinforced objective evaluation systems that would ensure the sustainable development of the bank. With the aim of strengthening the leadership skills of Finansbank's management team, internal coaching and mentoring processes have been implemented and hence yet another essential step has been taken to establish a common management culture and corporate memory. The Buddy project, implemented to ensure a flawless and rapid adaptation process for new employees, significantly contributed to the value of 'being us', and is among one of the most noteworthy

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practices introduced in 2011. Other projects to boost employee engagement, retain high-potential employees, empower corporate culture and spread values continue to be planned and implemented in line with bank strategies and priorities.

Maintaining the goal of raising overall performance by improving individual performances, performance management practices provide all kinds of support for maximizing employee performance according to Finansbank strategies and priorities.

All related actions are planned and taken in such a way as to ensure maximum contribution to the bank and employee engagement. In compliance with Finansbank's vision, mission and values, current competencies are revised and redefined. This major effort, along with the strategic talent management program, implemented to form an infrastructure that would enable Human Resources to profit from the newly defined competencies in all its functions, is among the most important steps taken within the scope of performance management. Additionally, the scope of the 360 degree performance evaluation method, which seeks to set versatile development opportunities for managers, determine a roadmap to spread Finansbank's management culture and improve dialogue between employees and managers on performance, has been extended so as to include all managers equal to or higher than branch manager level. By being evaluated by their managers, peers (from the same and different units) and direct subordinates, and by evaluating themselves, managers are provided with valuable feedback and feed-forward. This gives them the opportunity to further improve their strengths and clearly identify their areas for development.

By measuring employee engagement and satisfaction with engagement and internal customer satisfaction research studies, important findings have been obtained and used to guide relevant actions taken to this end. In 2011, within the scope of determining and launching performance enhancing processes, various projects have been initiated and steps taken for the latter's management by development committees, with the purpose of enabling management teams to undertake a more active role in performance

management and to internalize related processes and practices.

Employees, recruited, monitored in terms of performance, and provided with opportunities for professional and personal development, are also offered new career opportunities, depending on career management norms and their personal preferences.

Career opportunities may be vertical (promotion) or horizontal (job enrichment via reassignment, assignment, substitute appointment or temporary assignment). For positions requiring experience, internal candidates are prioritized. In 2011, the ratio of meeting employee requests internally for positions equal to or higher than supervisor came to 77 %.

Another career management move is the introduction of the field manager development program with the purpose of filling branch manager vacancies internally. This project is an extension of Finansbank's policy of meeting manager demands internally and guiding managers' careers. Within the framework of this project, a globally recognized method is utilized, the assessment center.

Acknowledging growing competition, Finansbank Human Resources utilizes remuneration and reward systems in such a way as to ensure greater employee retention, satisfaction and performance, based on mutual benefits.

By participating in sector-wide compensation and benefits research studies, sector tendencies are monitored and studies on forming a fairer and a more balanced remuneration structure are updated.

Aiming to support bank strategies and manage total income of employees according to predefined limits, the rewarding system has two main components: premiums (monthly, quarterly, semi-annually), depending both on sales and collection and determined in cooperation with business lines; and bonuses (annually), depending on measurements made on managers' contribution to the bank performance.

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In line with strategic targets, rewarding methods support individual and corporate performance. Compatible with internal balance and bank's ethical values, in 2011, employees are rewarded with extra 2 salaries on average.

Subsidiaries are also provided with guidance and support when deemed necessary, in order to create synergy and provide strategic support to their management mechanisms.

Remuneration Committee, become operating in 2009, ensures remuneration management operates in line with regulations and principals, bank's values, market benchmark, internal balance, equity fundamentals taking into account employee satisfaction and corporate synergy.

The "Bizce Mümkün" ("Believe In Possibility") program was launched in order to show appreciation for and encourage behaviors that conform to Finansbank values.

In 2011, the employee suggestion system continued to operate flawlessly and was the catalyst for many value-added ideas.

Nourishing employee creativity, talent and sensitivity with its value-added and innovative practices, Internal Communication activities contribute to employee engagement and satisfaction, prioritizing bank values and aiming to make employees feel that being a Finansbank employee is a privilege. Through hosting social activities, clubs, tournaments, gatherings and various events, our internal communications platform received an honorable mention award in the best website/blog category at the Stevie International Business Awards.

While various institutions and corporations leave employee expenses in the hands of external bodies, Finansbank's employee budget is efficiently managed by Human Resources. Budget management strategies consider the bank's needs and focus on achieving an advantageous position over competitors in terms of profit and return.

While field and business line visits seek to detect and resolve problems on-the-spot, internal audits provide constant support to branches, starting from the day of opening, and contribute to the service quality of branches by overcoming current and potential conflicts.



OPERATION

With the efficiency projects implemented in 2011, staff resources amounting to 10 % of operational resources were provided to the other departments, primarily the sales teams of the Bank, by assuring customer satisfaction despite 18 % higher transaction numbers.

In order to achieve the goal of being the best in the sector, the Six Sigma Project Management system, initiated in 2010 at the Finansbank Operations Center, was maintained in 2011. By the end of 2011, 28 projects, 17 of them black belt efforts were up and running.

New projects were implemented to better serve clients, enhance service quality and ameliorate processes. Processes at operational units were thoroughly re-designed, and confirmation, limitations and structures were simplified. Studies were conducted on governmental agencies, money transfer systems and credits. In order to improve the level of ATM services, projects were implemented on ATM Cash Optimization, ATM efficiency and ATM location optimization, as well as reducing down-time due to ATM breakdowns at weekends. To better manage branch and ATM cash flow, new centers were set-up to provide cash flow, and such services became the main focus.

The number of ATMs rose to 1,826, up by 16 % in 2011. Compared to 2010, the number of transactions at Finansbank ATMs grew by 31 %, while transaction volume rose 40 %. The ATM efficiency model and evaluation process was revised and the number of transactions for every ATM went up 13 % as a result of changes in location and model. With the disassembly, location changes and reductions made as a consequence of the study, we saved TL 1,000,000 in rental cost, and gained monthly 'not-on-us' commission income of TL 400,000.

Finansbank POS numbers rose 16 % from 150,432 at the end of 2010 to 174,529 by the end of 2011. With this development, Finansbank was ranked 5th in the Turkish market. The number of contracted businesses exceeded 140,000 by the end of 2011. With the number of companies implementing POS field

services and optimization of pricing, an annual saving of approximately TL 350,000 was secured in field service costs.

In 2011, the number of cards delivered went up 10 % while statements delivered rose by 13 %. With the new PDF substructure, approximately 10,000,000 fewer pieces of paper were used. Thus, a major contribution was made to the environment and significant savings were made in statement papers and cost of postage.

In order to enhance service quality and keep up with international standards, Finansbank became a member of Milletlerarası Ticaret Odası (ICC) Türkiye Milli Komitesi (International Chamber of Commerce Turkey National Committee). Within the ICC, Finansbank was appointed to the Banking Techniques and Applications Commission, whose task is to establish a global platform for the international commercial financial community and prepare universal rules in this context.

At the Accredited and External Guarantees Unit, 6 people passed the specialty examination on "Documentary Credits" and received a Certificated Accredited Specialist certificate. This is one of the most significant rules of banking implemented by ICC, and the examination is set once a year at several centers around the world by the Institute of Financial Services (IFS).

In 2012, we aim to further expand on our achievements of 2011, with the approach of boosting performance management and continuously ameliorating our processes with the help of new technologies

# BUSINESS DEVELOPMENT & STRATEGY

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In 2011, more than 100 improvement projects were implemented or scheduled. These were conducted in coordination with the related units in order to provide better quality service to our customers and to reduce costs, as well as to boost revenue in line with our bank's strategies through business development and efficiency studies.

As part of efforts to raise revenues, fees and commissions received from banking transactions and services were reviewed. Taking total costs into account, fees and commissions for 34 existing and new items were re-configured at a competitive level. These studies led to additional fee and commission revenue of TL 60,000,000 in 2011. We expect these increments to accelerate in 2012.

As part of cost reducing studies focusing on Telecom and IT costs, from software maintenance agreements to SMS prices, from SMS numbers to fax/printer devices' needs, and from fixed telephone lines to POS ATM maintenance agreements, many items were reviewed and the required actions were taken.

Work on receiving credit card applications via mobile tablet devices (ASK Mobil) was completed as part of credit card sales by alternative sales channel teams. As a result of this study, application forms are shorter and instant submission of customer information via devices and safe conveyance of this data to head office have accelerated the evaluation process. Thus, the total time period from receipt of the application to delivery of the card has been shortened by 40 %. The requirement to contact customers due to lack of information has been eliminated, and operational processes have become more efficient. With the streamlining of the sales operation, our sales teams are now able to set up considerably more sales appointments.

A dynamic interactive voice response was designed and activated by the end of the year, which will provide special services to cater for customer needs. We expect a major jump in customer satisfaction through this design, wherein it is aimed that customers

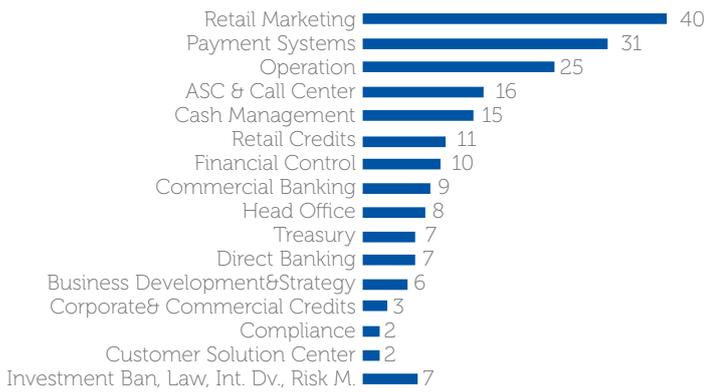
contacting our call center can easily access the user-friendly menus, and meet their needs handily and quickly.

Within operational efficiency, optimization studies have been completed for elimination of low-risk approvals by reviewing operation approval flows. Forms, contracts, covenants and other documents used in various processes have been standardized and integrated into the system. Branch workload has been reduced. Many processes such as end-to-end credits, insurance, repossessions, receiving/issuing securities, money transfers, customer-base enlargement, complaint management, and checks have been enhanced. Determination of operation and IT norm staff has been modeled, and ATM location, efficiency, and cash deposit transactions have been assessed.

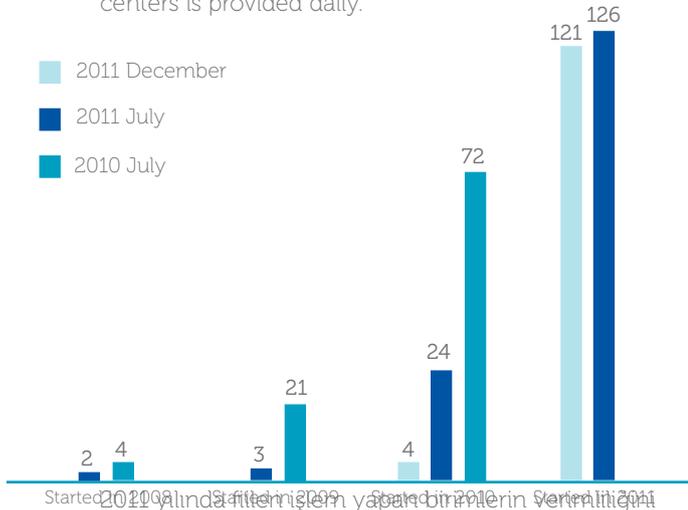
In 2012, we will once again focus on raising banking revenues, opportunities for cost reduction, and enhancing our processes by monitoring them constantly. We will continue to take actions that will improve customer satisfaction and loyalty and bring in more new customers. We will follow up sectoral and technological innovations and developments and we will diligently pursue enhancement studies. With the different perspectives we are going to develop, we will continue to be a solution partner for our business units and IT teams.

# INFORMATION TECHNOLOGIES

In 2011, 199 Banking, 10 Long-standing technical infrastructure Project and 1681 demand to develop are completed by Finansbank's Information Technology subsidiary IBTECH. The following diagram shows the distribution of numbers of the projects by management divisions on the basis of the Assistant General Manager:



As well as new projects, past ongoing projects are ensured the completion of ongoing projects. In portfolio of IBTECH projects with the startdate of 2009 and before have been completed.. On the basis of a single reporting infrastructure and public monitoring of the transaction volume and profitability by profit centers is provided daily.



Enhancing the efficiency of the Business units engaged in actual operation in 2011 under the projects with umbrella name: 'New Generation Branch Project Usability optimizations' have been implemented. End users could access to customer's signature and photo identification through the system. Documents can be scanned during processing, q-matic system integration with core banking system provides even faster services in the braches.

"Face Recognition System and the tally Credit Application Integration" is completed and Finansbank is the first bank in Turkey that uses this facility. IBTECH and Finansbank has another first implementation for installing GIB tax collections on the credit card payments in Turkey.

Profitability of Customers Realtionship Network Project and Fees and Commission Committee Project that directly affect the profitability of the Bank and implemented rapidly.

In order to support the return of fast and high Quality Internal and external customer complaints; Call Center, Customer Complaint Management and Service Center Applications have been renewed in accordance with changing needs.

Project and Demand Management Project established for the project and demand prioritization and to ensure transparency and easy traceability of processes with Change Management flows and , and will in use in 2012 Q1.

A new test team is founded to provide a different point of view to application tests except for the Analysis team. This test team aimed to raise testing Quality and decrease User Acceptance Test (UAT) duration.

A 3D rendered image of a grey, curved mechanical track or roller system. A bright red sphere is positioned on the track, with a small grey cylindrical component nearby. The scene is lit from the side, creating highlights and shadows on the metallic surfaces.

# PURCHASING & TECHNICAL SERVICES

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The Purchasing and Technical Services Department fulfills the purpose of providing the resources, materials and services needed for Finansbank's operations at the appropriate levels of quality, price and logistics. The department's main areas of responsibility consist of purchase or rental of any kind of materials, services and real-estates, and commercial sponsorship agreements. Operational activities such as Administrative Services, General Archives and Warehouse Management, Technical Services and Expertise lie within the Purchasing Department's core responsibilities.

The software module (Oracle i-Procurement) enables branches / headquarters units to transmit their needs to the Purchasing Department. It also facilitates electronic receipt of purchasing approvals and enhances the tracking and reporting infrastructure still in use with new developments. In 2011, the purchasing index began to be reported by the system instead of manual reporting.

In 2011, branch numbers went up from 503 to 522. In addition to these figures, 18 branches have commenced service at their new locations. 12 branches changed name and address and these branches were moved to their new locations.

The new branch concept model, which was initiated in 2010, was implemented in 2011. 64 branches, newly-opened, moved or renovated, are currently in new concept design.

ATM numbers have been raised to 1,826 units, with an allocation of 964 units off-site and 862 units on-site.

The second Call Center building has been completed and has begun operating in Erzurum with a capacity of 500 personnel.

The asset management project, which required inventory count of all the bank's electrical, mechanical and architectural assets, and their successful transfer to the asset management system, and also facilitates monitoring of all indicated assets over the system, was finalized in 2011.

# FINANCIAL HIGHLIGHTS FOR THE YEAR 2011

Key Financial Highlights	2011 TL Million	2010 TL Million	Yoy. %
Total loans	30,838	25,836	19.4
Total securities	6,949	7,504	-7.4
Total assets	46,199	38,087	21.3
Customer deposits	28,989	23,552	23.1
Shareholders equity	5,696	5,208	9.4
<b>Profitability</b>	<b>2011 TL Million</b>	<b>2010 TL Million</b>	<b>Yoy. %</b>
Net interest income	2,225	2,254	-1.3
Fees and commission income	801	594	35.0
Provisions	306	260	17.5
Profit before taxes from continuing operations	1,120	1,134	-1.2
Provisions for taxes on income (-)	272	219	24.2
<b>NET PROFIT</b>	<b>848</b>	<b>915</b>	<b>-7.3</b>

Finansbank's net operation profit was TL 848 by the end of 2011 where the Bank's capital adequacy ratio was 17.18%.

Total credits was elevated by 19% to TL 30.8 billion, total assets by 21% to TL 46.2 billion, customer deposits by 23% to TL 29.0 billion, and shareholders equity by 9% to TL 5.7 billion.

Net interest income stood at TL 2,225 million where net fees and commissions were TL 801 million with an increase of 35%.

By the end of 2011, Finansbank was in service through 522 branches and reaching 11,000 employees with 1,023 new recruitment.

# AMENDMENTS TO THE ARTICLES OF INCORPORATION, SHARE CAPITAL AND SHAREHOLDERS

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No amendments were made on the provisions of Finansbank's Articles of Incorporation in 2011.

As of December 31, 2011, 77.23% of the Bank's shares are owned by National Bank of Greece S.A. (NBG), 7.90% by NBGI Holdings B.V., 9.68% by NBG Finance (Dollar) PLC. and 5.00% by International Finance Corporation (IFC).

# MANAGEMENT AND CORPORATE GOVERNANCE

## Board of Directors, Managers and Auditors

Name	Assignment	Date of Appointment to Assignment	Level of Education
Dr. Ömer A.Aras	Chairman of the Board of Directors	April 16, 2010	PhD
Sinan Şahinbaş	Vice Chairman of the Board of Directors	April 16, 2010	MBA
Prof. Dr. Mustafa Aydın Aysan	Board Member and Head of Audit Committee	November 9, 2006	PhD
Michail Oratis	Board Member and Audit Committee Member	March 2, 2011	MBA
Dimitrios Anagnostopoulos	Member of the Board of Directors	September 24, 2009	BA
Edward Nassim	Member of the Board of Directors	April 17, 2007	MBA
Anthimos Thomopoulos	Member of the Board of Directors	November 9, 2006	MBA
Dr. Paul Mylonas	Board Member and Audit Committee Member	March 11, 2010	Phd
Christos Alexis Komninos	Member of the Board of Directors	February 16, 2011	BA
Temel Güzeloğlu	Member of the Board of Directors and General Manager	April 16, 2010	MBA
Mustafa Hamdi Gürtin	Member of the Board of Directors	April 16, 2010	MBA
Agis Leopoulos	Member of the Board of Directors	April 16, 2010	MBA
Adnan Menderes Yayla	Executive Vice President	May 20, 2008	MBA
Metin Karabiber	Executive Vice President	October 8, 2010	BA
Hakan Şenünel	Executive Vice President	August 18, 2008	BA
Murat Şakar	Executive Vice President	August 18, 2008	BA
Köksal Çoban	Executive Vice President	August 18, 2008	MBA
Saruhan Doğan	Executive Vice President	October 9, 2009	MBA
Dr. Mehmet Kürşad Demirkol	Executive Vice President	October 8, 2010	PhD
Özlem Cinemre	Executive Vice President	July 9, 1997	BA
Hakan Alp	Executive Vice President	July 7, 2010	BA
Tunç Erdal	Executive Vice President	October 8, 2010	BA
Kubilay Güler	Executive Vice President	January 16, 2004	BA
Filiz Sonat	Executive Vice President	September 19, 2007	BA
Levent Yörük	Executive Vice President	February 1, 2010	BA
Bülent Yurdalan	Executive Vice President	March 7, 2011	BA
Erkin Aydın	Executive Vice President	May 16, 2011	MBA
Kunter Kutluay	Executive Vice President	May 16, 2011	MBA
Ömür Tan	Executive Vice President	October 28, 2011	BA
Şebnem Seniye Karaduman <sup>(1)</sup>	Executive Vice President	January 9, 2012	BA
Ahmet Cihat Kumuşoğlu	Auditor	March 27, 2008	BA
Sedat Eratalar	Auditor	April 1, 2000	BA

<sup>(1)</sup> Şebnem Seniye Karaduman was assigned as the Executive Vice President responsible for Legal Affairs by 9 January 2012.

# BOARD OF DIRECTORS & EXECUTIVE VICE PRESIDENTS

## BOARD OF DIRECTORS

### **Dr. Ömer A. Aras** Chairman of the Board of Directors and Group CEO

Dr. Aras graduated from the Academy of Economic and Commercial Sciences, Department of Economics, in 1975. He received an MBA in 1978 and a PhD in Business Administration in 1981 from Syracuse University. Over the next three years, he was a faculty member at the Business Administration Department of Ohio State University, and worked as a consultant. Between 1984 and 1987, he served as Credit Marketing Manager and Credit Committee Member at Citibank, and worked as the Head of Yapı Kredi Securities. Dr. Aras participated in the founding of Finansbank in 1987, and served as Assistant General Manager for two years and as General Manager for six years and as an Executive Board Member of Finansbank and Vice Chairman of Fiba Holding from 1989 to 2006. Between 2003 and 2007 he held the Board Member position in TUSIAD (Turkish Industrialists' Businessmen's Association). Mr. Aras served as Vice Chairman of Finansbank A.Ş. and Group CEO of Finansbank Group of Financial Companies (FinansLeasing, FinansInvest and Finans Portfolio A.Ş.) between 2006 (November) - 2010 (April). Dr. Aras was appointed as Chairman in April 2010.

### **Sinan Şahinbaş** Vice Chairman of the Board of Directors

Mr. Şahinbaş graduated from TED Ankara College in 1984, and from Istanbul Technical University, Engineering Faculty in 1988. He completed his graduate degree in Civil Engineering at George Washington University. He then received Masters degrees in International Relations from Istanbul University and in Finance from Yeditepe University. He began his professional career at Finansbank in 1990. He worked in Treasury, Corporate Banking and Credit Departments till 1997. In 1997 he worked for the foundation of representative offices of Finansbank (Suisse) SA ve Finansbank (Holland) NV in Turkey. He was transferred to Garanti Bank in 1997 as Department Head in charge of the design of a risk management system for new subsidiaries, in the same year Mr. Şahinbaş was promoted to Executive Vice President of Garanti Bank (Holland) N.V. After a year, Mr. Şahinbaş moved back to Finansbank (Holland) N.V. and became General Manager in 1999. In 2001, Mr. Şahinbaş became Senior Executive Vice President at Finansbank and was promoted as General Manager in October 2003. After serving as General Manager for 7 years, Mr. Şahinbaş became Vice Chairman in April 2010.

### **Prof. Dr. Mustafa Aysan** Member of the Board of Directors and Audit Committee

Prof. Aysan graduated from Istanbul University, Economics Department. He received his MBA degree from Harvard University in 1959 and became a professor in 1974. He has

taught in various Turkish and international universities between 1968 and 2000. Prof. Aysan served as Head of the Committee for the Restructuring of State Economic Enterprises from 1964 to 1968, as Head of the Budget Committee of Turkish Republic Advisory Council in 1981 and as the Minister of Transportation from 1982 to 1983. Prof. Aysan is currently a Member of the Board of Directors and Head of Audit Committee of Finansbank.

### **Michail Oratis** Member of the Board of Directors and Corporate Governance Committee

Mr. Oratis graduated from Chemical Engineering Department of National Technical University, in 1980. He received his masters degree from Columbia University Industrial Engineering and MBA degree from New York University in 1985. He worked as the Money Market Head at Citibank between 1985-1991. He served as the Interest Rate Trading Head at Midland Bank PLC, Country Treasurer at Bank of Amerika NT&SA, Short Term Interest Rate Trading Head, Country Treasurer, Capital Markets and Derivatives Head at Citibank N.A., Group Treasurer at Mytilineos S.A. Group Companies and Country Treasurer at ABN-AMRO Bank N.V. between the years 1991 and 1999. He moved to National Bank of Greece in the capacity of General Manager responsible for Group Risk Management in 1999. As he still serves in the same position in addition he was assigned as the Member of the Board of Directors of Finansbank on 2 March 2011.

### **Anthimos Thomopoulos** Member of the Board of Directors

Mr. Thomopoulos is the Group Chief Financial Officer and Chief Operating Officer of the National Bank of Greece, the largest banking Group of Greece. He has also served as Group Risk Director of National Bank of Greece. Before joining NBG, Mr. Thomopoulos was a senior corporate finance partner of KPMG in London and Athens, specializing in Banking and Finance industry. In this capacity, he served as advisor to large North American and European financial institutions on strategy, M&A and post-M&A integration. He serves as country representative to the European Banking Federation (EBF) for Greece as a member of the Senior Committee on Global Banking Issues of the EBF. Thomopoulos, is a UK qualified accountant (ICAEW) and CFA charterholder with postgraduate studies in Computer Science and Finance. Thomopoulos was appointed as a Member of the Board of Directors of Finansbank on 9th of November 2006.

**Dimitrios Anagnostopoulos**  
**Member of the Board of Directors and Risk Committee**

Born in 1959, Mr. Dimitri Anagnostopoulos graduated from the Industrial School of Thessaloniki in 1983. He received his MBA from California State University Northridge and worked as an Analyst in "HELP U SELL" Real Estate Agency in Los Angeles, California from 1984 to 1986. He continued his career as Assistant to the Group Finance Manager in Delta Dairy S.A from 1987 to 1990. In 1990 he started his banking career in Citibank in Athens which was going to last for seventeen years. He started as Assistant Manager in Credit Risk for large Corporates. In 1993 he became Vice President and Group manager of local Corporates and in 1998 Assistant General Manager in charge of the International Group. In 2000 he was appointed Assistant General Manager in the Retail Bank for Consumer & SME Banking. Mr. Anagnostopoulos left Citibank to join NBG in 2007 and was appointed as Coordinator to Finansbank. He became AGM for Credits in 2008 and was appointed as Finansbank Group Chief Risk Officer and Board Member responsible for Risk, in October 2009. In NBG Group, Mr. Anagnostopoulos is also in charge of the Risk areas in South Africa and Egypt. Mr. Dimitri Anagnostopoulos is married and has three children.

**Christos Alexis Komninos**  
**Member of the Board of Directors**

Mr. Komninos graduated from İstanbul Technical University with the degree of MSc in Chemical Engineering in 1971. He worked as a Trainee, Marketing Manager and General Manager positions at Coca-Cola Hellenic between 1972-1987. He moved to Coca-Cola Bottlers Ireland as CEO in 1987. He returned to Greece in 1990 and worked as CEO of Coca-Cola Hellenic till 2000. In 2000 he was transferred as the CEO of Papastratos Cigarette Manufacturing Company. He then moved to Shelman S.A as CEO in 2005 and worked till 2010. Mr. Komninos holds the Membership of Board of Directors at various companies and joined Finansbank in the same capacity on 16 February 2011.

**Paul Mylonas**  
**Member of the Board of Directors**

Mr. Paul Mylonas had a B.Sc in Applied Mathematics - Economics department in Brown University and a PhD and MA in Economics in Princeton University. From 1985 to 1987, he was visiting Assistant Professor at the Department of Economics in Boston University. He worked at the International Monetary Fund between 1987-1995. There, as a senior economist, he was the desk officer for Poland in the European Department. He also worked in the Fund's Policy Development and Review Department. From 1995 - 2000, he held the position of senior economist in the Economics Department of the OECD where he worked in the Money and Finance Division, and was head of the Greek and Spanish desks. He also served as the OECD representative on the G-10 Secretariat during 1999-2000. Mr. Mylonas is currently Chief Economist of the Group, Chief of Strategy, and Head of Investor Relations at the National Bank of Greece. He is Secretary of the Executive Committee and a member of the ALCO Committee of the Bank. Mr. Mylonas was appointed as a Finansbank Board Member in April 2010.

**Agis Leopoulous**  
**Member of the Board of Directors**

Born 1968, Mr. Leopoulous had a B.Sc in International Trade and Development Department in London School of Economics and Political Science at University of London where he also had a MA in Social Science and Administration.

Mr. Leopoulous worked at European Commission between 1992-1995 where he held certain responsibilities and between 1995-1998 he worked in Banque Nationale de Grece in France successively as Associate Manager and Head of Greek Corporate Department. Mr. Leopoulous started working in NBG Group in 1999 and till 2000 he was the Head of Investor Relations and Advisor to Management and in 2000 he was appointed as Head of Management Office and Investor Relations. Mr. Leopoulous currently works in NBG as the General Manager responsible for Foreign Affairs and has been serving as a Board Member since April 4, 2010. He was appointed as a Finansbank Board Member in April 2010

**Mustafa Hamdi Gürtin**  
**Member of the Board of Directors**

Born 1951, Mr. Gurtin studied Statistics and Economy at Middle-East Technical University, Ankara and completed a master of Economy at Vanderbilt University, USA. He worked in Central Bank of Republic of Turkey for 19 years and then worked as the Investment General Manager at Garanti Bank. Following this position, Gürtin became a Dışbank Board Member responsible for Risk and then worked as the General Manager and Chairman of Black Sea Trade & Development Bank in Greece. In April 2010, Gürtin was appointed as Finansbank Board Member.

**Edward Nasim**  
**Member of the Board of Directors**

Mr. Nassim graduated from London University Imperial College in 1968. He received his MBA degree from Harvard University in 1976. He began to work at IFC after his graduation. He worked as the Vice President of IFC till December 2007. Nassim was appointed as a Member of the Board of Directors and Audit Committee of Finansbank on April 17, 2007. Nassim functions as Member of the Board of Directors of Finansbank since April 2010.

**Temel Güzeloğlu**  
**Member of the Board of Directors and General Manager**

Born in 1969, Mr. Güzeloğlu has BA degrees from the Electrical and Electronics Engineering; and Physics Departments of the Bosphorus University. Güzeloğlu was later entitled to an MA degree from the Northeastern University, Boston-Massachusetts Electrical and Computer Engineering and an MBA from Bilgi University, İstanbul. Güzeloğlu worked as the Executive Vice President of Finansbank responsible for Consumer Banking till August 2008. He then served as Executive Vice President responsible for Retail Banking and Member of Management Committee of Finansbank in August 2008. Mr. Güzeloğlu was appointed as General Manager in April 2010.

## MANAGEMENT & EXECUTIVE VICE PRESIDENTS

**Temel Güzeloğlu**  
Member of the Board of Directors and General Manager

**Adnan Menderes Yayla**  
Executive Vice President and Member of Management Committee

Born in Ankara in 1963, Yayla graduated from the Economics Department of the Faculty of Political Science of the Ankara University in 1985. He did his MBA at the University of Illinois at Urbana-Champaign from 1992-1994. He worked for the Ministry of Finance as an Assistant Auditor and Auditor from 1985-1995; for the Privatization Administration as a Project Valuation Division Chief from 1995-1996; for Price Waterhouse Coopers as a Manager, a Senior Manager, and a Partner in their Istanbul and London offices from 1996-2000; and for the Türk Dış Ticaret Bankası (Fortis) as the Executive Vice President in charge of the Financial Comptrolling Group and Risk Management from 2000-2008. He joined Finansbank on 20 May 2008 as an Executive Vice President and the Group CFO. He has been a Member of Management Committee of Finansbank and the Group CFO since August 2008.

**Ahmet Erzençin**  
Head of Compliance Division

1962-born Erzençin received his bachelor's degree from the Public Administration Department of the Middle East Technical University, Ankara, Turkey. After working for the Pamukbank from 1988-1993, he joined Finansbank as the Regulations Manager in October 1993. He was appointed Head of the Operations Group in 1996 to oversee the operations of the branches and the headquarters. With the establishment of the Operations Center (FOMER) in 2001, he served as its Group Manager until the end of 2005. Early 2006, he supervised the establishment of the Compliance Division where he is currently the Head.

**Bülent Yurdalan**  
Executive Vice President

Born in 1958, Mr. Yurdalan graduated from Eskişehir Economic and Commercial Sciences Academy - Business Administration Department in 1980. After an employment of 5 years at Citibank-Turkey, Yurdalan joined Finansbank in 1988 and was assigned to top level positions at the Credits, Audit, Treasury Operations, and External Relations Departments of the Bank; and at some Fiba Group banks. Yurdalan was appointed as the Head of Internal Audit Division in 2003. He was assigned as the Head of Retail Credits in March 2011.

**Erkin Aydın**  
Executive Vice President

Erkin Aydın graduated from the School of Engineering of Boğaziçi University with a Bachelor of Science degree in Civil Engineering in 1997 and received his MBA degree from the University of Michigan Business School in 2003. Starting his career as a Business Development Associate and Project Engineer with Guy F. Atkinson Construction in the USA in 1998, Aydın went on to work for Clark Construction Group as a Project Manager in California. In 2002, he joined McKinsey & Company in Istanbul where he successively filled the posts of Associate, Engagement Manager, and Associate Partner. Throughout his tenure with McKinsey & Company, he consulted to leading financial services institutions in Turkey and Western and Eastern Europe in areas of marketing,

growth strategy, sales effectiveness, operational efficiency, organization strategy and mergers and acquisitions. He started working for Finansbank in 2008 as Head of Mortgage and Consumer Loans, assuming further responsibility for the management and marketing of all consumer banking products and segments as of July 2008 and ultimately for SME Banking Marketing in February 2009. Aydın was assigned as the Retail Marketing Coordinator in February 2010 and Executive Vice President responsible for Retail Marketing in May 2011.

**Ersin Emir**  
Chief Audit Executive

Born in Eskişehir in 1971, Mr. Emir graduated from Middle East Technical University, Department of Business Administration, in 1994. He received his master's degree in Organizational Psychology at the University of London in 2010. He started his banking career in 1995 at İşbank as an Assistant Auditor. Mr. Emir then started to work at the Internal Audit Department of Finansbank as an Auditor in 1998 and was appointed as the Deputy CAE in 2004. He was in charge of the Head Office and Subsidiary Audits in the past two years, after which he was appointed as the Chief Audit Executive in March 2011.

**Filiz Sonat**  
Executive Vice President

Born in 1960, Mrs. Sonat has a BA in Mechanical Engineering from Istanbul Technical University; and in Business Administration from Anatolian University. After working as a mechanical engineer in a private construction company between the years of 1982-1986, She was appointed to a position in banking for the first time at İktisat Bank in 1987. Sonat transferred to Sümerbank in 1998 in the capacity of Executive Vice President. Şafak joined Finansbank in 1999. She worked as the Credits Department Coordinator till 2007. Currently, she works as the Executive Vice President Responsible for Credits at Finansbank.

**Hakan Alp**  
Executive Vice President

Mr. Hakan Alp was born in 1968. He graduated from Ankara University, Faculty of Political Sciences with a degree in International Relations in 1989. He worked for Board of Audit between 1991 and 1997 at Garanti Bank where he also served as Senior Vice President in charge of Training and Development between 1997 and 1999. He started to work for Humanitas Doğu Human Resources Management and served as Executive Vice President in charge of Training / Executive Development / Finance and Administration / Operation between 2000 and 2003. He held the position of an Executive Vice President in charge of Human Resources from 2003 to 2005 at Tansaş Retail Chain. He worked as Executive Vice President, Human Resources Department at Süttaş between 2005-2006. In 2007, he became Senior Vice President in charge of Human Resources at Finansbank. He was assigned as Executive Vice President in charge of Human Resources as of June 2010.

**Hakan Şenünel**  
Executive Vice President

1970-born Şenünel graduated from the Finance Department of the Istanbul University in 1992. He worked first for Tan Menkul Değerler and next for Facto Finans. Appointed Finansbank's Nuruosmaniye, Istanbul Branch Manager in 1994, Şenünel served as a manager at various levels in Finansbank's Commercial and Corporate businesses until

2005. Promoted to Group Director, Sales and Strategy in 2005, he was assigned as the Executive Vice President in August 2008 responsible for Sales and Strategy. Şenühal has been serving as the Executive Vice President responsible for coordination of subsidiaries since May 2011.

**Köksal Çoban**  
**Executive Vice President**

1967-born Çoban received his BA from the Business Administration Department of the Middle East Technical University, Ankara, Turkey in 1990. Receiving a master's degree in finance from the City University, Çoban worked for Türk Eximbank and Demirbank A.Ş. between 1995 and 1997. Appointed the International Markets Director with Finansbank the same year, he served as Finansbank's International Markets Group Chief from 1998-2000. Assuming a number of managerial posts in the Treasury Department thereafter, Çoban has been the Finansbank Executive Vice President in charge of Treasury since August 2008.

**Kubilay Güler**  
**Executive Vice President**

Born in 1959, Mr. Güler graduated from the Middle East Technical University, Political Science Department in 1983. Until joining Citibank as a full member of the team which has established retail banking operations for Citibank in Turkey, he worked in various positions in many Turkish banks between the years of 1985 - 1995. Güler joined the Plastic Cards and Alternative Distribution Channels Department of Finansbank in 1999; and was promoted in 2004 as Executive Vice President responsible for Alternative Distribution Channels. In June 2005, he was assigned to the position of Executive Vice President responsible for Alternative Distribution Channels and Operations. He has been serving as the Executive Vice President responsible for Internal Control since September 2011.

**Kunter Kutluay**  
**Executive Vice President**

Born in İstanbul in 1970, Kutluay graduated from the Turkish Education Association's (TED) Ankara College in 1988. He received his bachelor's degree from the Electronics Engineering Department of Bilkent University, Ankara, Turkey and master's degree from the Business Administration Faculty of the same university. He worked for Toshiba, General Electric, and Microsoft as a sales manager and for McKinsey&Company as a consultant. He worked on analysis and data mining technologies at the Kratis firm where he was a founding partner. Following an assignment with the Fortis Bank as the Portfolio Analysis Director, he joined Finansbank in 2006 as the Marketing and Credit Analysis Group Chief. Kutluay has served as Finansbank's Retail Loans (Credits) Coordinator between 2008-2011. In February 2011, Kutluay was appointed as Card Payment Systems Coordinator. He was assigned as the Executive Vice President responsible for Payment Systems in May 2011. He is married with a daughter.

**Levent Yörük**  
**Executive Vice President**

1961 born Yörük graduated from the Business Administration Department of the Turkish Military Academy in 1982. He studied Business Administration at Boğaziçi University in 1995, Sales and Marketing at Toronto University in 1992, and Finance at Johns Hopkins University in 2001/2002. He served as a military officer in the Turkish Land Forces Command between 1982 - 1991 and worked for American Life Insurance PLC as the Sales Unit Manager between 1992 - 1996. Between

1996 - 2001, he worked for Citibank NA Turkey successively as the Sales Manager, Regional Sales Director, and Turkey Sales Director. Between 2001 - 2007, he was appointed as the Operations Director with Citigroup-CitiFinancial in USA. Starting his career in Finansbank as the Retail Banking Alternative Sales Channels Senior Vice President in August 2007, Yörük was assigned as the Executive Vice President in charge of Alternative Sales Channels and Call Center in 2010.

**Mehmet Kürşad Demirkol**  
**Executive Vice President**

Mr. Demirkol was born in 1973. He graduated from the Bilkent University, Department of Electrical and Electronics Engineering in 1995 with rank 1 among the graduates. He received his M.Sc. and Ph. D. degrees from Stanford University. He worked as Associate Application Engineer at Oracle - Redwood from 1996 to 1997 and as Research Assistant at the Stanford University from 1997 to 1999. He served as Senior Associate at Atlanta and İstanbul offices of McKinsey&Company between 1999 and 2003. He held the position of the Group Head, Business Development and Strategy Department at Finansbank between 2004 and 2005 and worked as VP of IT and Card Operations at Finansbank Russia in 2005. He served as Business Development and Marketing Director at Memorial Healthcare Group from 2005 to 2007. In 2007, he started to work as Head of Information Technologies at Vakıfbank. He was assigned as Chief Information Officer of the bank in the same year. Additionally, he undertook the post of Chief Operation Officer, in charge of Operations and ADC in 2008. Mr. Demirkol has been working at Finansbank as Executive Vice President, in charge of Information Technologies and Process Management since August 2010.

**Metin Karabiber**  
**Executive Vice President**

Born in 1961 in Adana. He is a graduate of Çukurova University, Industrial Engineering Department. He began his banking career at Interbank in 1985 as a Marketing Specialist. He worked as a Branch Manager at İktisat Bankası from 1990 to 1995, at Demirbank from 1995 to 1997, at Finansbank between 1997 and 1998 and at Sümerbank as an Executive Vice President between the years 1998 and 1999.

In 1999 he joined Dışbank as Karaköy Branch Manager and he took role in Halic Region as a Regional Manager between 2000 and 2004. In January 2004, he has been appointed to the position of Executive Vice President of SME Group. He served as the Executive Vice President responsible for Retail Banking Sales Management between April 2007 and September 2010. As of 8 October 2010 he has assigned as the Executive Vice President responsible for Commercial Banking in Finansbank.

**Murat Şakar**  
**Executive Vice President**

Born in 1969, Mr. Şakar is a graduate of the German High School; and İstanbul Technical University - Industrial Engineering Department. Şakar has gained business experience at Rehau Polimeri Kimya Sanayi A.Ş. in the capacity of "Business Unit Manager" (2002-2005), and at Arçelik A.Ş. as Purchasing Manager. Since March 2005, Şakar has undertaken the management of all purchasing and construction activities of Finansbank as the Coordinator of Purchasing and Technical Services. In August 2008 Şakar was appointed as Executive Vice President responsible for Purchasing and Technical Services of Finansbank.

**Oya Güvercinci**  
**Head of the Audit Committee Office**

Born in 1957, Mrs. Güvercinci is a graduate of Marmara University - Chemical Engineering Department. Güvercinci has worked at the branches of Ziraat Bank and later of Impexbank between the years of 1984 - 1987. She joined Finansbank in 1987 in the capacity of Private Banking Portfolio Manager.. Güvercinci has rendered services as Branch Manager also. In 1994, Güvercinci formed the Quality and Change Group and was appointed as Head of Risk Management in 2001. She was assigned as the Head of the Audit Committee Office in September 2011.

**Ömür Tan**  
**Executive Vice President**

Born in 1971. Ömür Tan is a graduate of Ankara Atatürk Anadolu College and Statistical Department of Hacettepe University. Tan began to work at Yapı Kredi Bankası as a Management Trainee in 1995 and joined Finansbank in 1998. He served as Corporate Branch Customer Relationship Manager, Corporate Branch Manager, Head Office Key Account Senior Vice President and Corporate Banking Senior Vice President . He was assigned as the Executive Vice President responsible for Corporate Banking and Structured Finance and Foreign Trade Finance in October 2011.

**Özlem Cinemre**  
**Executive Vice President**

Born in 1964, Mrs. Cinemre graduated from the Bosphorus University Business Administration Department in 1988. She started her career in the same year at the International Division of Finansbank; and in 1997 she was appointed as the Executive Vice President responsible for Financial Institutions. Currently Cinemre is in charge of the Correspondent Banking, Structured Funding, Financial Institutions, Credit Management Groups, Trade Finance, Cash Management and International Relations as an Executive Vice President.

**Saruhan Doğan**  
**Executive Vice President**

Mr. Dogan is a graduate of the Galatasaray High School in 1986; and İstanbul University - Economics Department in 1990. He received an MSc in Economics degree from London School of Economics and Political Science in 1992. Doğan started to his professional career at Citibank Treasury Department. He worked as Economist and Treasury Marketing Department Head at Citibank between the years 1992 and 1997. After working as the Head of Treasury Sales Department at TEB between May 1997 and July 1998 and; as the Head of Treasury Research and Sales Group at Alternatifbank, between 1998 and 2004, he was appointed to Finansbank as the Senior Vice President of Treasury Department and the Chief Economist in 2004. In 2007 Doğan joined to Deutsche Bank-Turkey as the Executive Vice President responsible for Treasury. He was then appointed to Finansbank as the Executive Vice President responsible for Investment Banking on the 9th of October, 2009.

**Şebnem Seniye Karaduman**  
**Executive Vice President**

Born in 1974. Karaduman completed her undergraduate study at İstanbul University, Law Department. She started her career as a Lawyer at Finansbank Law Department in 1998. She then was appointed to Fiba Bank as Legal Advisor in 2002. She worked in various positions at Finansbank Law Department between the years 2003 and 2010. Karaduman was assigned

as the Legal Advisor of Finansbank in 2010 and as the Executive Vice President responsible for Legal Affairs in 2012.

**Tunç Erdal**  
**Executive Vice President**

Mr. Erdal was born in 1970. He graduated from the Department of Industrial Engineering, Middle East Technical University in 1992. His career life started in 1993 at the Marketing Department of Ege Leasing A.Ş. He worked as Dealer and Senior Dealer at the Treasury Department, Alternatifbank between 1996 and 1998. He served as Vice President, Head of Fixed Income and Liquidity at the Treasury Department of the same bank from 1998 to 2003. He held the position of Investment Manager, Department of Private Banking at Banque de Commerce et de Placements, Genève between 2003-2005. Mr. Erdal joined Finansbank family in 2005 and he undertook the post of Senior Vice President in charge of Treasury Research and Sales , Treasury Department. Mr. Erdal has been serving as Executive Vice President in charge of Private Banking at Finansbank since August 2010.

**Zeynep Aydın Demirkıran**  
**Head of Risk Management**

A graduate of Ankara Atatürk Anatolian High School, Demirkıran completed her undergraduate study at the Economy Department of Bilkent University and master's degree in Economics at Georgetown University, Washington D.C. She lectured at Georgetown University until December 1998, after that she worked as a specialist at the Risk Management Department of Türkiye İş Bankası, between 1999-2002. She joined Finansbank in 2002 and assumed positions as Senior Risk Manager and Coordinator of the Basel II Program. In September 2011, she was promoted to Head of Risk Management and has held this position since.

# EXECUTIVE COMMITTEES OF FINANSBANK

## Kredi Komitesi

The mission of the Credit Committee is to examine, evaluate, and approve the loan limits that fall under the authority of the Board of Directors and the Credit Committee in keeping with the Bank's loan strategies and the relevant legislation; to keep the quality of the Bank's loan portfolio under control; and to take part in and manage the release process of loans within the framework of the risk/return relationship. The members of the Credit Committee are as follows:

Chairman of the Board of Directors	Dr. Ömer A. Aras
Vice Chairman of the Board of Directors	Sinan Şahinbaş
Member of the Board of Directors	Dimitrios Anagnostopoulos
Member of the Board of Directors and General Manager	Temel Güzeloğlu

## Audit Committee

Audit Committee was established;

- To monitor, on behalf of the Board of Directors, the effectiveness and adequacy of the internal systems of the Bank and the functioning of these systems together with accounting and reporting systems in accordance with laws and applicable regulations and the integrity and reliability of generated information from those systems.
- To make necessary preliminary evaluations required for selection of the independent external audit firms and rating, evaluation and outsourcing organizations by the Board of Directors,
- To regularly monitor the operations of such organizations selected by the Board of Directors with whom contracts are settled,
- To ensure that the internal audit activities of subsidiaries subject to consolidation as per regulations based on the related law are carried out on a consolidated basis and coordination with the internal audit activities in the Bank.

Chairman of Audit Committee and Member of the BoD	Prof. Dr. Mustafa A. Aysan
Member of the BoD and Audit Committee	Paul Mylonas
Member of the BoD and Audit Committee	Michail Oratis

## Board Risk Committee

Risk Committee defines risk management policies and strategies, reviews all types of risks bank is exposed to, monitors the implementation of risk management strategies and brings the important risk issues to the attention of the Board. The members of the Risk Committee are as follows:

Chairman of the Board of Directors	Dr. Ömer A. Aras
Vice Chairman of the Board of Directors	Sinan Şahinbaş
Member of the Board of Directors	Dimitris Anagnostopoulos
Member of the Board of Directors	Michail Oratis

## Asset / Liability Committee

Asset / Liability Committee propose Asset / Liability Management procedures and policies to Board of Directors which are compatible with prevailing laws and regulations.

Asset / Liability Committee is responsible for executing the policies and managing structural interest rate risk within the limits defined by Board of Directors. The committee meets monthly; reviews the critical risk issues and determines the strategies for asset / liability management. The members of the Asset / Liability Committee are as follows:

Chairman of the Board of Directors	Dr. Ömer A. Aras
Member of the Board of Directors and General Manager	Sinan Şahinbaş
General Manager	Temel Güzeloğlu
Financial Control and Planning Executive Vice President	Adnan Yayla
Treasury Executive Vice President	Köksal Çoban
Head of Risk Management	Zeynep Aydın Demirkıran
Head of ALM Desk	İlker Kayseri

### Corporate Credit Policies Committee

Corporate Credit Policies Committee is responsible for defining corporate credit policies, continuously controlling quality of bank's non-retail credit portfolio and granting loans in a perspective that would maximize bank's profitability in a risk-return framework. The members of the Corporate Credit Policies Committee are as follows:

Vice Chairman of the Board of Directors	Sinan Şahinbaş
Member of the Board of the Directors	Dimitris Anagnostopoulos
General Manager	Temel Güzeloğlu
Head of Risk Management	Zeynep Aydın Demirkıran
Credits Executive Vice President	Filiz Sonat
Comercial Banking Executive Vice President	Metin Karabiber
Corporate Banking Executive Vice President	Ömür Tan
Corp. Ban. Process, Penetration and Portfolio Man. Vice Pre.	Gamze Dedeoğlu Aydınalp
Senior Credit Risk Manager	Belma Erkan

### Retail Credit Management and Policy Committee

Retail Credit Management and Policy Committee is responsible for defining retail credit policies, continuously controlling quality of bank's retail credits and credit cards portfolio and managing portfolio in a perspective that would maximize bank's profitability in a risk-return framework. The members of the Retail Credit Management and Policy Committee are as follows:

Member of the Board of the Directors	Dimitris Anagnostopoulos
General Manager	Temel Güzeloğlu
Head of Risk Management	Zeynep Aydın Demirkıran
Retail Banking Executive Vice President	Erkin Aydın
Payment Systems Executive Vice President	Kunter Kutluay
Retail Credits Monitoring and Recovery Executive Vice Pre.	Bülent Yurdalan
Senior Credit Risk Manager	Belma Erkan

### Operational Risk Management Committee

Operational Risk Management Committee defines operational risk policies, reviews operational risk issues of the bank and defines the necessary actions to minimize operational risks. The members of the Committee are as follows:

Member of the Board of Directors	Dimitris Anagnostopoulos
Head of Risk Management	Zeynep Aydın Demirkıran
Operations & Alternative Payment Channels Coordinator	Aytaç Aydın
Head of Compliance	Ahmet Erzençin
Retail Marketing Executive Vice President	Erkin Aydın
Payment Systems Executive Vice President	Kunter Kutluay
Internal Control Executive Vice President	Kubilay Güler
Senior Operational Risk Manager	İsmail Akın
IBTECH Management Board Security, Audit, Risk	Argun Derviş

### Corporate Governance Committee

Corporate Governance Committee has been established to monitor the banks' compliance to corporate governance principles, to be engaged in improving in this respect and to submit suggestions to the board of directors. Committee reports to Board of Directors.

Chairman of Audit Committee and Member of the BoD	Prof. Dr. Mustafa A. Aysan
Member of the BoD and Audit Committee	Paul Mylonas
Member of the Board of Directors	Mustafa Hamdi Gürtin
Member of the Board of Directors	Agis Leopoulos

# INFORMATION ABOUT THE PARTICIPATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMMITTEE MEMBERS TO RELATED MEETINGS

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19 Board Meetings were held in 2011 and all Board Members, excluding exceptional cases, participated in the meetings.

6 Audit Committee Meetings were held in 2011 and the committee members were present in them excluding exceptional cases.

Members of the Risk Committee participated in monthly meetings excluding exceptional cases.

All members of the Operational Risk Management Committee participated in the committee's monthly meetings in 2011, excluding exceptions.

Members of the Asset-Liability Committee were present in related meetings excluding exceptional cases.

All members of the Corporate Credit Policies Committee and Personal Credit Policies Committee took part in the meetings held in 2011, excluding exceptional cases.

# SUMMARY BOARD REPORT PRESENTED TO THE GENERAL ASSEMBLY

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Dear Shareholders,

Welcome to our Bank's 2011 Ordinary General Assembly Meeting.

In presenting the Board Report, Auditors Report and Profit and Loss Statement for the fiscal year 2011 for your examination and approval, we respectfully welcome our shareholders, their representatives and our guests who have honored this meeting with their presence.

In the wake of the global economic crisis, a recovery process ensued by 2010. By and large, rates of growth were registered in global and developed economies. Nonetheless, the influence of this evanescent growth could not be maintained in 2011. As a number of risk factors materialized, economic growth slowed down noticeably in the global scale starting with developed nations. Fiscal measures taken to assuage this negative impact moved budget deficit issues to the agenda. Meanwhile, the process to invigorate effective demand by way of these measures took longer than expected.

Economic recovery was quicker in Central and Eastern European countries and in the CIS countries that had been more deeply affected by the crisis. As foreseen, the ascent of commodity prices fuelled economic growth in developing nations. To sum up, the economic processes of 2011 charted different courses in developed as opposed to developing nations. Developing economies were able to achieve relatively faster rates of growth, and were the driving force of the resurgence of the global economy, whereas the recovery processes in advanced nations could not fully live up to expectations.

Despite such a global backdrop, Turkey registered another year of sustained development. Although the worst impact of the global crisis was on employment across the world, in 2011, the Turkish economy differed positively from many countries in terms of its high growth, increased employment, improved public financing balances and robust banking structure, bringing down unemployment rates.

In such a context, if we are to view the financial figures of the Turkish banking sector in 2011, we shall see that the sector's total assets grew by 21.0% over 2010 (end of the year), and became TL 1.2176 billion by December 2011. Total loans rose by 30.3% (TL 163.0 billion) to TL 700.2 billion. Again by December 2011, the sector's capital adequacy ratio was 16.6%. Shareholders' equity climbed by 7.5% to TL 144.6 billion. Sector profitability became TL 19.9 billion by the end of 2011.

In light of all these developments, Finansbank's total loans was elevated by 19 % to TL 30.8 billion, total assets by 21 % to TL 46.2 billion, customer deposits by 23 % to TL 29.0 billion, and shareholders equity by 9 % to TL 5.7 billion. The bank's capital adequacy ratio was 17.18 % and the net operation profit was TL 848 million. By the end of 2011, we were in service through 522 branches and reaching 11,000 employees.

Dear Stakeholders,

In (the content of) our Annual Report showcasing our work for 2011, we have presented our Balance Sheet and Profit and Loss Statement for your examination and approval.

We express our gratitude to our people who have not spared their confidence and the authorities of our State for their continuous support; we thank our employees whose superior and selfless contributions we hold above all considerations; we salute with respect once again our esteemed shareholders and their representatives who have honored our General Assembly.

FINANSBANK A.Ş. BOARD OF DIRECTORS

# INFORMATION ON THE PROCEDURES FOR STAFF RECRUITMENT AND PROMOTION

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Finansbank Human Resources policy is developed and approved in compliance with the bank's strategic goals and business plan. The principal objective of the Human Resources policy is to boost overall bank performance and contribute to the bank's sustainable development by recruiting, developing and retaining talent. Human Resources policy focuses on four areas:

- **Human Resources planning and recruitment:** Attracting new talent and placing them in the right position to become an employer of choice,
- **Performance management:** Managing performance by ensuring compliance between employee and bank targets,
- **Talent and development management:** Improving technical and managerial know-how, retaining employees with high-potential and contributing to the development of all employees,
- **Engagement and rewarding:** Setting policies for enhancing employee engagement and participation in Finansbank's target achievement efforts.

All candidates undergo talent and skill tests, competency inventories and foreign language tests based on position requirements. In order to be placed in a position, a candidate should possess the required knowledge, skills and competency; demonstrate conformity to Finansbank values; pass one-to-one, group or panel interviews; and provide references. Career bulletins continue to be issued with the purpose of informing employees on career opportunities, addressing their transfer requests to other units, and meeting the experienced employee requests of business lines internally. Exam results are analyzed according to predefined norms and the efficiency of these exams is frequently re-evaluated.

As is the case with other HR functions, resignations are also closely monitored. In order to safeguard against separations, analyses are run to reveal any underlying causes, and the related adjustments are duly implemented. In this context, decision support systems include staff turnover, retention and vintage analyses along with exit interviews, inventories, research and survey studies.

As for organizational development, the focus is on taking action toward employee strengths and development opportunities, with the help of reinforced objective evaluation systems that would ensure the sustainable development of the bank. Targeting to strengthen the leadership skills of Finansbank's management team, internal coaching and mentoring processes are implemented and hence yet another essential step is taken for establishing a common management culture and corporate memory. Buddy project, implemented for ensuring a flawless and rapid adaptation process for new employees, significantly contributed to the realization of the becoming we value and is among one of the most important practices introduced in 2011. Other projects for increasing employee engagement, retaining high-potential employees, empowering corporate culture and spreading values are also continued to be planned and implemented in line with bank strategies and priorities.

Acknowledging the increasing competition, Finansbank Human Resources utilizes remuneration and rewarding systems in a way to ensure increased employee retention, satisfaction and performance, based on mutual benefits.

Managerial reporting is another important task geared towards improving the efficiency of Human Resources management activities and creating a shared view when setting and executing bank policies. Being an indispensable component of effective management, reports have gradually gained in importance as a decision-support resource.

Another significant area of activity concerns improving and supporting the corporate infrastructure. Employee suggestion system, documentation systems, appreciation and recognition systems, HR applications and identifications, legal operations and compensation and benefits operations are all included among these activities.

# TRANSACTIONS OF FINANSBANK WITH THE RISK GROUP THAT INVOLVES FINANSBANK

Regardless of any relations between the parties, Finansbank's relations with the companies in the risk group that involves Finansbank and with those companies under the control of the Bank:

The bank conducts every kind of banking transaction with the companies in the risk group that involves Finansbank in accordance with Banking Law and prevailing market conditions and within the framework of bank-client relations.

In addition to the structure of the relations, the type, amount and ratio of each transaction to the total transaction volume; the amount of main items and their ratio to total items volume; the pricing policy and other factors:

The policy and other terms regarding transactions the Bank conducts with companies in the risk group that involves the Bank are determined and implemented based on prevailing market conditions. As of December 31, 2011 the ratio of cash loans granted by the Bank to the companies of the risk group to total loans is 0.3%, while the ratio of deposits obtained from companies of the risk group to total deposits is 1.3%. In addition, the ratio of derivative transactions performed with the risk group to total derivative transactions is 0.3%

Transactions such as the purchase and sale of real-estate and other assets and services; agency contracts, leasing contracts; transfer of data obtained from research and development activities; license contracts, financing (including credits and cash or in-kind capital contributions), guarantees and collaterals; management contracts, etc:

Risk group that involves the Bank enters into leasing contracts with Finans Finansal Kiralama A.Ş. and the net leasing payables incurred from these contracts amounts to TL 9,294 by December 31, 2011.

The Bank directs a certain amount of its funds to Finans Portföy Yönetimi A.Ş. in certain periods.

Banka, The Bank entered into a contract with IBTech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. for research, development, and consultancy services.

The Bank receives cash transportation service from its 33.33% owned affiliate, Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.



# CORPORATE GOVERNANCE COMPLIANCE REPORT

### 1- Statement of Compliance with Corporate Governance Principles

As detailed here-below, Finansbank has complied throughout the financial year 01.01.2011-31.12.2011 with the principles set out in the Corporate Governance Principles published by the Capital Markets Board ("CMB").

Finansbank has set up a Corporate Governance Committee responsible for monitoring whether the Corporate Governance Principles are complied with, describing the problems that may arise due to noncompliance and offering corrective actions to the Board of Directors. The Committee consists of Mustafa Aydın Aysan, Agis Leopoulos, Mustafa Hamdi Gürtin and Paul Mylonas. Additionally, the Committee coordinates the operations of the Investor Relations Department.

### PART I - SHAREHOLDERS

#### 2- Shareholder Relations Department

Finansbank established a Shareholder Relations Department with a view to protecting the rights of our shareholders and ensuring effective communication between the Board of Directors and shareholders by acting in line with Article 1.1.2 of Part I of the Corporate Governance Principles published by the Capital Markets Board in July 2003. The Shareholder Relations Department, being accountable to Corporate Governance Committee, is managed by Mr. Şehsuvar Aladağ. The contact details for the Shareholder Relations Department are as follows:

E-mail: investor.relations@finansbank.com.tr  
Phone number: +90 212 318 50 00

Approximately 125 applications and inquiries were received by the Shareholder Relations Department during the financial year involved.

#### 3- Shareholders' Rights to Access Information

Finansbank informs the public of the developments affecting the exercise of ownership rights such as capital increase by publishing such material events in mass media and by sending Statements of Material Events to the Istanbul Stock Exchange. 125 inquiries were received from the shareholders during the financial year involved.

Appointment of an external auditor is not required under our Bank's Articles of Incorporation. Finansbank is audited by the internal auditors appointed by our Bank's Annual General Meeting and by the Banking Regulation and Supervision Agency ("BRSA") in accordance with the Banking Act.

#### 4- Information on Annual General Meetings

Annual General Meeting was held on 19.04.2011 with an attendance rate of 95%. Our shareholders were duly informed of the Annual General Meeting by announcing the Meeting in the Turkish Trade Registry Gazette and the dailies Güneş and Hürses and by sending a Statement of Material Events to the Istanbul Stock Exchange. Additionally, a letter of invitation was sent to each registered shareholder by registered mail with return receipt requested.

The Board of Director's calls for a General Meeting, the agenda items and the proxy form to be used were published in the Turkish Trade Registry Gazette and two mass-circulation dailies.

No other General Meeting was held during the financial year.

Our shareholders are requested to receive their admission cards, which are issued in such numbers corresponding to the number of registered shares held by each shareholder, from our Head-Office not later than one week prior to the date of the meeting.

Shareholders were entitled to ask questions and receive answers to their questions during the General Meeting. No motion was made by any shareholder during the General Meeting. Our shareholders are entitled to access the minutes of all previous General Meetings via our corporate website.

A notice of invitation to the Annual General Meeting that will be held in 2012 and relevant information will be published for our shareholders in the Turkish Trade Registry Gazette, two mass circulation dailies and on our corporate website. The minutes of Annual General Meeting, the Register of Shareholders, agenda items and announcements will be available to our shareholders on our corporate website following the said General Meeting.

## 5- Voting Rights and Minority Rights

No voting privilege is granted under our Bank's Articles of Incorporation. Also, no cumulative voting procedure has been adopted.

## 6- Dividend Distribution Policy and Deadline for Dividend Distribution

Our Bank dividend distribution is calculated under the provisions of the applicable statutory regulations and the Articles of Association. Accordingly, after deducting the legal and financial liabilities of the Bank, an amount of five percent of remaining net profit is divided to the statutory reserve fund, a rate of five percent of the amount of capital is divided to shareholders as first dividend. After reserving these amounts, %10 of remaining dividend is divided to founding shareholders. In addition, ten percent additional reserve is spared from the founder's shares in the dividend

All of the remaining distributable profit after deducting statutory reserves, the partners' first dividend and also profits on sale of property and subsidiary that must be kept in the bank in accordance with the legal obligation can be set aside as reserves by the General Assembly, upon the suggestion of the Board of Directors.

Following the General Assembly, shareholders were informed about the Board of Directors' decision, which is considered within the frame of growth targets of the bank, regarding an increase of capital in the form of issuance of free shares by taking into consideration the first dividend at the rate of %5 which has to be divided as per the Articles of Association and provided that the upper limit of the registered capital will not be exceeded.

## 7- Transfer of Shares

Finansbank's Articles of Incorporation do not prohibit shareholders from transferring their shares. However, share transfer is subject to the approval of BRSA pursuant to the Banking Act.

## PART II - DISCLOSURE AND TRANSPARENCY

### 8- Corporate Disclosure Policy

In accordance with CMB's Communiqué (Serial VIII, No. 54) Regarding the Procedures for the Disclosure of Material Events, and within the framework of its Disclosure Policy, Finansbank discloses publicly all material events regarding Finansbank through CMB, ISE and Public Disclosure Platform (PDP) and also sends corporate news releases to media outlets.

In addition to the means of disclosure explained above, our Bank's Investor Relations Department holds an informative meeting following each disclosure of quarterly profit and balance sheet. This information is also shared with domestic and foreign investors in their visits to the bank or through phone or e-mail.

General-purpose disclosures, other than those legally

required to be made and related to Finansbank's products, services and strategies are made by our Communications Department in coordination with the operations of the other related departments. All media inquiries communicated to Finansbank are classified and coordinated by the Communications Department depending on their contents and strategies of our Bank and responded to by the related departments or the Communications Department in accordance with our Bank's goals and strategies.

### 9- Disclosure of Material Events

Our Bank is listed on both ISE and London Stock Exchange ("LSE"). In 2011, 61 disclosures were made to ISE and PDP whereas 21 disclosures were made to LSE.

Our Bank has not been sanctioned for failing to disclose any material event in a timely manner.

### 10- Corporate Website and Its Content

Our Bank's internet address is [www.finansbank.com.tr](http://www.finansbank.com.tr) that contains information on our current shareholders and corporate management structure, Articles of Incorporation, Annual Reports, periodical financial statements and reports, the material events regarding our Bank, agendas of General Meetings, shareholders attended General Meetings, minutes of General Meetings, a proxy form, information requests and answers provided under FAQ section.

### 11- Disclosure of Ultimate Controlling Natural Person Shareholder(s)

There is no ultimate controlling natural person shareholder.

### 12- Disclosure of Insiders

Pursuant to Article 73 of the Banking Act, our Bank's shareholders, directors, executives, employees and their representatives may not disclose to any party, other than those legally authorized, any confidential information they may, while performing their duties, have obtained with regard to our Bank or our Bank's clients. This rule also applies to the suppliers of our Bank and their employees and survives the term of office of any person mentioned above.

Based on the above-mentioned comprehensive rule stipulated under the Banking Act, we do not feel the need to disclose the names of the persons who have access to insider information.

Further, our Bank has a Finansbank Employee Code of Conduct approved by our Board of Directors and communicated to our employees and this Code, which defines insider information, prohibits:

- the employees of our Bank having access to insider information from using such insider information in their own or others' interest in or off the stock exchange before it is disclosed publicly, and

- our Bank's employees who, as a result of their positions in our Bank, have access to undisclosed information concerning our Bank and our Bank's corporate clients, which, when disclosed, may affect the market value of the shares / securities of our Bank or our Bank's corporate clients, from trading in or entering into any business transaction with regard to the said shares / securities and also trading in same via their family members or any third party by using such undisclosed information.

Additionally, within the frame of CMB's Communiqué (Serial VIII, No. 54) Regarding the Procedures for the Disclosure of Material Events, a list of persons who have access to insider information has been prepared and they have been informed upon signing a document regarding their responsibilities. This list is continuously updated and preserved. In line with the same Communiqué, "Disclosure of Material Events Procedure" has been prepared and issued on 08.07.2009

### PART III - STAKEHOLDERS

#### 13- Informing Stakeholders

We inform the stakeholders of our Bank of all issues concerning them during General Meetings and via the statements of material events we furnish to CMB, ISE, PDP, our corporate website and the media.

#### 14- Involving Stakeholders in the Management Process

Our Bank has not devised a model to ensure that our stakeholders are involved in our Bank's management process.

#### 15- Human Resources Policy

Our Bank's Human Resources Policy is to draw highly qualified employees to the Bank and place them at suitable positions; support their professional, administrative, personal and social development; to build staff with a high level of fidelity, motivation and harmony with Finansbank values so as to own human resources that will help our Bank achieve its goals and make a difference.

Human Resources Policy has been developed and approved in line with strategic goals and business plan of our Bank. This policy enhances increasing bank's performance, drawing, developing and preserving new talents and hence sustaining an ongoing development.

The Human Resources Policy is based on 4 main branches.

Human Resources Planning and Recruitment: Drawing talented persons to bank and placing them at most suitable positions with the aim of being a desirable employer.

Performance Management: Managing performance by harmonizing goals of employees with those of the Bank.

Talent and Development Management: Developing technical and manager skills of employees, preserving

promising employees in the Bank and focusing on their development.

Fidelity and Awarding: Developing policies for increasing employees' fidelity to the Bank and increasing their motivation for reaching our Bank's goals.

No discrimination complaint has been received from our Bank's employees.

#### 16- Relations with Clients and Suppliers

With a view to serve its clients in the best manner possible, Finansbank divided its client-focused operations into three main groups: Corporate and Commercial Banking, SME Banking and Retail Banking.

Our Corporate and Commercial Banking Departments offer financial solutions tailored to meet the cash and operating capital needs of our clients under any economic condition by taking into account the past business performance and future projections of each client.

Finansbank's SME Banking Department offers tailor-made solutions, with a wide range of products and services, addressing all types of financial needs of our clients and also develops support programs and solutions meeting our clients' information needs.

Our Retail Banking Department helped Finansbank rank among the banks offering the best quality product-service in the retail banking segment by meeting our clients' needs and expectations with "customer oriented" approach.

We established "Customer Solution Center", a special department that deals with all kinds of problems, questions and suggestions of our client. Additionally, "Customer Experience and Corporate Brand Management Group" is responsible for monitoring the quality of our services provided to our clients and conducting mystery shopper activities and satisfaction surveys. Besides, the "Contact Us" page on our corporate website which is open to everyone enabled a centralized management of all complaints. This practice is closely associated with the attention our Bank pays to our products, services and compliance issues. This reporting line also reflects Finansbank's trust in its employees and corporate identity.

#### 17- Social Responsibility

At Finansbank, we all believe that we must protect the environment, on and off our premises, in order to hand over our future to next generations in a healthy and protected manner. We aim at including the notion of sustainability in our policies and procedures with its environmental, economic and social aspects. We do our best to develop an understanding, in everything we do, in all our relations with stakeholders borrowing from or making investment with our Bank, our business strategies and decision making processes, which will inherit a habitable planet to next generation through supporting sustainable development model.

In the light of this understanding, we set up a Social Responsibility Committee. In parallel with the studies of this

Committee, Compliance Department carries out some activities in terms of compliance with national and international legislation. We established Social and Environmental Management System (SEMS) Policy. We conduct our investment projects and funding operations in line with Environment, Occupational Health and Safety Guidelines of our shareholder International Finance Corporation (IFC), and the local environmental laws and regulations. Investors of crediting operations are required to submit a Environmental Impact Evaluation (EIE) Report along with other necessary permissions and documents. Reports for 4 investment projects have been issued by our Bank in 2011 for this aim.

Social responsibility is and always will be of particular concern to Finansbank. This is reflected in our sponsorships for several foundations and organizations, especially in the field of education and health.

#### **PART IV- BOARD OF DIRECTORS**

##### **18- Board Structure and Composition; Independent Board Members**

Finansbank's Board of Directors is composed of 12 members as named below:

Ömer A. Aras, Chairman and Group CEO  
Sinan Şahinbaş, Vice Chairman  
Mustafa Aysan, Member and Audit Committee Chairman  
Temel Güzeloğlu, Member and General Manager  
Anthimos Thomopoulos, Member of the Board  
Edward Nassim, Member of the Board  
Dimitrios Anagnostopoulos, Member of the BoD and Risk Committee  
Paul Mylonas, Member of the Board and Corporate Governance Committee  
Agis Leopoulos, Member of the Board and Corporate Governance Committee  
Mustafa H. Gürtin, Member of the Board and Corporate Governance Committee  
Michail Oratis, Member  
Christos Alexis Komninou, Member

The personal profiles of our Board members are provided in the Annual Report.

It is acknowledged that, within the restrictions stated in the Banking Act, the members of the Board may also hold professional positions outside our Bank provided that no such position prevents them from fulfilling their respective responsibilities in the Bank and causes any conflict of interest.

##### **19- Qualifications of Board Members**

The qualifications of our Board members meet the requirements set out in the related provisions of the Banking Act and comply with the Board membership criteria stipulated under Articles 3.1.1, 3.1.2 and 3.1.5 of Section IV of CMB's Corporate Governance Principles.

##### **20- Our Bank's Mission, Vision and Strategic Goals**

###### **Our Vision:**

To help build individual and commercial financial plans that will catalyze Turkey's success.

###### **Our Mission:**

To build life-long and successful partnerships with all our stakeholders through understanding and best fulfilling their needs.

Our Bank's vision and mission are declared publicly on our corporate website.

Our Board of Directors approve the corporate strategic goals set by our management and monitors the progress, operations and performance towards these goals.

##### **21- Risk Management and Internal Control Mechanism**

In accordance with the Regulation on Internal Control Systems in Banks, our Board of Directors set up an Audit Committee, the current members of which are Prof Dr. Mustafa Aydın Aysan and Paul Mylonas and Michail Oratis. The Internal Control Center, Internal Audit Department and Compliance Department report to the Audit Committee. At Finansbank, the Risk Management Department was set up at the end of 2001 as an organization independent of all our executive departments. The Risk Management Department is responsible for measuring possible banking risks, formulating risk management policies, and ensuring that our Bank is run in a manner that the risks taken by our Bank remain within the limits of the risks our Bank may wish to take in line with its strategic goals. Our Bank aims to conform its Risk Management operations to the Basel II regulations in addition to the related legal requirements in force in Turkey. Risk Management Department reports to Risk Management Committee which was established in 2007. Ömer A. Aras, Sinan Şahinbaş, Dimitrios Anagnostopoulos were appointed as committee members.

##### **22- Powers and Responsibilities of Board Members and Executives**

The powers and responsibilities of our Board members and executives are regulated under the Banking Act and other related banking regulations and utmost care is taken to comply with the Banking Act and other related banking regulations while performing the said powers and responsibilities.

The amounts paid to executives are determined in line with the prevailing market conditions on the basis of their qualifications and contributions to the success of our Bank.

Executives perform their duties in compliance with the legislations, Articles of Incorporation, bank's in-house regulations and policies. Necessary control mechanisms are run in order to assure compliance.

Executives perform their duties in a just, transparent, accountable and responsible manner, and ensure that the bank's business is being performed within the frame of our mission, vision, goals, strategies and policies.

### 23- Rules of Procedure of the Board of Directors

19 Board of Directors meetings were held in 2011.

Finansbank's Board of Directors regularly meets on a monthly basis, and 12 times a year in any case, and also holds special meetings as may be needed. Documents containing the agenda for each meeting are furnished to each Board member prior to the meeting involved. No dissenting opinion has been voiced during the Board meetings held previously.

The agenda of each Board meeting is determined on the basis of input and suggestions from Board members and General Directorate. Discussions on risk and monthly reports and assessment and approval/nonapproval of applications for loans, the amounts of which exceed the authority limits of the Credit Committee and require the approval of the Board, are also included in the agenda of each Board meeting.

Our Board set up a secretariat which is in charge of informing, communicating with Board members and compliance of meetings and resolutions with the laws and regulations.

No Board member has preferential voting rights.

### 24- Restrictions on Doing Business and Competing with the Bank

The General Meeting granted permission to Board members regarding issues of doing business and competing with our Bank described in Articles 334 and 335 of the Turkish Code of Commerce.

### 25- Code of Ethics

Finansbank has adopted the code of ethics as stipulated under the Banking Act. Finansbank Employee Code of Conduct and Finansbank Code of Ethics for Financial Professionals approved by Board of Directors have been communicated to our staff members as a leaflet and within intranet system.

### 26- Number, Structure and Independence of Committees Set Up by Our Board of Directors

There are four committees under Our Board of Directors: Corporate Governance Committee, Audit Committee, Risk Management Committee, Credit Committee and Remuneration Committee.

As of 31.12.2011;

The members of the Corporate Governance Committee are Mustafa Aydın Aysan, Agis Leopoulos, Mustafa Hamdi Grtin and Paul Mylonas.

The members of the Audit Committee are Mustafa Aydın Aysan, Paul Mylonas and Michail Oratis.

The members of the Risk Management Committee are mer Aras, Sinan ŐahinbaŐ, and Dimitrios Anagnostopoulos.

The members of the Credit Committee are mer Aras, Sinan ŐahinbaŐ, Dimitrios Anagnostopoulos and Temel Gzelođlu. The reserve members of this Committee are Mustafa Aydın Aysan and Agis Leopoulos.

The members of the Remuneration Committee are Sinan ŐahinbaŐ and Agis Leopoulos.

The Credit Committee meets on a weekly, Risk Management Committee meets on a monthly, Audit Committee and Corporate Governance Committee meet on a quarterly basis. Remuneration Committee meets at least three times per year.

### 27- Financial Benefits Granted to Board Members

During the General Meeting held on 19.04.2011, it was decided that each member of the Board of Directors be paid a net honorarium amount of TRY 2,000 per month. In 2011, a total honorarium amount of TRY 11,470,350.63 was paid to the Board members based on their performance.

Credits granted to Board members and managers are limited in Article 50 of the Banking Act to a certain extent. No credits can be granted to Board members and managers outside these limits.

The honorariums paid to the Board members are fixed by our General Meeting of Shareholders.

## INFORMATION ON OUTSOURCED OPERATIONS AND THE INDIVIDUALS/ ORGANIZATIONS SUPPLYING THE OUTSOURCED SERVICES

Only the following services are outsourced to which the provisions in the sixth paragraph of Article 5; in Articles 10 and 11; and in the first paragraph of Article 12 of the "Regulation on the Services Banks May Outsource and the Authorization of the Suppliers" are applicable.

### Supplier

Adecco Hizmet Ve Danışmanlık A.Ş.  
 Akbasım Matbaacılık Ve Tic.Ltd.Şti.  
 Aktif İleti Ve Kurye Hiz. A.Ş.  
 ATOS Origin Bilişim Dan. ve Müşteri Hz San. Tic. A.Ş.  
 ASSECO See Teknoloji A.Ş.  
 Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.  
 Bantaş Nakit Ve Kıymetli Mal Taşıma Ve Güvenlik Hz A.Ş.  
  
 Cmc İletişim Bilgisayar Reklam Ve Dan.Hz. San. Tic. A.Ş.  
 DDB&CO  
 E-Kart Elektronik Kart Sistemleri San.Ve T.A.Ş  
 Etcbase Yazılım Ve Bil. Teknolojileri Anonim Şirketi  
 Fonoklik (Phonoclick) İletişim Hizmetleri Ve Ticaret A.Ş.  
 Grup 7  
 GGSOFT Yazılım Hizmetleri Ltd. Sti  
 Kurye Net Motorlu Kuryecilik Ve Dağıtım Hiz. A.Ş  
 MagiClick  
 MTM Güvenlik ve Holografik Kart Sistemleri A.Ş.  
 Plastkart Plastik Kart Akıllı Kart İletişim Sis. San. Ve Tic. A.Ş.  
 Securverdi Güvenlik Hizmetleri A.Ş.  
  
 Sonoklik İletişim Hizmetleri Ve Ticaret A.Ş.  
 Rm Arşiv Yönetim Hizmetleri A.Ş.  
 Reklam Pazarlama Telekom.ve İletişim Hiz. Ltd. Sti  
 3D Bilişim Teknolojileri Dan. ve Teknik Servis Ltd. Sti  
 Youth Republic Pazarlama ve araştırma Hizmetleri A.Ş.

### Service Outsourced

HR outsource staff payrolling  
 Cheque printing  
 Courier  
 Outsource call center  
 Software and software maintenance  
 Software for credit card systems  
 Transportation and safekeeping of cash and negotiable instrument  
 Outsource call center  
 Advertising agency  
 Card supplier and card customization  
 Legal follow-up system and expertise application  
 Software and software maintenance  
 Public relations agency  
 Form scanning  
 Courier  
 Digital agency  
 Cheque printing and hologram production  
 Card supplier and card customization  
 Transportation and safekeeping of cash and negotiable instrument  
 IVN calls  
 Archive services  
 Mobile marketing  
 Outsource call center technical support  
 Outdoor ve digital promotion services

# SUMMARY OF 2011 AUDIT REPORT

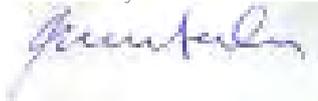
## TO THE GENERAL MEETING OF FİNANSBANK

COMPANY NAME	: FİNANSBANK A.Ş.
HEAD-OFFICE	: İSTANBUL
REG. CAPITAL	: TL 6.000.000.000.-
PAID UP CAPITAL	: TL 2.440.000.000.-
FIELD OF BUSINESS	: BANKING
AUDITORS	: H.Sedat Eratalar – Ahmet Cihat Kumuşoğlu
Number of Board of Directors Meeting attended and number of Audit Board meetings held	19 Board of Directors meetings; and 6 Audit Board meetings.
Scope, date and results of audits performed on the Bank's accounts, books and documents	Based on the audit we performed on the Bank's accounts, books and documents, we are of the opinion that records of the Bank comply with the provisions of the Turkish Code of Commerce (TCC) and other relative laws and regulations.
Number and results of counts performed at the cash register of the Bank as per Sub-paragraph 3, Paragraph 1 of Article 353 of TCC	All the procedures as required under Sub-paragraph 3, Paragraph 1 of Article 353 of TCC were fulfilled.
Dates and results of audits performed as per Sub-paragraph 4, Paragraph 1 of Article 353 of TCC	Based on the audit we performed as per Sub-paragraph 4, Paragraph 1 of Article 353 of TCC, the statutory papers presented to us are safekept at the Bank in compliance with the Bank's related records.
Complaints and frauds reported and actions taken to address them	No complaint or fraud were reported.

We have audited the accounts and transactions of FİNANSBANK A.Ş. for the period of 01.01.2011 - 31.12.2011 in accordance with TCC, the Bank's Articles of Incorporation, other related laws and regulations and generally accepted accounting principles and standards.

In our opinion, the balance sheet prepared as at 31.12.2011 enclosed herewith and the contents of which are acceptable to us, reflects fairly and accurately the financial position of the Bank, as at the said date, of its income statement for the period 01.01.2011 - 31.12.2011 and of the results of its operations for the year then ended and are in compliance with the related laws and the Bank's Articles of Incorporation.

Sedat ERATALAR  
Statutory Auditor



Ahmet Cihat KUMUŞOĞLU  
Statutory Auditor



## DISTRIBUTION OF PROFIT

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Dear Shareholders;

Seeking your approval, we kindly request:

- that, as mentioned in Item 4 of the agenda of our General Meeting of Shareholders, the net profit of TL 848,112,149.- which was calculated on the basis of our Bank's 2011 balance sheet by deducting the taxes payable, be distributed as follows in accordance with Article 33 of our Bank's Articles of Association:

TL 42,405,607.-	as first statutory reserve
TL 122,000,000.-	as first dividend to shareholders
TL 503,230.-	as real estate sales income fund
TL 683,203,312.-	as general reserve

Total TL 848,112,149.-

- that amount of TL 122,000,000.-, which was set aside as first dividend to be distributed to shareholders in the form of no par shares of 5% for each share with a value of 10.- Kurus until 29 June 2012 and the registered shares to be distributed to shareholders in accordance with Capital Markets Regulations on central registry.



Mehmet Ömer Arif Aras  
Chairman of the Board  
for and on behalf of the Board of Directors

## EVALUATIONS OF THE AUDIT COMMITTEE ON THE OPERATION OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND ASSESSMENT OF THEIR ACTIVITIES IN THE ACCOUNTING PERIOD

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The Audit Committee is established within the frame of Banking Law No. 5411 (Law) and Regulation on Internal Systems of Banks (Regulation). Internal Audit, Internal Control and Compliance Departments which are included in the internal systems report to the Audit Committee. Risk Management Department is also included in the internal systems and this Department reports to the Risk Management Committee established within the Board of Directors.

On behalf of the Board of Directors, the Audit Committee,

has the authority and responsibility to supervise the efficiency and adequacy of the bank's internal systems, the functioning of these systems and of the accounting and reporting systems in accordance with the Law and applicable regulations, and the integrity of the information that is generated, to carry out the necessary preliminary assessment for the selection of independent audit institutions and rating, valuation and support service institutions by the board of directors, to monitor regularly the activities of the institutions selected by the board of directors and with which contracts have been signed, and to ensure that the internal audit activities of the partnerships subject to consolidation in accordance with regulations introduced under the Law are maintained and coordinated in the consolidated fashion.

The Audit Committee convened six times in 2011 and following observations and the relevant examinations, concluded that the internal systems of the Bank were efficient, functioning as planned and the internal controls on financial reporting were effective.

In August 2011, Audit Committee Office was established for providing operational support to the Audit Committee. A summary of the activities performed by the units reporting to the Audit Committee is given below.

### **Internal Audit Department**

The Internal Audit Department fulfilled its responsibilities objectively and independently with 100 personnel and reported its engagements to the Audit Committee in 2011.

The auditors were strongly encouraged to acquire certificates as Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE) and Certified Information Systems Auditor (CISA). As of the end of 2011, total number of personnel with the above certification reached to 33. On 24 May 2011, the Internal Audit Department of Finansbank was awarded with "Internal Audit Awareness Award" in the field of "Number of Professionals Certified with International Internal Audit Certifications" by the Turkish Internal Audit Institute (TİDE).

Considering the results of the risk assessments, the Internal Audit Department activities were focused on credit risk and operational risk in 2011. The regulatory compliance risks were taken into consideration and covered in all audit engagements. All activities included in the Annual Audit Plan of 2011 were finalized according to the plan. Apart from the planned audit engagements, such activities as incident-based examinations, participation in various projects and consultancy services initiated by the executive departments were also covered in the activities of 2011.

Through its 2011 activities, Finansbank Internal Audit Department continued to have accomplished its responsibilities by providing independent and objective assurance and consultancy services, as in the previous years, in order to improve and add value to Bank's activities.

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### Internal Control Department

Reporting directly to the Audit Committee, the Internal Control Department performed its duties of performing, designing, managing and coordinating the control activities of the Bank with 29 personnel in 2011.

The results achieved following the branch controls executed by the Internal Control Department were shared with the relevant units of the bank on a monthly basis. Periodic and annual evaluation reports were issued. Within SOX and Management Statement engagements, walkthroughs for business level controls and walkthroughs/tests for Entity Level controls were performed. The efficiency of the internal control activity at key control points was controlled and reports including recommendations and remedial actions were submitted to the senior management. The prioritized actions were followed up and the follow-up of findings on the system was started. Internal control mechanisms for new products and activities were examined and relevant opinions were given. The Internal Control System training was carried on through the E-Learning channel. The implementation controls on the system were examined and finding follow-up system was put into practice.

### Compliance Department

Compliance Department continued to be responsible for determining and managing the risks related to financial losses as a result of the Bank's loss of reputation caused by incompliance to the laws, regulations, bank procedures and instructions. Accordingly, the Compliance Department closely followed the legal arrangements, ensured their reflection to the Bank's practices, responded the questions of the branches and head office units on legal compliance, played an active role with its opinions and recommendations in the process of developing banking products to be provided to customers in full compliance with the laws, coordinated the regulatory compliance engagements of the financial subsidiaries of the Bank monitored and notified the Financial Crimes Investigation Board on suspicious transactions by establishing necessary systems within the scope of the arrangements regarding anti-money laundering and counter-terrorism financing, consulted with the regulatory and supervisory bodies and also performed engagements for fulfilling social and environmental responsibilities in the credit granting processes of the Bank. In the resolution process of the Board of Directors to launch new products/services, the opinions and evaluations of the Compliance Department were required concerning the issue of their regulatory compliance. The activities of the Department in 2011 were performed within this broad area of responsibility.

Respectfully yours,



Prof. Dr. Mustafa A. Aysan  
Member of the Board of Directors and  
Chairman of the Audit Committee



Paul Mylonas  
Member of the Board of Directors and  
of the Audit Committee

## DISCLOSURE ABOUT FINANSBANK'S FINANCIAL POSITION, PROFITABILITY AND SOLVENCY

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Finansbank continued its growth in 2011 at a faster pace. Over the recent years, the Bank aimed at growing its loan portfolio, which increased to TL 30.8 billion, by focusing on banking operations and expanding its client base. With the addition of 20 new branches, the number of the Bank's branches reached 522.

### Assets:

In 2011, Finansbank continued its client and sales-focused operations and maintained its loan growth, specifically in the retail-loan and SME-loan segments. The amount of loans in 2011 increased by 19% and stood at TL 30,838 million. Finansbank grew its total asset size by 21% to TL 46,199 million. By the end of 2011 the market shares for mortgage, credit cards and auto loans and consumer loan reached 8.31%, 14.20%, 2.18% and 6.18%, respectively.

### Liabilities:

In line with growth in its assets, the total amount of the Bank's customer deposits increased to TL 28,989 million with an increase of 23%, as at the end of 2011. The Bank diversified its funding base by issuing various TL and FX currency bonds in 2011.

### Profitability:

The Bank's annual net interest income increased to TL 2,225 million and net fees and commissions reached to TL 801 million with an increase of 35%. The Bank's profit before tax and provisions increased to TL 1,426 million and net profit was realized as TL 848 million.

Finansbank's total equity capital increased by 9% and reached TL 5,696 million, while the Bank's CAR was realized as 171.8% by the end of 2011.

### Solvency:

With its robust capital structure and strong equity, Finansbank enjoys a sound financial structure. Finansbank increases the value of its capital in banking activities. Based on its funding structure, Finansbank has a vast deposit base and is capable of funding the loans it extends with long-term international funding. The Bank creates some funding advantage by using such various funding resources and also minimizes the risks arising from differences in maturities.

The strong financial structure of Finansbank, which has a significant place in Turkey's financial markets, is also confirmed by the high ratings assigned to the Bank by major independent rating agencies.



RISK MANAGEMENT

Risk Management is responsible for monitoring and managing all potential risks for the Bank in a centralized and efficiently coordinated manner. The primary goal of Risk Management is to provide business lines appropriate capital allocation (economic capital) for risks they are exposed to and increase value-added by maximizing risk adjusted return on capital.

#### Organizational Structure

The risk management governance at the Bank starts with the Board of Directors. Board Risk Committee, Asset Liability Committee (ALCO), Corporate and Retail Credit Policy Committees (CPC), Operational Risk Management Committee (ORMC) and the Risk Management Department are the important bodies of the risk management structure.

Board of Directors determines the general risk policy and the risk appetite of the Bank. Risk Committee defines risk policies and strategies, reviews all types of risks Bank is exposed to in its monthly meetings, monitors the implementation of the risk management strategies and brings the important risk issues to the attention of the Board. The ALCO, meeting monthly, is responsible to monitor and manage the structural asset liability mismatch of the Bank, as well as to monitor and control the liquidity risk, foreign currency exchange risk. CPC meet monthly and are responsible for monitoring and evaluating the Bank's lending portfolio and determining principles and policies regarding the credit risk management processes such as loan approval, limit setting, rating, monitoring and problem management. ORMC also meets monthly and is responsible for reviewing operational risk issues of the Bank and defining the necessary actions to be taken to minimize these risks.

Risk Management Department, working independently from the executive functions and reporting to the Board of Directors, is organized under four groups as market, credit and operational risk, each having responsibility of identifying, measuring, monitoring, controlling and managing the relevant risks and model

validation, responsible for assessing the predictive ability of risk estimates & the use of ratings in credit processes.

#### Market Risk Management

Market risk is the risk of potential loss arising from the adverse effects of interest rates, exchange rates and equity price volatility inherent in the Bank's trading portfolio.

Finansbank calculates the regulatory capital requirement for market risk using the standardized method within the framework of BRSA guidelines. Besides, parallel to the best practices in the world, Value at Risk (VaR) is measured daily. VaR, which is a measure of the maximum potential loss on the trading portfolio, is calculated using the historical simulation method with 99%-confidence level and 1-day holding period. In order to manage the market risk efficiently and to be consistent with the risk appetite, position limits for asset classes, an overall "Bank Risk Tolerance" and VaR limits for each risk factor are determined. Limit monitoring is done daily by the Market Risk Management Group. VaR results are supported by regular stress tests and scenario analysis.

While the value-at-risk approach provides a forecast for possible losses under "normal" market conditions, it cannot predict contingent losses under extreme conditions. Hence, VaR approach is complemented by stress tests in order to incorporate possible extreme market movements. Stress tests are intended to simulate the impacts of crises, extreme market conditions and major changes in correlations and volatilities.

The Bank uses backtesting to verify the predictive power of the value-at-risk calculations. In backtesting, theoretical gains/losses calculated by VAR on positions at the close of each business day is compared with the actual gains/losses arising on these positions on the next business day. The assumption of the VaR model is reviewed and revised if such a need occurs as a result of the backtesting procedure.

### Interest Rate Risk in Banking Book

Even though the Bank is exposed to structural interest rate risk on its balance sheet due to the nature of its existing activities, it's ensured that this risk stays within the pre-defined limits. ALCO aims to protect the economic value of equity, while sustaining a stable earnings profile. Duration/GAP analysis, which rely on calculations of net discounted future cash flows of interest rate sensitive balance sheet items, are conducted to manage this risk.

The bank runs net economic value sensitivity scenarios with changes in interest rates and interest rate margins, so as to calculate their impact on net economic value. Beside Basel standard interest rate shock scenario, 2001 crisis, May 2004 and June 2006 scenarios are also simulated.

### Liquidity Risk

Liquidity Risk is defined as the current or prospective risk to earnings and capital arising from a bank's inability to meet its liabilities -because of its balance sheet structure or market movements- when they are due. Finansbank aims to control its 'cash and available funding sources/ deposits' ratio within limits. Besides early warning indicators, stress levels and actions planned under different stress levels are defined in its 'Contingency Plan'.

### Credit Risk Management

Credit risk management is embedded at every stage of the credit process. Each limit request is assessed by credit allocation unit independent from profit centers. Credit limits are determined based on product and total amount for each individual customer, corporate clients and risk groups. In addition, within the framework of credit limits of relative legislation, a variety of portfolio concentrations of product, sector or regional are monitored.

The bank employs effectively internal scoring systems in limits allocation,, monitoring quality of loan portfolio, and taking required actions. - Behavioral scorecards are run for the existing customers in order to measure the probability of default and manage the limits. The predictive powers of these ratings/ scorecards are monitored regularly on the basis of the globally accepted techniques and methodologies.

Credit strategies and policies are determined by Credit Policies Committees. These policies and strategies are complaint to NBG rules & regulations and credit risk is managed by these strategies and policies. The desired portfolio quality is measured regularly via risk metrics which are in line with the Bank's risk

appetite defined in its Risk Management Strategies. portfolio performance is monitored by the Board Risk Committee on a monthly basis.

At the beginning of each year Finansbank designates monthly Credit Performance Indicators for each product and segment. The performance of the portfolios, targeted and realization levels and trends are monitored monthly by Credit Policies Committees, Risk Committee and Board of Directors. The necessary actions are taken promptly in order to keep portfolio quality in line with the predefined risk appetite.

### Operational Risk and Business Continuity Management

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational Risk and Business Continuity Management Unit is responsible for identifying, measuring, monitoring and managing all risks within the scope of the definition of operational risk as well as Business Continuity Management.

Activity-based operational risks are identified through Risk Control Self Assessment and categorized by cause, event and effect categories as proposed by Basel II and actions are taken for severe risks. Operational loss data collection, which started on January 2005, continues to enable Finansbank to be compliant with Basel II Advanced Approaches. While loss data is accumulated to provide meaningful statistical data, business processes, where improvements are required, are defined based on the results. Operational Risk Management Committee defines necessary improvement actions. Also, Scenario Analysis is conducted every year for all business activities. A robust software is used for all operational risk management processes

Business Continuity Management Plan, prepared in order to minimize losses due to business disruption, has been implemented. Comprehensive annual test of Disaster Recovery Center is performed with participation of business units and IT.

### Model Validation and Risk Analytics Management

Finansbank Model Validation and Risk Analytics Unit ("MVRAM") is responsible for validating each of the business unit scorecards, developing&implementing analytical models required for risk management and setting up the database infrastructure which allows to monitor the performance of current models. Composing BASEL II "A-IRB" database to develop

the "PD", "LGD" and "EAD" models is in MVRAM's responsibility, as well.

### Basel II Program

Finansbank Basel II Program has been designed to move Finansbank to compliance with the requirements of the Basel II & CRD, while also significantly enhancing the risk management capabilities of the Bank and thereby delivering substantial business benefits across the organization.

The scope of the Program is focused on Finansbank and its subsidiaries, and has linkages to other major projects undertaken by the Bank and the NBG Group. The Program covers the period from January 2007 to mid-2012, consisting of 60 interdependent projects. Some of the projects within the program focus on implementation of risk-related software as well as risk strategy, policy revision, and model developments. Out of these 60 projects, as of December 2011, 40 projects are completed and 9 projects are still in execution. As the outcome of these projects, Finansbank has become Basel II advanced approaches compliant by 2008 in market risk and by 2010 in operational risk. The Bank aims to be compliant to FIRB in corporate portfolio in credit risk by the end of 2012 and to advanced approaches by 2013 in retail portfolios in credit risk.

## SUMMARY OF THE SELECTED FINANCIAL DATA PERTAINING TO FINANCIAL YEARS BETWEEN 2007-2011

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### Five-year Summary of Financial Data (Million TL)

	2007	2008	2009	2010	2011
Total Assets	20,882	26,573	29,318	38,087	46,199
Total Deposits	12,958	15,939	20,268	24,431	29,276
Total Loans	14,174	17,878	19,119	25,836	30,838
Shareholders' Equity	2,626	2,840	3,627	5,208	5,696
Net Profit	553	363	650	915	848

CONSOLIDATED AND UNCONSOLIDATED  
FINANCIAL STATEMENTS TOGETHER WITH  
REPORT OF INDEPENDENT AUDITORS

**FİNANSBANK ANONİM ŞİRKETİ**

**INDEPENDENT AUDITOR'S REPORT,  
UNCONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE YEAR ENDED  
DECEMBER 31, 2011**

*Translated into English from the  
Original Turkish Report*

To the Board of Directors of  
Finansbank A.Ş.  
İstanbul

## **FİNANSBANK ANONİM ŞİRKETİ**

### **INDEPENDENT AUDITOR'S REPORT FOR THE YEAR JANUARY 1 – DECEMBER 31, 2011**

We have audited the accompanying balance sheet of Finansbank A.Ş. ("the Bank") as of December 31, 2011 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### **Board of Director's Responsibility for the Financial Statements**

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "Procedures And Principles Regarding Banks" Accounting Practices And Maintaining Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette No: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our 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 judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Independent Auditor's Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Finansbank A.Ş. as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués, and circulars in respect of accounting and financial reporting made by the Banking Regulation and Supervision Board and pronouncements made by Banking Regulation and Supervision Agency.

#### **Additional paragraph for English translation:**

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

Istanbul, March 5, 2012

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.**  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hasan Kılıç  
Partner

**THE UNCONSOLIDATED FINANCIAL REPORT OF FİNANSBANK A.Ş.  
FOR THE YEAR ENDED DECEMBER 31, 2011**

The Bank's;  
Address of the head office : Büyükdere Cad. No:129, 34394 Mecidiyeköy / İSTANBUL  
Phone number : (0 212) 318 50 00  
Facsimile number : (0 212) 318 58 50  
Web page : [www.finansbank.com.tr](http://www.finansbank.com.tr)  
E-mail address : name.surname@finansbank.com.tr

The year end unconsolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in **thousands of Turkish Lira (TL)**.

<b>Ömer A. Aras</b> Chairman of the Board of Directors	<b>Mustafa A. Aysan</b> Member of the Board of Directors and Chairman of the Audit Committee	<b>Paul Mylonas</b> Member of the Board of Directors and of the Audit Committee	<b>Michail Oratis</b> Member of the Board of Directors and of the Audit Committee
<b>Temel Güzeloğlu</b> General Manager and Member of the Board of Directors	<b>Adnan Menderes Yayla</b> Executive Vice President Responsible of Financial Control and Planning	<b>Gökhan Yücel</b> Senior Vice President Responsible of Financial – Legal Reporting and Treasury Control	

Information related to the responsible personnel to whom the questions about the financial report can be communicated:

Name-Surname/Title : Gökhan Yücel  
Senior Vice President Responsible of Financial Statutory Reporting and Treasury Control

Phone Number : (0 212) 318 55 65  
Facsimile Number : (0 212) 318 55 78

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(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH )

**FINANSBANK ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**SECTION ONE**

**GENERAL INFORMATION**

**I. History of the Bank, including its establishment date, initial legal status and amendments to legal status, if any**

Finansbank Anonim Şirketi ("The Bank") was incorporated in Istanbul on September 23, 1987. The Bank's shares have been listed on the Istanbul Stock Exchange since the first public offering on February 3, 1990.

**II. Explanation about the Bank's shareholding structure, shareholders who individually or jointly have power to control the management and audit directly or indirectly, changes regarding these subjects during the year, if any, and information about the controlling group of the Bank**

As of December 31, 2011, 77.23% of the Bank's shares are owned by National Bank of Greece S.A. (NBG), 9.68% by NBG Finance (Dollar) PLC., 7.90% by NBGI Holdings B.V. and 5.00% by International Finance Corporation ("IFC").

The Bank is a National Bank of Greece S.A. (NBG) Group entity. NBG was founded in 1841 and its shares have been traded on Athens Stock Exchange since 1880 and traded on the New York Stock Exchange since 1999. NBG offers financial services to its customers such as retail banking, assets management, intermediary services and investment banking.

**III. Explanations about the chairman and members of board of directors, members of audit committee, managing directors and executive vice presidents; any changes, and the information about the Bank shares they hold and their responsibilities**

<b>Name</b>	<b>Title</b>	<b>Date of Appointment</b>	<b>Education</b>
Dr. Ömer A. Aras	Chairman and Executive Member	April 16, 2010	PhD
Sinan Şahinbaş	Deputy Chairman and Executive Member	April 16, 2010	Masters
Prof. Dr. Mustafa Aydın Aysan	Board Member and Head of Audit Committee	November 9, 2006	PhD
Michail Oratis	Board Member and Audit Committee Member	March 2, 2011	Masters
Dimitrios Anagnostopoulos	Board Member	September 24, 2009	Graduate
Edward Nassim	Board Member	April 17, 2007	Masters
Anthimos Thomopoulos	Board Member	November 9, 2006	Masters
Dr. Paul Mylonas	Board Member and Audit Committee Member	March 11, 2010	PhD
Christos Alexis Komninos	Board Member	February 16, 2011	Graduate
Temel Güzeloğlu	Board Member and Managing Director	April 16, 2010	Masters
Mustafa Hamdi Gürtin	Board Member	April 16, 2010	Masters
Agis Leopoulos	Board Member	April 16, 2010	Masters
Adnan Menderes Yayla	Assistant Managing Director	May 20, 2008	Masters
Metin Karabiber	Assistant Managing Director	October 8, 2010	Graduate
Hakan Şenüinal	Assistant Managing Director	August 18, 2008	Graduate
Murat Şakar	Assistant Managing Director	August 18, 2008	Graduate
Köksal Çoban	Assistant Managing Director	August 18, 2008	Masters
Saruhan Doğan	Assistant Managing Director	October 9, 2009	Masters
Dr. Mehmet Kürşad Demirkol	Assistant Managing Director	October 8, 2010	PhD
Özlem Cinemre	Assistant Managing Director	July 9, 1997	Graduate
Hakan Alp	Assistant Managing Director	July 7, 2010	Graduate
Tunç Erdal	Assistant Managing Director	October 8, 2010	Graduate
Kubilay Güler	Assistant Managing Director	January 16, 2004	Graduate
Filiz Şafak	Assistant Managing Director	September 19, 2007	Graduate
Levent Yörük	Assistant Managing Director	February 1, 2010	Graduate
Bülent Yurdalan	Assistant Managing Director	March 7, 2011	Graduate
Erkin Aydın	Assistant Managing Director	May 16, 2011	Masters
Kunter Kutluay	Assistant Managing Director	May 16, 2011	Masters
Ömür Tan	Assistant Managing Director	October 28, 2011	Graduate
Şebnem Seniye Karaduman(*)	Assistant Managing Director	January 9, 2012	Graduate
Ahmet Cihat Kumuşoğlu	Statutory Auditor	March 27, 2008	Graduate
Sedat Eratalar	Statutory Auditor	April 1, 2000	Graduate

(\*) Şebnem Seniye Karaduman was appointed as Assistant Managing Director responsible for Legal Advisory as of January 9, 2012.

The top level management listed above possesses immaterial number of shares of the Bank.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH )

**FİNANSBANK ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**IV. Information about the persons and institutions that have qualified shares**

<b>Name Surname/Trade Name</b>	<b>Amount of Shares</b>	<b>Percentage of Shares</b>	<b>Paid-up Shares</b>	<b>Unpaid Shares</b>
National Bank of Greece S.A.	1,884,369	77.23%	1,884,369	-
NBG Finance (Dollar) PLC	236,177	9.68%	236,177	-
NBGI Holdings B.V.	192,760	7.90%	192,760	-

The Bank has 100 founder shares as stated in the Articles of Association. The profit distribution is performed according to the prevailing regulations and the Articles of Association. Accordingly, 5% of the distributable profit is appropriated as legal reserves, 5% of the paid up capital is paid out as first dividend and 10% of the remaining distributable profit might be distributed to the founder shares. In addition, 10% of dividends distributed to founder shares are provided as additional legal reserve.

**V. Summary on the Bank's services and areas of activity**

The Bank's activities include trade finance and corporate banking, treasury, retail banking and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of December 31, 2011, the Bank operates through 520 domestic (December 31, 2010 - 501), 1 off-shore banking (December 31, 2010 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2010 - 1) branches.



## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Commitments and Contingencies
- III. Income Statement (Statement of Income / Loss)
- IV. Statement of Profit and Loss Accounted for Under Equity (Statement of Other Comprehensive Income and Loss)
- V. Statement of Changes in Shareholders' Equity
- VI. Cash Flows Statement
- VII. Statement of Profit Distribution

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ**  
**BALANCE SHEET AS OF DECEMBER 31, 2011 (STATEMENT OF FINANCIAL POSITION)**  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**I. BALANCE SHEET – ASSETS**

		Audited 31.12.2011			Audited 31.12.2010			
		Section 5						
		Part I	TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	<b>474,296</b>	<b>2,490,490</b>	<b>2,964,786</b>	<b>1,146,431</b>	<b>1,247,952</b>	<b>2,394,383</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(2)	<b>1,365,366</b>	<b>236,618</b>	<b>1,601,984</b>	<b>1,303,876</b>	<b>153,948</b>	<b>1,457,824</b>
2.1	Financial assets held for trading		797,754	236,618	1,034,372	252,271	153,948	406,219
2.1.1	Public sector debt securities		22,476	2,138	24,614	9,776	4,163	13,939
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		775,278	234,480	1,009,758	242,495	149,785	392,280
2.1.4	Other securities		-	-	-	-	-	-
2.2	Financial assets at fair value through profit and loss		567,612	-	567,612	1,051,605	-	1,051,605
2.2.1	Public sector debt securities		-	-	-	74,654	-	74,654
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		567,612	-	567,612	976,951	-	976,951
2.2.4	Other securities		-	-	-	-	-	-
<b>III.</b>	<b>BANKS</b>	(3)	<b>290,066</b>	<b>539,396</b>	<b>829,462</b>	<b>7,255</b>	<b>184,248</b>	<b>191,503</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>	(4)	<b>700,396</b>	<b>390,926</b>	<b>1,091,322</b>	-	-	-
4.1	Interbank money market placements		-	390,926	390,926	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		700,396	-	700,396	-	-	-
<b>V.</b>	<b>INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)</b>	(5)	<b>5,995,065</b>	<b>929,227</b>	<b>6,924,292</b>	<b>6,548,167</b>	<b>867,655</b>	<b>7,415,822</b>
5.1	Equity securities		-	-	-	-	-	-
5.2	Public sector debt securities		5,869,410	770,224	6,639,634	6,427,633	602,273	7,029,906
5.3	Other securities		125,655	159,003	284,658	120,534	265,382	385,916
<b>VI.</b>	<b>LOANS AND RECEIVABLES</b>	(6)	<b>26,844,417</b>	<b>3,426,138</b>	<b>30,270,555</b>	<b>22,416,755</b>	<b>2,442,390</b>	<b>24,859,145</b>
6.1	Loans and receivables		26,441,058	3,426,138	29,867,196	22,184,432	2,442,390	24,626,822
6.1.1	Loans to risk group of the Bank		55,015	34,873	89,888	36,477	36,831	73,308
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		26,386,043	3,391,265	29,777,308	22,147,955	2,405,559	24,553,514
6.2	Non-performing loans		1,849,496	-	1,849,496	1,757,762	-	1,757,762
6.3	Specific provisions (-)		1,446,137	-	1,446,137	1,525,439	-	1,525,439
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII.</b>	<b>INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	(7)	-	-	-	-	-	-
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other securities		-	-	-	-	-	-
<b>IX.</b>	<b>INVESTMENT IN ASSOCIATES (Net)</b>	(8)	<b>6,769</b>	-	<b>6,769</b>	<b>5,769</b>	-	<b>5,769</b>
9.1	Equity method associates		-	-	-	-	-	-
9.2	Unconsolidated		6,769	-	6,769	5,769	-	5,769
9.2.1	Financial Investments		-	-	-	-	-	-
9.2.2	Non-financial Investments		6,769	-	6,769	5,769	-	5,769
<b>X.</b>	<b>INVESTMENT IN SUBSIDIARIES (Net)</b>	(9)	<b>412,395</b>	-	<b>412,395</b>	<b>377,044</b>	-	<b>377,044</b>
10.1	Unconsolidated financial investments		397,409	-	397,409	362,058	-	362,058
10.2	Unconsolidated non-financial investments		14,986	-	14,986	14,986	-	14,986
<b>XI.</b>	<b>ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)</b>	(10)	<b>2,800</b>	-	<b>2,800</b>	<b>2,800</b>	-	<b>2,800</b>
11.1	Equity method entities under common control		-	-	-	-	-	-
11.2	Unconsolidated		2,800	-	2,800	2,800	-	2,800
11.2.1	Financial investments		-	-	-	-	-	-
11.2.2	Non-financial Investments		2,800	-	2,800	2,800	-	2,800
<b>XII.</b>	<b>LEASE RECEIVABLES (Net)</b>	(11)	-	-	-	-	-	-
12.1	Financial lease receivables		-	-	-	-	-	-
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES</b>	(12)	<b>960,793</b>	<b>40,954</b>	<b>1,001,747</b>	<b>28,648</b>	-	<b>28,648</b>
13.1	Fair value hedge		960,793	40,954	1,001,747	28,648	-	28,648
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	(13)	<b>384,421</b>	<b>76</b>	<b>384,497</b>	<b>362,201</b>	<b>39</b>	<b>362,240</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(14)	<b>134,472</b>	-	<b>134,472</b>	<b>98,571</b>	-	<b>98,571</b>
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		134,472	-	134,472	98,571	-	98,571
<b>XVI.</b>	<b>INVESTMENT PROPERTIES (Net)</b>	(15)	-	-	-	-	-	-
<b>XVII.</b>	<b>TAX ASSETS</b>	(16)	-	-	-	-	-	-
17.1	Current tax assets		-	-	-	-	-	-
17.2	Deferred tax assets		-	-	-	-	-	-
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(17)	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	(18)	<b>480,552</b>	<b>93,240</b>	<b>573,792</b>	<b>428,806</b>	<b>464,648</b>	<b>893,454</b>
<b>TOTAL ASSETS</b>			<b>38,051,808</b>	<b>8,147,065</b>	<b>46,198,873</b>	<b>32,726,323</b>	<b>5,360,880</b>	<b>38,087,203</b>

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

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ**  
**BALANCE SHEET AS OF DECEMBER 31, 2011 (STATEMENT OF FINANCIAL POSITION)**  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**I. BALANCE SHEET – LIABILITIES AND EQUITY**

		Audited 31.12.2011			Audited 31.12.2010			
		Section 5						
		Part II	TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	(1)	<b>21,283,271</b>	<b>7,992,299</b>	<b>29,275,570</b>	<b>18,286,960</b>	<b>6,143,717</b>	<b>24,430,677</b>
1.1	Deposits from risk group of the Bank		236,924	136,824	373,748	381,915	166,102	548,017
1.2	Other		21,046,347	7,855,475	28,901,822	17,905,045	5,977,615	23,882,660
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>832,672</b>	<b>215,343</b>	<b>1,048,015</b>	<b>333,765</b>	<b>140,499</b>	<b>474,264</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	(3)	<b>75,321</b>	<b>2,545,782</b>	<b>2,621,103</b>	<b>370,877</b>	<b>3,120,048</b>	<b>3,490,925</b>
<b>IV.</b>	<b>MONEY MARKET BORROWINGS</b>		<b>814,668</b>	<b>699,830</b>	<b>1,514,498</b>	<b>814,118</b>	<b>309,882</b>	<b>1,124,000</b>
4.1	Interbank money markets takings		-	147,695	147,695	-	-	-
4.2	Istanbul Stock Exchange money markets takings		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements	(4)	814,668	552,135	1,366,803	814,118	309,882	1,124,000
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	(5)	<b>268,023</b>	<b>989,875</b>	<b>1,257,898</b>	-	-	-
5.1	Bills		268,023	-	268,023	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	989,875	989,875	-	-	-
<b>VI.</b>	<b>FUNDS</b>		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
<b>VII.</b>	<b>SUNDRY CREDITORS</b>		<b>947,020</b>	<b>596,930</b>	<b>1,543,950</b>	<b>849,103</b>	<b>36,356</b>	<b>885,459</b>
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	(6)	<b>492,362</b>	<b>49,102</b>	<b>541,464</b>	<b>466,524</b>	<b>11,297</b>	<b>477,821</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	(7)	<b>9,294</b>	-	<b>9,294</b>	-	<b>23</b>	<b>23</b>
10.1	Financial lease payables		10,052	55	10,107	-	253	253
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses ( - )		758	55	813	-	230	230
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(8)	<b>64,659</b>	<b>124,258</b>	<b>188,917</b>	<b>319,785</b>	<b>7,000</b>	<b>326,785</b>
11.1	Fair value hedge		30,334	124,258	154,592	250,240	7,000	257,240
11.2	Cash flow hedge		34,325	-	34,325	69,545	-	69,545
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	(9)	<b>612,146</b>	<b>43,702</b>	<b>655,848</b>	<b>485,904</b>	<b>31,215</b>	<b>517,119</b>
12.1	General provisions		356,739	43,702	400,441	234,593	31,215	265,808
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		92,866	-	92,866	72,224	-	72,224
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		162,541	-	162,541	179,087	-	179,087
<b>XIII.</b>	<b>TAX LIABILITY</b>	(10)	<b>103,719</b>	-	<b>103,719</b>	<b>141,256</b>	-	<b>141,256</b>
13.1	Current tax liability		74,850	-	74,850	65,583	-	65,583
13.2	Deferred tax liability		28,869	-	28,869	75,673	-	75,673
<b>XIV.</b>	<b>PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	(11)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	(12)	-	<b>1,742,641</b>	<b>1,742,641</b>	-	<b>1,010,383</b>	<b>1,010,383</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>		<b>5,849,062</b>	<b>(153,106)</b>	<b>5,695,956</b>	<b>5,198,286</b>	<b>10,205</b>	<b>5,208,491</b>
16.1	Paid-in capital	(13)	2,440,000	-	2,440,000	2,205,000	-	2,205,000
16.2	Capital reserves		50,356	(153,106)	(102,750)	234,273	10,205	244,478
16.2.1	Share Premium	(14)	714	-	714	665	-	665
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	53,314	(153,106)	(99,792)	252,095	10,205	262,300
16.2.4	Revaluation fund on tangible assets		-	-	-	-	-	-
16.2.5	Revaluation fund on intangible assets		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)		2,689	-	2,689	2,689	-	2,689
16.2.8	Hedging funds (effective portion)		(6,361)	-	(6,361)	(21,176)	-	(21,176)
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		2,510,594	-	2,510,594	1,844,339	-	1,844,339
16.3.1	Legal reserves		241,133	-	241,133	182,424	-	182,424
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		2,269,461	-	2,269,461	1,661,915	-	1,661,915
16.3.4	Other profit reserves		-	-	-	-	-	-
<b>16.4</b>	<b>Profit or loss</b>		<b>848,112</b>	-	<b>848,112</b>	<b>914,674</b>	-	<b>914,674</b>
16.4.1	Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2	Current year income/ (loss)		848,112	-	848,112	914,674	-	914,674
16.5	Minority shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>31,352,217</b>	<b>14,846,656</b>	<b>46,198,873</b>	<b>27,266,578</b>	<b>10,820,625</b>	<b>38,087,203</b>

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

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ**

**STATEMENT OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES**

**AS OF DECEMBER 31, 2011**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**II. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES**

		Audited 31.12.2011			Audited 31.12.2010		
Section 5 Part III		TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II+III)</b>	<b>54,502,347</b>	<b>48,070,517</b>	<b>102,572,864</b>	<b>40,631,370</b>	<b>32,911,955</b>	<b>73,543,325</b>
<b>I.</b>	<b>GUARANTEES</b> (1), (2), (3),(4)	<b>3,457,506</b>	<b>3,528,152</b>	<b>6,985,658</b>	<b>2,970,060</b>	<b>3,065,622</b>	<b>6,035,682</b>
1.1.	Letters of guarantee	3,423,939	1,791,107	5,215,046	2,967,436	1,587,549	4,554,985
1.1.1.	Guarantees subject to State Tender Law	187,409	15,510	202,919	181,832	14,443	196,275
1.1.2.	Guarantees given for foreign trade operations	2,699,043	1,775,597	4,474,640	2,292,413	1,573,106	3,865,519
1.1.3.	Other letters of guarantee	537,487	-	537,487	493,191	-	493,191
1.2.	Bank loans	33,348	1,014,981	1,048,329	2,483	719,055	721,538
1.2.1.	Import letter of acceptance	33,348	1,014,981	1,048,329	2,483	719,055	721,538
1.2.2.	Other bank acceptances	-	-	-	-	-	-
1.3.	Letters of credit	219	688,392	688,611	141	722,709	722,850
1.3.1.	Documentary letters of credit	219	636,142	636,361	141	697,409	697,550
1.3.2.	Other letters of credit	-	52,250	52,250	-	25,300	25,300
1.4.	Prefinancing given as guarantee	-	-	-	-	-	-
1.5.	Endorsements	-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
1.5.2.	Other endorsements	-	-	-	-	-	-
1.6.	Securities issue purchase guarantees	-	-	-	-	-	-
1.7.	Factoring guarantees	-	-	-	-	-	-
1.8.	Other guarantees	-	33,672	33,672	-	36,309	36,309
1.9.	Other collaterals	-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS</b> (6)	<b>21,972,487</b>	<b>3,450,324</b>	<b>25,422,811</b>	<b>14,538,605</b>	<b>510,390</b>	<b>15,048,995</b>
2.1.	Irrevocable commitments	21,972,487	3,450,324	25,422,811	14,538,605	510,390	15,048,995
2.1.1.	Forward asset purchase commitments	1,524,715	3,136,224	4,660,939	193,664	504,197	697,861
2.1.2.	Forward deposit purchase and sales commitments	-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries	1,000	-	1,000	5,187	-	5,187
2.1.4.	Loan granting commitments	3,229,674	-	3,229,674	1,876,601	-	1,876,601
2.1.5.	Securities underwriting commitments	-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7.	Payment commitment for checks	1,100,363	-	1,100,363	673,661	-	673,661
2.1.8.	Tax and fund liabilities from export commitments	5,665	-	5,665	5,141	-	5,141
2.1.9.	Commitments for credit card expenditure limits	15,984,413	-	15,984,413	11,705,737	-	11,705,737
2.1.10.	Commitments for promotions related with credit cards and banking activities	35,807	-	35,807	25,298	-	25,298
2.1.11.	Receivables from short sale commitments	-	-	-	-	-	-
2.1.12.	Payables for short sale commitments	-	-	-	-	-	-
2.1.13.	Other irrevocable commitments	90,850	314,100	404,950	53,316	6,193	59,509
2.2.	Revocable commitments	-	-	-	-	-	-
2.2.1.	Revocable loan granting commitments	-	-	-	-	-	-
2.2.2.	Other revocable commitments	-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b> (5)	<b>29,072,354</b>	<b>41,092,041</b>	<b>70,164,395</b>	<b>23,122,705</b>	<b>29,335,943</b>	<b>52,458,648</b>
3.1.	Derivative financial instruments for hedging purposes	7,725,392	10,589,390	18,314,782	6,138,670	4,126,450	10,265,120
3.1.1.	Fair value hedge	6,662,917	10,589,390	17,252,307	4,828,794	4,126,450	8,955,244
3.1.2.	Cash flow hedge	1,062,475	-	1,062,475	1,309,876	-	1,309,876
3.1.3.	Hedge of net investment in foreign operations	-	-	-	-	-	-
3.2.	Held for trading transactions	21,346,962	30,502,651	51,849,613	16,984,035	25,209,493	42,193,528
3.2.1.	Forward foreign currency buy/sell transactions	1,771,407	4,364,871	6,136,278	693,384	1,139,058	1,832,442
3.2.1.1.	Forward foreign currency transactions-buy	1,127,282	1,940,618	3,067,900	321,497	590,854	912,351
3.2.1.2.	Forward foreign currency transactions-sell	644,125	2,424,253	3,068,378	371,887	548,204	920,091
3.2.2.	Swap transactions related to foreign currency, and interest rates	15,053,938	19,455,566	34,509,504	10,455,312	16,027,137	26,482,449
3.2.2.1.	Foreign currency swap-buy	6,342,113	7,883,964	14,226,077	4,216,018	5,773,181	9,989,199
3.2.2.2.	Foreign currency swap-sell	7,510,965	7,890,121	15,401,086	4,204,144	5,854,110	10,058,254
3.2.2.3.	Interest rate swaps-buy	600,430	1,774,013	2,374,443	1,017,575	2,130,353	3,147,928
3.2.2.4.	Interest rate swaps-sell	600,430	1,907,468	2,507,898	1,017,575	2,269,493	3,287,068
3.2.3.	Foreign currency, interest rate and securities options	4,514,905	6,321,019	10,835,924	5,828,545	7,649,636	13,478,181
3.2.3.1.	Foreign currency options-buy	2,187,494	3,246,717	5,434,211	2,977,137	3,765,395	6,742,532
3.2.3.2.	Foreign currency options-sell	2,287,411	3,074,302	5,361,713	2,835,408	3,884,241	6,719,649
3.2.3.3.	Interest rate options-buy	20,000	-	20,000	-	-	-
3.2.3.4.	Interest rate options-sell	20,000	-	20,000	-	-	-
3.2.3.5.	Securities options-buy	-	-	-	8,000	-	8,000
3.2.3.6.	Securities options-sell	-	-	-	8,000	-	8,000
3.2.4.	Foreign currency futures	6,712	209,429	216,141	6,794	368,280	375,074
3.2.4.1.	Foreign currency futures-buy	2,667	105,391	108,058	3,397	184,140	187,537
3.2.4.2.	Foreign currency futures-sell	4,045	104,038	108,083	3,397	184,140	187,537
3.2.5.	Interest rate futures	-	151,766	151,766	-	25,382	25,382
3.2.5.1.	Interest rate futures-buy	-	75,883	75,883	-	12,691	12,691
3.2.5.2.	Interest rate futures-sell	-	75,883	75,883	-	12,691	12,691
3.2.6.	Other	-	-	-	-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>	<b>92,024,392</b>	<b>21,927,529</b>	<b>113,951,921</b>	<b>72,118,825</b>	<b>17,672,666</b>	<b>89,791,491</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>	<b>3,080,227</b>	<b>883,284</b>	<b>3,963,511</b>	<b>3,119,072</b>	<b>1,171,263</b>	<b>4,290,335</b>
4.1.	Assets under management	1,014,534	130,064	1,144,598	1,070,033	132,463	1,202,496
4.2.	Investment securities held in custody	722,384	471,581	1,193,965	803,002	659,386	1,462,388
4.3.	Checks received for collection	999,537	172,447	1,171,984	997,200	156,295	1,153,495
4.4.	Commercial notes received for collection	343,769	100,390	444,159	248,824	216,750	465,574
4.5.	Other assets received for collection	-	-	-	-	-	-
4.6.	Assets received for public offering	-	-	-	-	-	-
4.7.	Other items under custody	-	8,802	8,802	10	6,369	6,379
4.8.	Custodians	3	-	3	3	-	3
<b>V.</b>	<b>PLEDGED ITEMS</b>	<b>88,944,165</b>	<b>21,044,245</b>	<b>109,988,410</b>	<b>68,999,753</b>	<b>16,501,403</b>	<b>85,501,156</b>
5.1.	Marketable securities	340,489	380,744	721,233	282,255	189,201	471,456
5.2.	Guarantee notes	99,211	59,196	158,407	88,338	55,700	144,038
5.3.	Commodity	28,968	-	28,968	20,737	-	20,737
5.4.	Warranty	-	-	-	-	-	-
5.5.	Properties	34,833,664	7,669,994	42,503,658	30,516,561	6,003,909	36,520,470
5.6.	Other pledged items	53,641,833	12,934,311	66,576,144	38,091,862	10,252,593	48,344,455
5.7.	Pledged items-depository	-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>	-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>146,526,739</b>	<b>69,998,046</b>	<b>216,524,785</b>	<b>112,750,195</b>	<b>50,584,621</b>	<b>163,334,816</b>

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

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH )**

**FİNANSBANK ANONİM ŞİRKETİ  
STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(STATEMENT OF OTHER COMPREHENSIVE INCOME / LOSS)  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)**

**III. INCOME STATEMENT**

		Audited 01.01-31.12.2011	Audited 01.01-31.12.2010	
		Section 5 Part IV		
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	<b>4,534,312</b>	<b>3,792,561</b>
1.1	Interest on loans	4,072,479	3,336,163	-
1.2	Interest received from reserve deposits	-	-	-
1.3	Interest received from banks	8,307	36,095	-
1.4	Interest received from money market placements	10,229	8,914	-
1.5	Interest received from marketable securities portfolio	442,432	410,519	-
1.5.1	Held-for-trading financial assets	4,386	4,068	-
1.5.2	Financial assets at fair value through profit and loss	608	11,794	-
1.5.3	Available-for-sale financial assets	437,438	394,657	-
1.5.4	Investments held-to-maturity	-	-	-
1.6	Finance lease income	-	-	-
1.7	Other interest income	865	870	-
<b>II.</b>	<b>INTEREST EXPENSE</b>	(2)	<b>2,309,462</b>	<b>1,538,137</b>
2.1	Interest on deposits	2,012,757	1,350,286	-
2.2	Interest on funds borrowed	141,188	136,317	-
2.3	Interest on money market borrowings	113,459	51,250	-
2.4	Interest on securities issued	36,338	-	-
2.5	Other interest expense	5,720	284	-
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>2,224,850</b>	<b>2,254,424</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>801,279</b>	<b>593,616</b>
4.1	Fees and commissions received		893,958	662,442
4.1.1	Non-cash loans		43,455	41,827
4.1.2	Other		850,503	620,615
4.2	Fees and commissions paid		92,679	68,826
4.2.1	Non-cash loans		494	580
4.2.2	Other		92,185	68,246
<b>V.</b>	<b>DIVIDEND INCOME</b>	(3)	<b>8,315</b>	<b>40,368</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	(4)	<b>(212,201)</b>	<b>(264,304)</b>
6.1	Securities trading gains/ (losses)		89,527	378,535
6.2	Gains / (losses) from financial derivative transactions		(259,786)	(677,328)
6.2	Foreign exchange gains/ (losses)		(41,942)	34,489
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5)	<b>177,757</b>	<b>145,949</b>
<b>VIII.</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>3,000,000</b>	<b>2,770,053</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	<b>305,996</b>	<b>260,469</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(7)	<b>1,573,904</b>	<b>1,375,855</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1,120,100</b>	<b>1,133,729</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>GAIN / (LOSS) ON EQUITY METHOD</b>		-	-
<b>XIV.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	(8)	<b>1,120,100</b>	<b>1,133,729</b>
<b>XVI.</b>	<b>TAX CHARGE FOR CONTINUED OPERATIONS (±)</b>	(9)	<b>(271,988)</b>	<b>(219,055)</b>
16.1	Current income tax charge		(228,060)	(237,352)
16.2	Deferred tax charge / benefit		(43,928)	18,297
<b>XVII.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	(10)	<b>848,112</b>	<b>914,674</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and entities under common control		-	-
18.3	Income on other discontinued operations		-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and entities under common control		-	-
19.3	Loss from other discontinued operations		-	-
<b>XX.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	(8)	-	-
<b>XXI.</b>	<b>TAX CHARGE FOR DISCONTINUED OPERATIONS (±)</b>	(9)	-	-
21.1	Current income tax charge		-	-
21.2	Deferred tax charge / benefit		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(10)	-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	(11)	<b>848,112</b>	<b>914,674</b>
23.1	Group's profit/loss		848,112	914,674
23.2	Minority shares		-	-
	Earnings per share		0.03514	0.03793

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH )

**FİNANSBANK ANONİM ŞİRKETİ**  
**STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**(STATEMENT OF OTHER COMPREHENSIVE INCOME / LOSS)**  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY**

	Audited 01.01-31.12.2011	Audited 01.01-31.12.2010
<b>I.</b>		
<b>ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES     FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>	(223,344)	271,757
<b>II.</b>		
<b>TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>III.</b>		
<b>INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV.</b>		
<b>FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY     TRANSACTIONS</b>	-	-
<b>V.</b>		
<b>PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH     FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE     DIFFERENCES)</b>	13,797	(26,129)
<b>VI.</b>		
<b>PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF     NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR     VALUE DIFFERENCES)</b>	-	-
<b>VII.</b>		
<b>THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING     POLICIES</b>	-	-
<b>VIII.</b>		
<b>OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY AS PER     TURKISH ACCOUNTING STANDARDS</b>	-	-
<b>IX.</b>		
<b>DEFERRED TAX OF VALUATION DIFFERENCES</b>	90,732	(10,802)
<b>X.</b>		
<b>TOTAL NET PROFIT/LOSS ACCOUNTED FOR UNDER EQUITY (I+II+...+IX)</b>	(118,815)	234,826
<b>XI.</b>		
<b>PROFIT/LOSS</b>	(228,462)	(118,584)
11.1		
Change in fair value of marketable securities (Transfer to Profit/Loss)	(233,184)	(118,243)
11.2		
Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	4,722	(341)
11.3		
Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4		
Other	-	-
<b>XII.</b>		
<b>TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)</b>	(347,277)	116,242

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

## (CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

**FİNANSBANK ANONİM ŞİRKETİ**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Audited	Section 5 Part V	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Year Net Income/ (Loss)	Prior Year Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and from Disc. Op.	Total Equity Attributable to the Parent Shareholders	Minority Shares	Total Equity
<b>Prior Period – 01.01.-31.12.2010</b>																			
<b>I Beginning Balance</b>		1,575,000	-	-	-	149,918	-	1,127,164	-	-	650,114	124,882	-	-	-	-	3,627,078	-	3,627,078
<b>II. Corrections according to TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The effects of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I-II)</b>		1,575,000	-	-	-	149,918	-	1,127,164	-	-	650,114	124,882	-	-	-	-	3,627,078	-	3,627,078
Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IV. Increase/decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Marketable securities valuation differences</b>	(1)	-	-	-	-	-	-	-	-	-	-	137,418	-	-	-	-	137,418	-	137,418
<b>VI. Hedging funds (effective portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	(21,176)	-	(21,176)	-	(21,176)
6.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(21,176)	-	(21,176)	-	(21,176)
6.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Tangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Intangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Bonus shares obtained from associates, subsidiaries and entities under common control</b>		-	-	-	-	-	-	-	-	-	-	-	-	2,689	-	-	2,689	-	2,689
<b>X. Foreign exchange differences</b>	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Effect of change in associate's equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Capital increase</b>	(5)	630,000	-	-	-	-	-	(82,857)	-	-	-	-	-	-	-	-	547,143	-	547,143
14.1 Cash		547,143	-	-	-	-	-	-	-	-	-	-	-	-	-	-	547,143	-	547,143
14.2 Internal sources		82,857	-	-	-	-	-	(82,857)	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Share issue</b>		-	-	665	-	-	-	-	-	-	-	-	-	-	-	-	665	-	665
<b>XVI. Share cancellation profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Inflation adjustment to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIX. Period net income/(loss)</b>		-	-	-	-	-	-	-	-	914,674	-	-	-	-	-	-	914,674	-	914,674
<b>XX. Profit distribution</b>		-	-	-	-	32,506	-	617,608	-	-	(650,114)	-	-	-	-	-	-	-	-
20.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transfers to reserves		-	-	-	-	32,506	-	617,608	-	-	(650,114)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>																			
<b>(III+IV+V+.....+ XVIII+XIX+XX)</b>		2,205,000	-	665	-	182,424	-	1,661,915	-	914,674	-	262,300	-	2,689	(21,176)	-	5,208,491	-	5,208,491

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

**FİNANSBANK ANONİM ŞİRKETİ**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Audited	Section 5 Part V	Paid-in Capital	Effect of inflation Accounting on Capital and Other Reserves	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Year Net Income/(Loss)	Prior Year Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Attributable to the Parent Shareholders	Minority Shares	Total Equity
<b>I. Current Period – 01.01.-31.12.2011</b>																			
<b>I. Beginning Balance</b>		<b>2,205,000</b>	-	<b>665</b>	-	<b>182,424</b>	-	<b>1,661,915</b>	-	-	<b>914,674</b>	<b>262,300</b>	-	<b>2,689</b>	<b>(21,176)</b>	-	<b>5,208,491</b>	-	<b>5,208,491</b>
Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Increase/Decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Marketable securities valuation differences</b>	(1)	-	-	-	-	-	-	-	-	-	-	<b>(362,092)</b>	-	-	-	-	<b>(362,092)</b>	-	<b>(362,092)</b>
<b>IV. Hedging funds (Effective Portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	<b>14,815</b>	-	<b>14,815</b>	-	<b>14,815</b>
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	<b>14,815</b>	-	<b>14,815</b>	-	<b>14,815</b>
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Tangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Intangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Bonus shares obtained from associates, subsidiaries and entities under common control</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Foreign exchange differences</b>	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. The disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. The reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. The effect of change in associate's equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Capital increase</b>	(5)	<b>235,000</b>	-	-	-	-	-	<b>(118,667)</b>	-	-	-	-	-	-	-	-	<b>116,333</b>	-	<b>116,333</b>
12.1 Cash		<b>116,333</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	<b>116,333</b>	-	<b>116,333</b>
12.2 Internal sources		<b>118,667</b>	-	-	-	-	-	<b>(118,667)</b>	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Share premium</b>		-	-	<b>49</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>49</b>	-	<b>49</b>
<b>XIV. Share cancellation profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Inflation adjustment to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Period net income/(loss)</b>		-	-	-	-	-	-	-	<b>848,112</b>	-	-	-	-	-	-	-	<b>848,112</b>	-	<b>848,112</b>
<b>XVIII. Profit distribution</b>	(3)	-	-	-	-	<b>58,709</b>	-	<b>726,213</b>	-	-	<b>(914,674)</b>	-	-	-	-	-	<b>(129,752)</b>	-	<b>(129,752)</b>
18.1 Dividends distributed		-	-	-	-	-	-	<b>(129,752)</b>	-	-	-	-	-	-	-	-	<b>(129,752)</b>	-	<b>(129,752)</b>
18.2 Transfers to reserves		-	-	-	-	<b>58,709</b>	-	<b>855,965</b>	-	-	<b>(914,674)</b>	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>		<b>2,440,000</b>	-	<b>714</b>	-	<b>241,133</b>	-	<b>2,269,461</b>	-	<b>848,112</b>	-	<b>(99,792)</b>	-	<b>2,689</b>	<b>(6,361)</b>	-	<b>5,695,956</b>	-	<b>5,695,956</b>
<b>(I+II+III+.....+XVI+XVII+XVIII)</b>		<b>2,440,000</b>	-	<b>714</b>	-	<b>241,133</b>	-	<b>2,269,461</b>	-	<b>848,112</b>	-	<b>(99,792)</b>	-	<b>2,689</b>	<b>(6,361)</b>	-	<b>5,695,956</b>	-	<b>5,695,956</b>

The accompanying notes are an integral part of these financial statements

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

**FİNANSBANK ANONİM ŞİRKETİ**  
**CASH FLOWS STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**VI. CASH FLOWS STATEMENT**

	Section 5 Part VI	Audited 01.01-31.12.2011	Audited 01.01-31.12.2010
<b>A. CASH FLOWS FROM / (TO) BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities(+)</b>		<b>703,322</b>	<b>2,085,485</b>
1.1.1 Interest received (+)		4,444,393	3,900,394
1.1.2 Interest paid (-)		(2,250,932)	(1,502,996)
1.1.3 Dividend received (+)		8,315	156
1.1.4 Fees and commissions received (+)		893,958	662,442
1.1.5 Other income (+)		142,265	114,541
1.1.6 Collections from previously written off loans (+)		353,594	504,310
1.1.7 Payments to personnel and service suppliers (-)		(1,196,448)	(1,091,607)
1.1.8 Taxes paid (-)		(300,192)	(248,043)
1.1.9 Others (+/-)	(1)	(1,391,631)	(253,712)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(1,946,680)</b>	<b>(516,479)</b>
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(10,791)	(3,175)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		430,523	571,802
1.2.3 Net (increase) decrease in due from banks (+/-)		(1,971,907)	(4,322)
1.2.4 Net (increase) decrease in loans (+/-)		(5,432,420)	(7,357,075)
1.2.5 Net (increase) decrease in other assets (+/-)	(1)	376,461	(443,743)
1.2.6 Net increase (decrease) in bank deposits (+/-)		(592,559)	(640,052)
1.2.7 Net increase (decrease) in other deposits (+/-)		5,289,202	4,445,196
1.2.8 Net increase (decrease) in funds borrowed (+/-)		(1,143,424)	1,492,816
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(1)	1,108,235	1,422,074
<b>I. Net cash provided from / (used in) banking operations (+/-)</b>		<b>(1,243,358)</b>	<b>1,569,006</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from / (used in) investing activities (+/-)</b>		<b>8,605</b>	<b>(1,990,903)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		(19,187)	(3,063)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		5,027	2,101
2.3 Fixed assets purchases (-)		(96,927)	(69,836)
2.4 Fixed assets sales (+)		5,988	8,560
2.5 Cash paid for purchase of financial assets available for sale (-)		(13,063,752)	(22,515,765)
2.6 Cash obtained from disposal of financial assets available for sale (+)		13,254,662	20,652,070
2.7 Cash paid for purchase of investment securities (-)		-	-
2.8 Cash obtained from disposal of investment securities (+)		-	-
2.9 Others (+/-)	(1)	(77,206)	(64,970)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from / (used in) financing activities (+/-)</b>		<b>1,515,746</b>	<b>23,764</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		1,513,545	-
3.2 Cash used for repayment of funds borrowed and securities issued (-)		-	(495,755)
3.3 Capital increase (+)		116,333	547,143
3.4 Dividends paid (-)		(110,292)	(22,909)
3.5 Payments for finance leases (-)		(3,840)	(4,715)
3.6 Other (+/-)	(1)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)</b>		<b>48,014</b>	<b>36,930</b>
<b>V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>329,007</b>	<b>(361,203)</b>
<b>VI. Cash and cash equivalents at beginning of the period (+)</b>	(2)	<b>2,579,736</b>	<b>2,940,939</b>
<b>VII. Cash and cash equivalents at end of the period (V+VI)</b>	(3)	<b>2,908,743</b>	<b>2,579,736</b>

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

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ  
STATEMENT OF PROFIT DISTRIBUTION  
FOR THE YEAR ENDED DECEMBER 31, 2011**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	<b>Audited 31.12.2011(*)</b>	<b>Audited 31.12.2010</b>
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	1,120,100	1,133,729
1.2 TAXES AND DUTIES PAYABLE (-)	271,988	219,055
1.2.1 Corporate tax (Income tax)	228,060	237,352
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	43,928	(18,297)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>848,112</b>	<b>914,674</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	45,734
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b>	<b>848,112</b>	<b>868,940</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	186,119
1.6.1 To owners of ordinary shares	-	110,250(**)
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	75,869
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	7,586
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	675,235
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	0.03793
3.2 TO OWNERS OF ORDINARY SHARES ( % )	-	3.79%
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-

(\*) The Bank did not resolve a decision regarding profit distribution of 2011 as of the issue date of this report.

(\*\*) Distributed to the shareholders as bonus shares.

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

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**SECTION THREE**

**ACCOUNTING POLICIES**

**I. Basis of presentation**

**1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents**

The Turkish Banking Law No: 5411 is published in the Official Gazette No: 25983 dated November 1, 2005. The Bank prepared the accompanying financial statements as of December 31, 2011 and the related disclosures and footnotes in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No: 26333, "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated February 10, 2007 which is published in the Official Gazette No: 26430, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and other circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency (BRSA).

Financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified.

**2. Classifications**

None.

**3. Accounting policies and valuation principles used in the preparation of the financial statements**

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied in accordance with the requirements of TAS, TFRS, "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No: 26333, "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated February 10, 2007 which is published in the Official Gazette No: 26430 and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by BRSA.

**Explanation for Convenience Translation to English**

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS). The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements to be used and IFRS have not been quantified in the financial statements.

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**II. Strategy for the use of financial instruments and the foreign currency transactions**

**1. Strategy for the use of financial instruments**

The major funding sources of the Bank are customer deposits and funds borrowed from international markets. The customer deposits bear fixed interest rate and have an average maturity of 1-3 months. Funds borrowed from abroad are generally bear floating rates and are reprised at an average period of 3-6 months. The Bank diverts its placements to assets with high return and sufficient collaterals. The Bank manages the liquidity structure to meet its liabilities when due by diversifying the funding sources and keeping sufficient cash and cash equivalents. The maturity of fund sources and maturity and yield of placements are considered to the extent possible within the current market conditions and higher return on long-term placements is aimed.

Among the operations of the Bank, the main activities generating yields higher than the calculated average yields are credit card transactions.

Besides customer deposits, the Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity using long term swap transactions (fixed TL interest rate and floating FC interest rate). Thus, the Bank generates TL denominated resources for funding long term loans with fixed interest rates.

The Bank has determined securities portfolio limits based on the market risk limitations for money, capital and commodity markets. Products included in the securities portfolio are subject to position and risk limits. Position limits restrict the maximum nominal position based on the product. Risk limits are expressed in terms of "Value at Risk (VAR)" by taking the risk tolerance as a cap. The maximum VAR amounts are determined for the three main risk factors, which affect the securities portfolio that is subject to market risk, as well as determining the risk tolerance based on the total value at risk. The above mentioned limits are revised annually.

The strategies for hedging exchange rate risk resulting from the Bank's foreign currency available-for-sale investment securities are explained in foreign currency risk section and the applications regarding the hedging of interest rate risk resulting from deposits with fixed or floating interest rates are explained in the interest rate risk section in detail.

Hedging strategies for foreign exchange risk resulting from other foreign currency transactions are explained in the foreign currency risk section.

**2. Foreign currency transactions**

**2.1. Foreign currency exchange rates used in converting transactions denominated in foreign currencies and presentation of them in the financial statements**

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of December 31, 2011 are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the Bank for the year end and the resulting exchange differences are recorded as foreign exchange gains and losses. The Bank's foreign currency exchange rates are as follows:

	<b><u>December 31, 2011</u></b>	<b><u>December 31, 2010</u></b>
US Dollar	TL 1.9065	TL 1.5460
Euro	TL 2.4592	TL 2.0491

**2.2 Foreign exchange gains and losses included in the income statement**

The net foreign exchange loss included in the income statement as of December 31, 2011 is TL 41,942 (December 31, 2010 – TL 34,489 net foreign exchange gain).

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**III. Information on associates and subsidiaries**

Associates and subsidiaries are accounted for in accordance with the principles in TAS 39 “Financial Instruments: Recognition and Measurement” in the unconsolidated accompanying financial statements. Associates and subsidiaries that do not have a quoted market price in an active market or whose fair value cannot be reliably measured are recorded at cost after deducting related impairment provision.

**IV. Explanations on forwards, option contracts and derivative instruments**

The Bank enters into forward currency purchase/sale agreements and swap transactions to reduce the foreign currency risk and interest rate risk and manage foreign currency liquidity risk. The Bank also carries out currency and interest options, swaption, and credit default swap and futures agreements.

Besides customer deposits, The Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Bank not only funds its long term fixed interest rate loans with TL but also hedges itself against interest rate risk.

In accordance with TAS 39 “Financial Instruments: Recognition and Measurement”, derivative instruments are categorized as “hedging purpose” or “trading purpose” transactions. Derivatives are initially recognized at cost including the transaction costs. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the “Assets on Trading Derivatives” and “Liabilities on Trading Derivatives” or “Assets on Hedging Purpose Derivatives” and “Liabilities on Hedging Purpose Derivatives” items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts presented on the balance sheet, represent the fair value differences based on the valuation.

The fair value differences regarding the derivative financial instruments held for the fair value hedge purposes are accounted for under “Securities Trading Gains/Losses”, except for the foreign currency valuation differences. These foreign currency valuation differences are accounted for under “Foreign Exchange Gains/Losses” account. Information on Eurobond portfolio, recognized as fair value hedged items, is presented in section 3, footnote VII, 2 and 4.

The Bank implements cash flow hedge accounting by means of interest rate swaps in order to hedge itself for the changes in interest rates of deposits that have an average maturity of 1 month. The Bank implements effectiveness tests at the balance sheet dates for hedging purposes; the effective parts are accounted as defined in TAS 39, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with income statement.

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the long term government bonds with fixed coupon held by the Bank using swaps as hedging instruments. The Bank performs hedge effectiveness tests at each balance sheet date.

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued by the Bank using interest rate swaps as hedging instruments. The Bank performs hedge effectiveness tests at each balance sheet date.

Fair values of forward foreign currency purchase and sales contracts, currency and interest rate swap transactions are calculated by using internal pricing models based on market data. Unrealized gains and losses are reflected in the income statement in the current period.

Fair values of option contracts are calculated with option pricing models and the resulting unrealized gains and losses are reflected in the current period income statement.

Futures transactions are accounted for at settlement prices obtained from counterparties as of the balance sheet date and related unrealized gains and losses are reflected in the current period income statement.

Credit default and swaption transactions are accounted for at market prices as of the balance sheet date and related unrealized gains and losses are reflected in the current period income statement.

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**V. Interest income and expenses**

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest rate method. In accordance with the related regulation, the interest receivables and accruals of non-performing loans are cancelled and not recorded as interest income until collected.

**VI. Fees and commission income and expenses**

Fees and commission income and expenses are accounted for on an accrual basis, except for certain banking transactions that income is recognized immediately. Income generated through agreements or through the sale and purchases of assets on behalf of third parties, is recorded as income when collected.

Dividend income is accrued when the subsidiaries' and associates' profit distribution decisions are approved.

**VII. Explanations on financial assets**

Financial assets comprise cash and cash equivalents and the contractual right to obtain cash or another financial asset from counterparty or to exchange financial assets with counterparty or the equity instrument transactions of the counterparty. Financial assets are classified in four categories; as "Financial Assets at Fair Value through Profit or Loss", "Investment Securities Available-For-Sale", "Investment Securities Held-To-Maturity", and "Loans And Other Receivables". The classification of the financial assets is determined at the initial inception of the related financial assets.

**1. Financial assets at fair value through profit or loss**

**1.1. Trading securities**

The Bank accounts for its trading securities at fair value. The interest income that has been gained from trading securities is presented at interest income in the income statement, while the difference between the cost and the fair value of trading securities and the gain or loss resulting from the sale of these financial assets before their maturity are realized under securities trading gains/losses.

**1.2. Financial assets at fair value through profit or loss**

The Bank has classified its mortgage loans that were initiated between January 1, 2006 – December 31, 2007, as financial assets at fair value through profit or loss in compliance with TAS 39. These loans are presented under "Financial Assets at Fair Value Through Profit or Loss" as loan, in order to be in compliance with the balance sheet presentation. The Bank has not classified its mortgage loans that were initiated after January 1, 2008 as fair value through profit or loss. Interest on related loans is presented under "Income Statement" as "Interest on Loans" and fair value differences are presented as "Securities Trading Gains (Losses)".

Financial assets at fair value through profit or loss are initially recorded at cost and are measured at fair value in the following periods.

Fair value of loans that are classified as financial assets at fair value through profit or loss has been determined by using effective interest rates used for similar financial assets within the market. The fair values of public sector debt securities that are classified in the mentioned group have been determined by using the market prices as at the balance sheet date.

**2. Investment securities available for sale**

Available for sale assets represent financial assets other than financial assets at fair value through profit or loss, loans and other receivables and investment securities held to maturity.

Premiums and discounts on investments securities available-for-sale are taken into account in computing of the internal rate of return and are included in interest income in the income statement. Accrued interest income on investment securities available for sale is recognized in the income statement whereas gains and losses arising from the change in the fair values of such securities are reflected in equity under "Securities Value Increase Fund" (Unrealized Gains/Losses on Securities). When investment securities available for sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity are transferred to the income statement.

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Some portion of the Eurobond portfolio which has been recognized as available for sale securities are designated as fair value hedged items starting from March and April 2009. Those securities are disclosed under Investment Securities Available for Sale in order to be in line with balance sheet presentation. The fair value differences of hedged items are accounted for under “Securities Trading Gains/ Losses” in the income statement.

In cases where fair value hedge operations cannot be effectively performed as described in TAS 39, fair value hedge accounting is ceased. The fair value differences are amortized through equity until the maturity of related hedged securities. The fair value differences of related portfolio securities sold prior to maturity are once realized in the income statement.

**3. Investment securities held to maturity**

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability and excluding loans and receivables.

As of October 1, 2008, due to the change of the intention, the Bank classified securities from trading portfolio and available for sale portfolio to held to maturity portfolio with the nominal values of TL 94,198 and TL 2,549,613, respectively. The intention of the Bank for holding the held to maturity portfolio has changed in 2009. As it is stated in TAS 39, paragraph 51, “while the intention or the possibility of holding the securities until the maturity changes, or when the investments become inappropriate to be classified as held to maturity; the related investments should be classified as investment securities available for sale and should be re-measured at their fair values”; the Bank classified TL 2,643,811 nominal amount of held to maturity portfolio to available for sale portfolio effective from March 31, 2009 based on the Board of Directors’ decision dated April 16, 2009. Because of this classification, the Bank will not be able to classify any financial asset as held to maturity investment in 2009 and the following two years.

**4. Loans and specific provisions**

The Bank initially records loans and receivables at cost; except for the loans that are recorded with fair value through profit or loss and loans subject to fair value hedge. In the following periods, these loans are carried at amortized cost by using the effective interest rate method.

The Bank enters into swap transactions against TL in order to hedge the possible losses which might arise due to the changes in the fair value of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. The Bank accounted for the hedged part of the loan portfolio at fair value, together with the swap transactions used as the hedging instrument and the related net gain or loss was included in the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans.

Provision is set for the loans that maybe doubtful and amount is charged in the current period income statement.

In the case where there is an evidence for the possibility of uncollectibility of loans, the Bank classifies related loans and receivables in non-performing loans and provides specific and general provision in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No 26333 and revised with the Communiqué dated March 6, 2010, published on the Official Gazette No 27513 and the Communiqué dated January 23, 2009, published on the Official Gazette No 27193 “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”. Additionally, during the current period, the Bank revised its calculation for general provisions in line with the context of the regulations published in the Official Gazette No: 27968 dated June 18, 2011 and No: 27947 dated May, 28 2011 and no: 28158 dated December 30, 2011. The Bank did not provide any specific provision for performing loans which are classified under non-performing accounts as per the communiqué requiring classifying all loans of the same borrower having non-performing loans into non-performing loans as of December 31, 2010. The Bank restarted to provide specific provision for those loans stated above that are not overdue, according to the amendments on 4th article of the same communiqué as from March 1, 2011. The Bank provides specific provision for the loans under follow-up regarding credit risk and other factors, in accordance with the aforementioned regulation.

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The Bank also provides specific provisions for the closely monitored loans as a result of risk assessment. These provisions accounted for in liabilities under other provisions as “Free Reserves for Possible Loan Losses”.

Except for specific provisions and free reserves for possible loan losses within the framework of the regulation referred to above, the Bank provides general loan loss provision and presents it in the liabilities as “General Provisions”.

The provisions provided for loans are accounted for under “Provision for Loan Losses and Other Receivables” in the statement of income.

The collections made in relation to amounts that provision provided in the current period and the principle collections from the loans previously provisioned in the prior periods are offset against the “Provision for Loan and Other Receivables” in the income statement. The principal collections made related to the loans that were written-off are recorded under “Other Operating Income” and interest collections are recorded under the “Interest on Loans” account.

**VIII. Explanations on impairment of financial assets**

If the amount computed by discounting expected future cash flows of a financial asset using the effective interest rate method or (if any) the fair value is lower than the carrying value of financial assets, impairment can be recognized. Provision is provided for impairment of the financial assets and recorded to related expense accounts.

**IX. Explanations on netting of financial instruments**

In cases where the fair values of trading securities, securities available-for-sale, and securities quoted at the stock exchanges, associates and subsidiaries are less than their carrying values, a provision for impairment is allocated, and the net value is presented on the balance sheet.

The Bank provides specific allowances for loans and other receivables in accordance with “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” and offset against overdue loans in the assets.

Financial assets and liabilities other than those explained above are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities, simultaneously. Otherwise, no offsetting is made.

**X. Explanations on sales and repurchase agreements and lending of securities**

Securities sold under repurchase agreements are recorded on the balance in accordance with Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Investments Subject to Repurchase Agreements” and valued based on the Bank management’s future intentions, either at market prices or using discounting method with internal rate of return. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted for on an accrual basis.

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TL 1,514,723 (December 31, 2010 - TL 1,196,542).

The Bank does not have any securities that are subject to lending transactions as of December 31, 2011 (December 31, 2010 – None).

Securities purchased with a commitment to resell (reverse repurchase agreements) are recorded in a separate account under “Money Market Placements” in the balance sheet. The difference resulting from purchase and resale prices is treated as interest income and accrued over the life of the agreement.

**XI. Explanations on assets held for sale and discontinued operations**

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

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The Bank does not have assets held for sale.

A discontinued operation is a part of the Bank's business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

**XII. Explanations on goodwill and other intangible assets**

The Bank's intangible assets consist of software and intangible rights.

The intangible assets are recorded at their historical cost less accumulated amortization and provision for impairment, if any. Amortization is calculated on a straight-line basis.

Software has been classified as other intangible fixed assets. The useful life of software is determined as 3 years.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard on Impairment of Assets (TAS 36) and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made. There is no goodwill regarding the associates and subsidiaries in the accompanying unconsolidated financial statements.

**XIII. Explanations on tangible assets**

The tangible assets are recorded at their historical cost less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of tangible assets. The annual rates used are as follows:

Property	2%
Movables purchased and acquired under finance lease contracts	7% - 25%

The depreciation of leasehold improvements acquired before December 2009, under operating lease agreements, is calculated according to their useful lives. Depreciation of leasehold improvements acquired after this date is calculated over the lease period not exceeding 5 years where the lease period is certain; or 5 years where the lease period is not certain in accordance with "Communiqué on the Amendment of Communiqué on Uniform Chart of Accounts and Explanatory Notes" dated January 10, 2011.

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than a year as of the balance sheet date.

Net book value of the property and leased assets under financial lease contracts are compared with the fair values determined by independent appraisers as of the year end and provision for impairment is recognized in "Other Operating Expenses" in the related period income statement when the fair value is below the net book value in accordance with "Turkish Accounting Standard on Impairment of Assets" (TAS 36).

Gains or losses resulting from disposals of the tangible assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repairs are capitalized if the expenditure increases economic life of the asset; otherwise they are expensed.

There are no changes in the accounting estimates, which could have a significant impact on the current and future financial statements. There are no pledges, mortgages or other restrictions on the tangible assets.

There is no purchase commitments related to the fixed assets.

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**XIV. Explanations on leasing transactions**

Fixed assets acquired under finance lease contracts are presented under “Tangible Fixed Assets” on the asset side and under “Financial Lease Payables” on the liability side at the initial date of the lease. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

Total payments made under operating leases are charged to income statement on a straight-line basis over the period of the lease.

The Bank has no leasing transactions as lessor.

**XV. Explanations on provisions and contingent liabilities**

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Bank. Whenever the amount of such obligations cannot be measured, they are regarded as “contingent”. If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can reliably be measured, a provision is provided.

Provisions made during the period are recorded under “Other Operating Expenses”; provisions that were booked in the prior periods and released in the current year are recorded under “Other Operating Income”.

**XVI. Explanations on obligations of the Bank concerning employee benefits**

Provision for employee severance benefits has been accounted for in accordance with TAS 19 “Employee Benefits”.

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements.

The Bank does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date.

Provision for the employees’ unused vacations has been booked and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

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**XVII. Explanations on taxation**

**1. Corporate tax**

In accordance with the Corporate Tax Law No. 5520 published in the Official Gazette No: 26205 dated June 21, 2006, statutory income is subject to corporate tax at 20%. Advance corporate taxes paid are followed under “Current Tax Liability” or “Current Tax Asset” account and are deducted from the corporate taxes of the current year.

Companies file their tax returns between the 1st and the 25th day of the fourth month following the closing of the fiscal year to which they relate and the payments are made until the end of that month.

The provision for corporate and income taxes for the period is reflected as the “Current Tax Charge” in the income statement.

Undistributed profit for the period is not subject to withholding tax if it is added to capital or it is distributed to full-fledged taxpayer corporations. However, with the Council of Ministers’ decisions numbered 2009/14593 and 2009/14594; published in the Official Gazette No: 27130 dated February 3, 2009 and based on Corporate Tax Law No: 5520, 15<sup>th</sup> and 30<sup>th</sup> Articles, profit distribution for the period is subject to withholding tax by 15%, for full-fledged real person taxpayers, for those who are not responsible for corporate tax and income tax, for those exempt from corporate and income tax (except for those taxed through their businesses or permanent representatives in Turkey) and for foreign based real person taxpayers.

**2. Deferred taxes**

In accordance with Turkish Accounting Standard on Income Taxes (TAS 12), the Bank accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

**XVIII. Additional explanations on borrowings**

The Bank generates funds from domestic and foreign sources when this is necessary. The funds borrowed from foreign sources are mainly in the form of syndications and securitizations. The funds borrowed are measured at amortized cost by using the internal rate of return method.

The Bank has not issued convertible bonds. Debt instruments directly issued by the Group are classified under “Securities Issued”, while the funds obtained through the debt instruments issued by the special purpose vehicles (SPV’s) are classified under funds borrowed.

**XIX. Explanations on share issues**

During the current period, the share capital of the Bank has been increased by TL 118,667 from bonus shares, TL 110,250, from first dividends of year 2010, TL 8,417 from extraordinary reserves, and by TL 116,333 in cash. (January 1 – December 31, 2010: Increased by TL 630,000 of which TL 82,857 from extraordinary reserves and TL 547,143 in cash).

**XX. Explanations on confirmed bills of exchange and acceptances**

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any.

There are no acceptances and confirmed bills of exchange presented as liabilities against any assets.

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**XXI. Explanation on government incentives**

As of December 31, 2011, the Bank does not have any government incentives or grants.

**XXII. Explanations on reporting according to segmentation**

In addition to corporate banking, retail banking and commercial banking services, the Bank also provides private banking, treasury operations and credit card services through branches and alternative channels. The Bank serves its retail banking clients with time and demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Bank provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. The Bank also serves in trading financial instruments and treasury operations.

The calculations based on the income statement on corporate and commercial banking, consumer banking, plastic cards, that have operational units designated as the main profit centers, have been made according to the product and customer types. During the profitability calculations, the pricing of transfers among these units and treasury unit are made by using cost/return ratios that are determined by the Bank's senior management and which are updated periodically. In this pricing method, general market conditions and the Bank's internal policies are considered.

The Corporate Marketing Unit provides services to firms that are institutional, big size, that have annual revenues of TL 100,000 and higher and multi-national firms operating in Turkey. The firms that have annual revenues between TL 2,000 and TL 100,000 are considered as "Commercial Enterprise". The Bank gives importance to the commercial segmentation in order to hedge risk and decrease the concentration of income. Moreover; The Bank also offers sectoral solution packages to these small and medium-size firms.

The Consumer Banking meets the needs and expectations of the retail banking customers. The Private Banking Unit has formed and started to operate to serve customers with high level income, in a more effective way. The installments, discounts and bonus advantages are provided to the users of Card Finans in the plastic cards line. The main function of Treasury Segment is managing the liquidity of the Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail, and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Bank.

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<b>Current Period (December 31, 2011)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Bank</b>
Net Interest Income	1,292,265	442,273	490,312	2,224,850
Net Fees and Commissions Income	1,271,223	108,318	(578,262)	801,279
Other Operating Income and Net				
Trading Income	55,661	112,070	(202,175)	(34,444)
Dividend Income	-	-	8,315	8,315
<b>Operating Income</b>	<b>2,619,149</b>	<b>662,661</b>	<b>(281,810)</b>	<b>3,000,000</b>
Other Operating Expenses	1,050,275	268,316	255,313	1,573,904
Provision for Loan Losses and Other Receivables(-)	269,229	34,981	1,786	305,996
<b>Profit Before Taxes</b>	<b>1,299,645</b>	<b>359,364</b>	<b>(538,909)</b>	<b>1,120,100</b>
<b>Tax Charge</b>	-	-	-	<b>(271,988)</b>
<b>Net Profit/Loss</b>	-	-	-	<b>848,112</b>
<b>Total Assets</b>	<b>23,301,608</b>	<b>6,549,673</b>	<b>13,411,511</b>	<b>46,198,873</b>
Segment Assets	23,301,608	6,549,673	13,411,511	43,262,792
Associates, Subsidiaries and Entities Under Common Control	-	-	-	421,964
Undistributed Assets	-	-	-	2,514,117
<b>Total Liabilities</b>	<b>20,240,321</b>	<b>8,515,329</b>	<b>8,731,090</b>	<b>46,198,873</b>
Segment Liabilities	20,240,321	8,515,329	8,731,090	37,486,740
Undistributed Liabilities	-	-	-	3,016,177
Equity	-	-	-	5,695,956
<b>Other Segment Accounts</b>	-	-	-	<b>381,039</b>
Capital Expenditures	-	-	-	254,891
Depreciation and Amortization	-	-	-	124,465
Value Decrease/(Increase)	-	-	-	1,683
<b>Prior Period (December 31, 2010)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Bank</b>
Net Interest Income	1,154,889	324,727	774,808	2,254,424
Net Fees and Commissions Income	837,937	103,003	(347,324)	593,616
Other Operating Income and Net				
Trading Income	38,850	61,950	(219,155)	(118,355)
Dividend Income	-	-	40,368	40,368
<b>Operating Income</b>	<b>2,031,676</b>	<b>489,680</b>	<b>248,697</b>	<b>2,770,053</b>
Other Operating Expenses	930,304	279,413	166,138	1,375,855
Provision for Loan Losses and Other Receivables(-)	179,255	23,378	57,836	260,469
<b>Profit Before Taxes</b>	<b>922,117</b>	<b>186,889</b>	<b>24,723</b>	<b>1,133,729</b>
<b>Tax Charge</b>	-	-	-	<b>(219,055)</b>
<b>Net Profit/Loss</b>	-	-	-	<b>914,674</b>
<b>Total Assets</b>	<b>19,203,086</b>	<b>5,823,119</b>	<b>10,114,383</b>	<b>38,087,203</b>
Segment Assets	19,203,086	5,823,119	10,114,383	35,140,588
Associates, Subsidiaries and Entities Under Common Control	-	-	-	385,613
Undistributed Assets	-	-	-	2,561,002
<b>Total Liabilities</b>	<b>14,862,829</b>	<b>8,582,974</b>	<b>7,305,193</b>	<b>38,087,203</b>
Segment Liabilities	14,862,829	8,582,974	7,305,193	30,750,996
Undistributed Liabilities	-	-	-	2,127,716
Equity	-	-	-	5,208,491
<b>Other Segment Accounts</b>	-	-	-	<b>283,695</b>
Capital Expenditures	-	-	-	177,734
Depreciation and Amortization	-	-	-	104,746
Value Decrease/(Increase)	-	-	-	1,215
Value Decrease/(Increase)	-	-	-	1,215

**XXIII. Explanations on other matters**

None.

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**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE**

**I. Explanations related to capital adequacy standard ratio**

As of December 31, 2011, the Bank's unconsolidated capital adequacy ratio is 17.18% (December 31, 2010 - 16.68%).

Capital adequacy ratio is calculated in accordance with the "The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette No: 26333, dated November 1, 2006 and "The Regulation on Amendments to the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette No: 26669, 26824, 27320 and 27968 dated October 10, 2007, March 22, 2008, August 15, 2009, and June 18, 2011, respectively. For the calculation of the capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used. Moreover, market risk value is calculated in accordance with the "The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and factored into capital adequacy ratio.

The items deducted from the capital base are not included in the calculation of risk weighted assets, non-cash loans and liabilities. For the calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deductions from related assets.

In the calculation of their risk-based values, non-cash loans and commitments are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted again and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

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**Unconsolidated capital adequacy ratio**

	0%	10%	20%	50%	100%	150%	200%
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>4,912,247</b>	-	<b>813,271</b>	<b>9,515,006</b>	<b>19,315,211</b>	<b>1,211,508</b>	<b>1,188,283</b>
Cash on Hand	518,760	-	12	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the T.R Central Bank	480,213	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Head offices and Branches	-	-	768,943	-	59,921	-	-
Money Market Placements	390,833	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	700,000	-	-	-	-	-	-
Reserve Deposits	1,965,801	-	-	-	-	-	-
Loans and Receivables	855,576	-	43,718	9,093,999	17,097,983	1,211,508	1,188,283
Non-performing Loans (Net)	-	-	-	-	403,359	-	-
Lease Receivables	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	-	-	-	-	-	-	-
Investments Held-to-Maturity	-	-	-	-	-	-	-
Receivables from Forward Sale of Assets	-	-	-	-	24,950	-	-
Sundry Debtors	-	-	-	-	113,640	-	-
Accrued Interest and Income	489	-	598	421,007	488,963	-	-
Investments in Associates, Subsidiaries and Entities Under Common Control (Net)	-	-	-	-	421,964	-	-
Tangible Assets	-	-	-	-	283,827	-	-
Other Assets	575	-	-	-	420,604	-	-
<b>Off-Balance Sheet Items</b>	<b>2,180,612</b>	-	<b>2,257,895</b>	<b>323,916</b>	<b>8,193,287</b>	-	-
Non-Cash Loans and Commitments	2,180,612	-	204,621	323,916	8,085,189	-	-
Derivative Financial Instruments	-	-	2,053,274	-	108,098	-	-
<b>Non-Risk-Weighted Accounts</b>	-	-	-	-	-	-	-
<b>Total Value at Risk</b>	<b>7,092,859</b>	-	<b>3,071,166</b>	<b>9,838,922</b>	<b>27,508,498</b>	<b>1,211,508</b>	<b>1,188,283</b>
<b>Total Risk-Weighted Assets</b>	-	-	<b>614,233</b>	<b>4,919,461</b>	<b>27,508,498</b>	<b>1,817,262</b>	<b>2,376,566</b>

**Summary information related to unconsolidated capital adequacy ratio**

	<b>Current Period</b>	<b>Prior Period</b>
Value at Credit Risk	37,236,020	29,506,581
Value at Market Risk	1,639,763	1,917,300
Value at Operational Risk	4,195,358	3,805,616
Shareholders' Equity	7,399,378	5,877,201
Shareholders' Equity/(VACR+VAMR+VAOR)x100	17.18%	16.68%

VACR : Value at Credit Risk  
VAMR : Value at Market Risk  
VAOR : Value at Operational Risk

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**Components of shareholders' equity items:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid-in Capital	2,440,000	2,205,000
Nominal Capital	2,440,000	2,205,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	714	665
Share Cancellation Profits	-	-
Legal Reserves	241,133	182,424
I. Legal Reserve (Turkish Commercial Code 466/1)	207,544	161,810
II. Legal Reserve (Turkish Commercial Code 466/2)	33,589	20,614
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	1,750,851	1,144,285
Reserve Allocated as per the Decision Held by the General Assembly	1,750,851	1,144,285
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	848,112	914,674
Current Period Profit	848,112	914,674
Prior Periods Profit	-	-
Free Reserves for Possible Losses (up to 25% of Core Capital)	63,702	78,265
Income on Sale of Equity Shares and Real Estates to be Used up for Capital Increase	518,610	517,630
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Losses Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	100,670	90,040
Prepaid Expenses (-) (*)	-	118,130
Intangible Assets (-)	134,472	98,571
Deferred Tax Asset Excess of 10% of Core Capital (-)	-	-
Limit Excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>5,627,980</b>	<b>4,736,202</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	400,441	265,808
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Real Estate	-	-
Bonus Shares of Associates, Subsidiaries and Entities Under Common Control	2,689	2,689
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	1,599,814	795,361
Securities Value Increase Fund	(183,711)	118,035
Associates and Subsidiaries	68,662	59,740
Investment Securities Available for Sale	(252,373)	58,295
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits (Excluding Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves)	-	-
<b>Total Supplementary Capital</b>	<b>1,819,233</b>	<b>1,181,893</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>7,447,213</b>	<b>5,918,095</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>47,835</b>	<b>40,894</b>
Unconsolidated Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at Less than 10% Exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	34,429	28,687
Loan Granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Properties exceeding 50% of the Capital and of Assets acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years After Foreclosure	13,366	12,207
Others	40	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,399,378</b>	<b>5,877,201</b>

(\*) According to the amendment on Regulation on Equity of Banks published in the Official Gazette dated March 10, 2011 and numbered 27870, prepaid expenses are not deducted from shareholders' equity but included in the 100% risk group under "Other Assets" line.

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**II. Explanations related to credit risk**

Credit risk represents the risk generating from the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally. Credit Risk Management Committee and Credit Department is responsible for managing credit risk.

Total credit limit given to a risk group is determined considering the credit amount by different credit granting departments regarding legal limitations. Besides the total limit, product based limits are determined as well.

The credibility of the debtors is assessed periodically in accordance with the related regulation. The statements presenting the financial position of the borrowers are obtained in accordance with the related regulation.

Loan limits of the loan customers are revised periodically in line with the Bank's procedures.

The Bank analyses the credibility of the loans within the framework of its loan policies and obtains collaterals for loans and receivables.

The Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with the risks resulting from market fluctuations. The Bank monitors risks of forward transactions, options and other similar agreements and reduces the risk if necessary.

Indemnified non-cash loans are weighted in the same risk group with the non-performing loans.

The restructured and rescheduled loans are monitored by the Bank in line with Bank's credit risk management procedures. The debtor's financial position and commercial activities are continuously analyzed and the principal and interest payments of rescheduled loans are monitored by the related departments.

The restructured and rescheduled loans are evaluated in the Bank's current internal rating system besides the follow up method determined in the related regulation.

The Bank created a Basel II program and realized infrastructure development and modeling for measuring default probability, amount and loss in case of default, which are also called as credit risk parameters. In this context, infrastructure and modeling works for default probability are completed and started to be used in decision processes. Infrastructure work for default amounts and losses in case of default parameters are completed and modeling will start after collection of sufficient data. On the other hand, the Bank has established necessary infrastructure to calculate capital adequacy ratio in respect of Basel II Standard Method.

The receivables of the Bank from its top 100 cash loan customers are 15% in the total cash loans (December 31, 2010 – 15%).

The receivables of the Bank from its top 100 non-cash loan customers are 45% in the total non-cash loans (December 31, 2010 – 45%).

The share of cash and non-cash receivables of the Bank from its top 100 loan customers in total cash and non-cash loans is 18% (December 31, 2010 – 18%).

The general loan loss provision related with the credit risk taken by the Bank is TL 400,441 (December 31, 2010 – TL 265,808).

Provision for probable risks in the Bank's loan portfolio amounted to TL 63,702 (December 31, 2010 – TL 78,265).

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The table below shows the maximum credit risk sensitivity of the financial statements:

	<b>Current Period</b>	<b>Prior Period</b>
T.R Central Bank	2,446,014	1,968,847
Financial assets held for trading	24,614	13,939
Financial assets at fair value through profit and loss	-	74,654
Assets on trading derivatives	1,009,758	392,280
Banks	829,462	191,503
Derivative financial assets hedging purposes	1,001,747	28,648
Money market placements	1,091,322	-
Investment securities available for sale	6,924,292	7,415,822
Loans and receivables (*)	30,434,808	25,603,773
Investments in associates, subsidiaries and entities under common control (Net)	421,964	385,613
Other assets	218,010	634,617
<b>Total</b>	<b>44,401,991</b>	<b>36,709,696</b>
Guarantees	6,985,658	6,035,682
Commitments	25,422,811	15,048,995
<b>Total</b>	<b>32,408,469</b>	<b>21,084,677</b>
<b>Total credit risk exposure</b>	<b>76,810,460</b>	<b>57,794,373</b>

(\*) The loans and receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are presented as “Loans at Fair Value Through Profit/Loss” in the financial statements. In addition, non-performing loans are not included in the loans and receivables balances.

#### **Credit rating system**

The Bank aims to manage its loan portfolio based on international best practices. In this respect, the Bank has formed internal scoring and rating systems, based on statistical methods to monitor the credibility of its clients. These systems classify the customers according to their default risk from highest to lowest score or rating. Internal scoring systems are used to improve the efficiency of the loan granting process, to monitor loan portfolio quality effectively and to assist in the determination of the actions required. The Bank uses rating and scoring systems for corporate customers, application scoring systems for consumer loans in order to assess the creditworthiness of a customer applying for a loan, and behavioral scoring systems for existing customers in order to calculate the default probability in a certain period of time. These systems are revised periodically based on international best practices and methodologies and calibrated if necessary.

The table below indicates the ratings of the corporate / commercial and enterprise banking cash loans:

	<b>Current Period (%)</b>	<b>Prior Period (%)</b>
Debtor has a very strong financial structure	6	7
Debtor has a good financial structure	58	59
Debtor has a medium financial structure	23	21
Debtor has a financial structure which needs attention in medium term	9	9
Not graded	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

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Credit quality per class of financial assets is shown below;

<b>Current Period</b>	<b>Neither past due nor impaired</b>	<b>Past due but not impaired (*)</b>	<b>Total</b>
T.R. Central Bank	2,446,014	-	2,446,014
Financial assets held for trading	24,614	-	24,614
Financial assets at fair value through profit/loss	-	-	-
Banks	829,462	-	829,462
Assets on trading derivatives	1,009,758	-	1,009,758
Derivative financial assets hedging purposes	1,001,747	-	1,001,747
Money market placements	1,091,322	-	1,091,322
Investment securities available for sale(Net)	6,924,292	-	6,924,292
<b>Loans and receivables(**)</b>	<b>29,068,312</b>	<b>1,366,496</b>	<b>30,434,808</b>
Corporate / commercial loans	11,505,755	45,318	11,551,073
Consumer loans	10,531,522	222,140	10,753,662
Credit cards	7,031,035	1,099,038	8,130,073
Investments in associates, subsidiaries and entities under common control (Net)	421,964	-	421,964
Other assets	218,010	-	218,010
<b>Total</b>	<b>43,035,495</b>	<b>1,366,496</b>	<b>44,401,991</b>

(\*) Balances represent the overdue installments. The principle amounts of “Corporate / Commercial Loans” and “Consumer Loans” are TL 237,158 and TL1,224,667 respectively.

(\*\*) The loans and other receivables amounting to TL 567,612 are presented as “Loans at Fair Value Through Profit and Loss” in the financial statements.

As of December 31, 2011, for the loans and receivables past due but not impaired, the Bank has collaterals amounting TL 763,638 for non exceeding portion of the customer risks which are received for the total exposure to the customers including past due and not past due exposures. (December 31, 2010 – TL 799,218).

<b>Prior Period</b>	<b>Neither past due nor impaired</b>	<b>Past due but not impaired (*)</b>	<b>Total</b>
T.R. Central Bank	1,968,847	-	1,968,847
Financial assets held for trading	13,939	-	13,939
Financial assets at fair value through profit and loss	74,654	-	74,654
Banks	191,503	-	191,503
Assets on trading derivatives	392,280	-	392,280
Derivative financial assets hedging purposes	28,648	-	28,648
Money Market Placements	-	-	-
Investment securities available for sale (net)	7,415,822	-	7,415,822
<b>Loans and receivables (**)</b>	<b>24,718,340</b>	<b>885,433</b>	<b>25,603,773</b>
Corporate / commercial loans	9,570,401	62,648	9,633,049
Consumer loans	9,439,674	138,993	9,578,667
Credit cards	5,708,265	683,792	6,392,057
Investments in associates, subsidiaries and entities under common control (net)	385,613	-	385,613
Other assets	634,617	-	634,617
<b>Total</b>	<b>35,824,263</b>	<b>885,433</b>	<b>36,709,696</b>

(\*) Balances represent the overdue installments. The principle amount of “Corporate / Commercial Loans” and “Consumer Loans” is TL 260,388 and TL 919,108, respectively.

(\*\*) The loans and other receivables amounting to TL 976,951 are presented as “Loans at Fair Value Through Profit / Loss” in the financial statements.

Information related to financial assets whose maturity or terms of agreement are revised is given in Section 5, Part I, footnote 6.

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**Credit risk by types of borrowers and geographical concentration:**

	Loans to Banks and							
	Loans to Real People and Entities(*)		Other Financial Institutions		Marketable Securities		Other Loans (**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Loans according to borrowers</b>	<b>29,889,621</b>	<b>25,032,488</b>	<b>4,082,523</b>	<b>2,540,132</b>	<b>6,948,906</b>	<b>7,504,415</b>	<b>3,331,973</b>	<b>1,459,895</b>
Private Sector	11,100,882	9,072,590	1,040,710	538,791	137,880	149,128	487,703	403,085
Public Sector	134,129	88,515	3,006,940	1,968,847	6,664,249	7,118,498	-	-
Banks	-	-	34,873	32,494	146,777	236,789	2,771,428	979,057
Retail	18,654,610	15,871,383	-	-	-	-	72,842	77,753
Share Certificates	-	-	-	-	-	-	-	-
<b>Information according to geographical concentration</b>	<b>29,889,621</b>	<b>25,032,488</b>	<b>4,082,523</b>	<b>2,540,132</b>	<b>6,948,906</b>	<b>7,504,415</b>	<b>3,331,973</b>	<b>1,459,895</b>
Domestic	28,366,532	24,427,467	4,057,364	2,504,465	5,695,725	6,027,138	1,673,033	719,064
European Union Countries	2,474	-	-	34,549	20,438	-	-	-
OECD Countries	-	-	-	-	-	-	-	-
Off-shore Banking Regions	1,339,315	605,021	-	-	1,232,743	1,477,277	1,658,940	740,831
USA, Canada	1,733	-	-	793	-	-	-	-
Other Countries	179,567	-	25,159	325	-	-	-	-

(\*)The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are presented under “Loans at Fair Value Through Profit / Loss” in the financial statements.

(\*\*) This column represents TL 829,462 (December 31, 2010 – TL 191,503) bank placements, TL 1,009,758 (December 31, 2010 - TL 392,280) derivative financial assets held for trading, TL 1,001,747 (December 31, 2010 - TL 28,648) derivative financial assets hedging purposes, TL 421,964 (December 31, 2010 - TL 385,613) investment in associates, subsidiaries and entities under common control, and TL 69,042 (December 31, 2010 - TL 461,851) cash guarantees given to financial institutions.

**Information according to geographical concentration:**

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit/Loss
Domestic	41,113,348	36,738,026	6,909,998	-	848,112
European Union Countries	-	-	-	-	-
OECD Countries (*)	-	-	-	-	-
Off-shore Banking Regions	4,663,561	3,764,891	75,660	-	-
USA, Canada	-	-	-	-	-
Other Countries	-	-	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	421,964	-
Unallocated Assets/Liabilities	-	-	-	-	-
<b>Total</b>	<b>45,776,909</b>	<b>40,502,917</b>	<b>6,985,658</b>	<b>421,964</b>	<b>848,112</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

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<b>Prior Period</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Non-Cash Loans</b>	<b>Capital Investments</b>	<b>Net Profit/Loss</b>
Domestic	34,878,377	28,147,539	6,017,122	-	914,674
European Union Countries	-	-	-	-	-
OECD Countries (*)	-	-	-	-	-
Off-shore Banking Regions	2,823,213	4,731,173	18,560	-	-
USA, Canada	-	-	-	-	-
Other Countries	-	-	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	385,613	-
Unallocated Assets/Liabilities	-	-	-	-	-
<b>Total</b>	<b>37,701,590</b>	<b>32,878,712</b>	<b>6,035,682</b>	<b>385,613</b>	<b>914,674</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

**Sectoral distribution of cash loans (\*)**

	<b>Current Period</b>				<b>Prior Period</b>			
	<b>TL</b>	<b>%</b>	<b>FC</b>	<b>%</b>	<b>TL</b>	<b>%</b>	<b>FC</b>	<b>%</b>
<b>Agricultural</b>	<b>55,497</b>	<b>0.21</b>	<b>14,839</b>	<b>0.44</b>	<b>99,941</b>	<b>0.43</b>	<b>110,086</b>	<b>4.51</b>
Farming and Raising Livestock	46,034	0.17	12,633	0.37	51,811	0.22	17,042	0.70
Forestry	2,303	0.01	172	0.01	43,604	0.19	88,323	3.62
Fishing	7,160	0.03	2,034	0.06	4,526	0.02	4,721	0.19
<b>Manufacturing</b>	<b>1,164,830</b>	<b>4.31</b>	<b>1,708,662</b>	<b>49.87</b>	<b>993,997</b>	<b>4.29</b>	<b>1,070,838</b>	<b>43.85</b>
Mining	20,212	0.07	16,576	0.48	43,538	0.19	43,142	1.77
Production	1,055,017	3.91	1,427,531	41.67	925,295	3.99	1,027,696	42.08
Electric, Gas and Water	89,601	0.33	264,555	7.72	25,164	0.11	-	-
<b>Construction</b>	<b>436,184</b>	<b>1.61</b>	<b>149,261</b>	<b>4.36</b>	<b>317,569</b>	<b>1.37</b>	<b>54,878</b>	<b>2.25</b>
<b>Services</b>	<b>2,332,839</b>	<b>8.64</b>	<b>1,278,189</b>	<b>37.30</b>	<b>1,988,166</b>	<b>8.58</b>	<b>1,107,452</b>	<b>45.35</b>
Wholesale and Retail Trade	1,568,165	5.82	538,714	15.72	1,216,027	5.25	412,611	16.89
Hotel, Food and Beverage Services	37,962	0.14	229,476	6.70	34,937	0.15	240,521	9.85
Transportation and Telecommunication	127,731	0.47	283,428	8.27	79,983	0.35	199,244	8.16
Financial Institutions	451,738	1.67	58,973	1.72	532,608	2.30	91,018	3.73
Real Estate and Renting Services	14,751	0.05	2,012	0.06	2,967	0.01	1,005	0.04
Self-employment Services	58,387	0.22	46,535	1.36	68,934	0.30	35,952	1.47
Education Services	9,109	0.03	10,014	0.29	14,630	0.06	9,198	0.38
Health and Social Services	64,996	0.24	109,037	3.18	38,080	0.16	117,903	4.83
<b>Other</b>	<b>23,019,320(**)</b>	<b>85.23</b>	<b>275,187</b>	<b>8.03</b>	<b>19,761,710(**)</b>	<b>85.33</b>	<b>99,136</b>	<b>4.04</b>
<b>Total</b>	<b>27,008,670</b>	<b>100.00</b>	<b>3,426,138</b>	<b>100.00</b>	<b>23,161,383</b>	<b>100.00</b>	<b>2,442,390</b>	<b>100.00</b>

(\*) Includes loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) which are presented under “Loans at Fair Value Through Profit / Loss” in the financial statements.

(\*\*) Includes consumer loans, installment loans and credit cards amounting to TL 22,977,130 (December 31, 2010- TL 19,339,365).

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**III. Explanations related to market risk**

The Bank has established market risk operations and has taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with the Regulation on “Banks’ Internal Control and Risk Management Systems” and the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

Based on the proposal of High Level Risk Committee, the Board of Directors of the Bank determines risk management strategies and policies for managing market risk and ensures periodic monitoring of the application of strategies. The Board of Directors of the Bank determines the risk limits by considering the primary risk factors and those limits are revised as seen necessary. Additionally, the Board of Directors of the Bank requires risk management group and the top management of the Bank to take necessary actions in order to identify, measure, control and manage the risks that the Bank is exposed to.

The market risk is measured by using an internal model developed with Value-at-Risk (VAR) methodology. VAR is calculated with ‘Historical Simulation’ method. ‘Bank Risk Tolerance’ is determined in order to manage the market risk efficiently and to keep the market risk within the desirable limits. Risk Management Group monitors the VAR balances daily for compliance with the Bank Risk Tolerance.

Periodic stress tests and scenario analysis are used to support results of VAR. Furthermore, conventional risk measurement methods such as cash flow projection, duration and variation analysis are also used.

The capital required for General Market Risk and Specific Risk is calculated and reported monthly in accordance with the Standard Method defined in the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

**1. Information on market risk**

		<b>Amount</b>
(I)	Capital Obligation against General Market Risk - Standard Method	77,622
(II)	Capital Obligation against Specific Risks – Standard Method	15,231
(III)	Capital Obligation against Currency Risk – Standard Method	22,001
(IV)	Capital Obligation against Commodity Risks - Standard Method	9,589
(V)	Capital Obligation against Settlement Risks - Standard Method	-
(VI)	Capital Obligation against Market Risks of Options - Standard Method	6,738
(VII)	Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII)	Total Capital Obligations against Market Risk (I+II+III+IV+V+VI+VII)	131,181
<b>(IX)</b>	<b>Value-At-Market Risk (12.5 x VIII) or (12.5 x VII)</b>	<b>1,639,763</b>

**2. Average market risk table calculated at the end of the months during the period**

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	1,028,225	1,425,788	739,525	1,179,608	1,302,025	993,725
Common Share Risk	235,664	271,063	198,275	203,004	247,438	163,738
Currency Risk	211,164	465,375	51,913	148,345	306,450	14,638
Commodity Risk	128,798	188,563	54,013	14,966	179,588	-
Settlement Risk	-	-	-	-	-	-
Option Risk	98,085	181,725	4,413	35,943	70,738	15,175
<b>Total Value at Risk</b>	<b>1,701,936</b>	<b>2,532,514</b>	<b>1,048,139</b>	<b>1,581,866</b>	<b>2,106,239</b>	<b>1,187,276</b>

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**IV. Explanations related to operational risk**

Value at operational risk is calculated with basic indicator method by using the gross profits for the last three years (2010, 2009 and 2008) as per the “Calculation of Value at Operational Risk” of the article (4) of “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” which was published in the Official Gazette No: 26333 dated November 1, 2006 and became effective as of June 1, 2007. As of December 31, 2011, the value at operational risk is amounting to TL 4,195,358 (December 31, 2010 - TL 3,805,616).

**V. Explanations related to foreign currency exchange rate risk**

**1. Whether the Bank is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the Board of Directors of the Bank sets limits for positions that are monitored daily**

As of December 31, 2011, the net foreign currency exposure of the Bank is TL 380,187 short position (December 31, 2010 –TL 422,094 net foreign currency long) resulting from on balance sheet short position amounting to TL 5,304,487 (December 31, 2010 –TL 4,152,684 short) and off balance sheet long position amounting to TL 4,924,300 (December 31, 2010 –TL 3,730,590 long). The long off balance sheet position amounting to TL 6,219,112 (December 31, 2010 – TL 3,747,117) is related with the FC/TL swap transactions entered into with banks and customers. The Bank makes these transactions to manage foreign currency liquidity risk and to hedge itself from interest rate risk.

The Bank enters into foreign currency forward transactions to decrease foreign currency position risk. The Bank also engages in foreign currency and Eurobond buy-sell option transactions.

Position limit related with currency risk is determined according to Foreign Currency Net Position Standard Ratio. Measurable and manageable risks are taken within legal limits.

Foreign Currency Exchange Rate Risk is monitored along with potential evaluation differences in foreign currency translations in accordance with “Regulations on Bank’s Internal Control and Risk Management Systems”. Standard method is used in measuring foreign currency exchange rate risk on a weekly basis.

**2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives**

The Bank does not hedge foreign currency borrowings and net foreign currency investments by derivative instruments.

**3. The Bank’s spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date**

US Dollar purchase rate at the date of the balance sheet	TL 1.9065
Euro purchase rate at the date of the balance sheet	TL 2.4592

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
December 31, 2011	TL 1.9065	TL 2.4592
December 29, 2011	TL 1.8897	TL 2.4702
December 28, 2011	TL 1.8847	TL 2.4633
December 27, 2011	TL 1.8833	TL 2.4613
December 26, 2011	TL 1.8809	TL 2.4583
December 23, 2011	TL 1.8779	TL 2.4555

**4. The basic arithmetical average of the Bank’s foreign exchange bid rate for the last thirty days**

The arithmetical average of the Bank’s US Dollar and Euro purchase rates for December 2011 are TL 1.8589 and TL 2.4522, respectively.

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**5. Information on the foreign currency exchange rate risk**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	2,172,874	92,856	92	224,668	2,490,490
Due From Banks	69,480	460,367	874	8,675	539,396
Financial Assets at Fair Value through Profit/Loss (4)	40,214	135,563	-	43,661	219,438
Money Market Placements	-	390,926	-	-	390,926
Investment Securities Available-for-Sale	95,460	833,767	-	-	929,227
Loans and Receivables (2)	1,821,761	2,951,097	94,957	68,858	4,936,673
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-	-
Derivative Financial Assets Hedging Purposes	-	40,954	-	-	40,954
Tangible Assets	-	-	-	76	76
Intangible Assets	-	-	-	-	-
Other Assets (3)	22,168	68,963	10	4	91,145
<b>Total Assets</b>	<b>4,221,957</b>	<b>4,974,493</b>	<b>95,933</b>	<b>345,942</b>	<b>9,638,325</b>
<b>Liabilities</b>					
Bank Deposits	31,604	125,033	88	5,618	162,343
Foreign Currency Deposits	2,612,300	4,804,810	463	412,383	7,829,956
Money Market Borrowings	219,857	479,973	-	-	699,830
Funds Borrowed	906,791	3,381,632	-	-	4,288,423
Securities Issued	-	989,875	-	-	989,875
Sundry Creditors	104,468	492,240	10	212	596,930
Derivative Fin. Liabilities for Hedging Purposes	6,496	117,762	-	-	124,258
Other Liabilities(5)	44,928	162,915	-	43,354	251,197
<b>Total Liabilities</b>	<b>3,926,444</b>	<b>10,554,240</b>	<b>561</b>	<b>461,567</b>	<b>14,942,812</b>
<b>Net Balance Sheet Position</b>	<b>295,513</b>	<b>(5,579,747)</b>	<b>95,372</b>	<b>(115,625)</b>	<b>(5,304,487)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(273,554)</b>	<b>5,178,787</b>	<b>(97,272)</b>	<b>116,339</b>	<b>4,924,300</b>
Financial Derivative Assets	3,314,319	20,411,234	10,977	773,025	24,509,555
Financial Derivative Liabilities	3,587,873	15,232,447	108,249	656,686	19,585,255
Non-Cash Loans (1)	969,080	2,342,380	5,656	211,036	3,528,152
<b>Prior Period</b>					
Total Assets	1,742,877	4,641,426	102,469	129,712	6,616,484
Total Liabilities	3,469,588	7,196,993	721	101,866	10,769,168
<b>Net Balance Sheet Position</b>	<b>(1,726,711)</b>	<b>(2,555,567)</b>	<b>101,748</b>	<b>27,846</b>	<b>(4,152,684)</b>
<b>Net Off-Balance Sheet Position</b>	<b>1,524,949</b>	<b>2,329,951</b>	<b>(105,196)</b>	<b>(19,114)</b>	<b>3,730,590</b>
Financial Derivative Assets	3,619,417	12,267,859	31,888	796,631	16,715,795
Financial Derivative Liabilities	2,094,468	9,937,908	137,084	815,745	12,985,205
Non-Cash Loans (1)	768,047	2,055,034	1,520	241,021	3,065,622

<sup>(1)</sup> Does not affect net off balance sheet position.

<sup>(2)</sup> Includes foreign currency-indexed loans amounting to TL 1,510,535 (December 31, 2010 – TL 1,266,015) that are classified as TL on the balance sheet.

<sup>(3)</sup> Does not include the prepaid expenses amounting to TL 2,095 TL (December 31, 2010 – TL 835) that are classified as FC on the balance sheet in accordance with the legislation issued by BRSA and published in the Official Gazette No: 26085 dated February 19, 2006.

<sup>(4)</sup> Does not include foreign exchange income accruals amounting to TL 17,180 (December 31, 2010 – TL 9,576).

<sup>(5)</sup> Foreign exchange expense accruals amounting to TL 13,248 (December 31, 2010 – TL 10,037) on derivative transactions and the general loan loss provisions amounting to TL 43,702 (December 31, 2010 – TL 31,215) computed for foreign currency loans and accounted as foreign currency amount in order to be in compliance with the Uniform Charts of Accounts are excluded.

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**6. Foreign currency sensitivity**

The Bank is mainly exposed to EUR and USD currencies.

The following table details the Bank's sensitivity to a 10% increase and decrease in USD and EUR. Other variables are assumed to be unchanged.

	Change in Currency Rate in %	Net Effect on	Net Effect	Net Effect on	Net Effect on
		Profit or Loss (After Tax)	on Equity(*)	Profit or Loss (After Tax)	Equity(*)
		Current Period	Current Period	Prior Period	Prior Period
USD	10% increase	(19,529)	(7,995)	(5,794)	(6,471)
	10% decrease	19,529	7,995	5,794	6,471
EUR	10% increase	1,320	2,034	(41,876)	(41,737)
	10% decrease	(1,320)	(2,034)	41,876	41,737

(\*) Effect on equity also includes the effect of the change in foreign currency rates in the income statement.

**VI. Explanations related to interest rate risk**

Interest rate risk that would arise from the changes in interest rates depending on the Bank's position is managed by the Asset/Liability Committee of the Bank.

Interest rate sensitivity of assets, liabilities and off balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held every two weeks by taking the market developments into consideration.

The management of the Bank follows the interest rates in the market on a daily basis and revises interest rates of the Bank when necessary.

The assets and liabilities of the Bank carry positive interest yield and assets and liabilities are repriced within an average of 6 months. Consequently the Bank carries limited interest rate risk.

Besides customer deposits, the Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank changes the foreign currency liquidity obtained from the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Bank not only funds its long term fixed interest rate loans with TL but also hedges itself from interest rate and maturity risk.

The Bank's sensitivity of interest income and expenses are analyzed against the changes in interest rates. In this analysis, it was assumed that the year-end balances remained same during the year.

During the interest rate sensitivity calculation, the difference between interest gains/losses calculated by using current market interest rates and interest gains/losses calculated by using shock applied interest rates is considered as the effect of the interest shock on the income accounts.

In interest rate sensitivity calculation, maturity of the fixed rate assets and liabilities and repricing terms of the variable interest rate assets and liabilities are considered.

As of the reporting date; 1% increase in interest rates would decrease the Bank's net profit by TL 18,380 (December 31, 2010– TL 84,789), 1% decrease in interest rates would increase the Bank's net profit by TL 22,494 (December 31, 2010 – TL 93,047), when all the other variables are assumed to be constant.

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**Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items  
(Based on reprising dates)**

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-	-	2,964,786	2,964,786
Due from Banks	618,197	-	10,427	-	-	200,838	829,462
Financial Assets at Fair Value Through Profit/Loss (**)	60,491	160,836	650,309	976,542	490,399	265,154	2,603,731
Money Market Placements	1,091,322	-	-	-	-	-	1,091,322
Investment Securities Available for Sale	1,221,851	1,404,493	1,275,305	2,005,883	897,305	119,455	6,924,292
Loans and Receivables	8,795,575	3,572,699	8,181,619	7,677,266	1,640,037	403,359	30,270,555
Investment Securities Held to Maturity	-	-	-	-	-	-	-
Other Assets(*)	59,398	-	-	-	-	1,455,327	1,514,725
<b>Total Assets</b>	<b>11,846,834</b>	<b>5,138,028</b>	<b>10,117,660</b>	<b>10,659,691</b>	<b>3,027,741</b>	<b>5,408,919</b>	<b>46,198,873</b>
<b>Liabilities</b>							
Bank Deposits	167,388	55,465	26,613	-	-	36,748	286,214
Other Deposits	15,095,423	10,208,860	974,628	28,397	-	2,682,048	28,989,356
Funds Borrowed	218,936	425,118	3,430,371	289,319	-	-	4,363,744
Money Market Borrowings	1,514,430	68	-	-	-	-	1,514,498
Securities Issued	-	-	268,023	989,875	-	-	1,257,898
Sundry Creditors	-	-	-	-	-	1,543,950	1,543,950
Other Liabilities(*)	358,473	475,096	155,208	4,154	-	7,250,282	8,243,213
<b>Total Liabilities</b>	<b>17,354,650</b>	<b>11,164,607</b>	<b>4,854,843</b>	<b>1,311,745</b>	<b>-</b>	<b>11,513,028</b>	<b>46,198,873</b>
On Balance Sheet Long Position	-	-	5,262,817	9,347,946	3,027,741	-	17,638,504
On Balance Sheet Short Position	(5,507,816)	(6,026,579)	-	-	-	(6,104,109)	(17,638,504)
Off-Balance Sheet Long Position	-	-	447,161	860,705	84,105	-	1,391,971
Off-Balance Sheet Short Position	(298,321)	(330,936)	-	-	-	-	(629,257)
<b>Total Position</b>	<b>(5,806,137)</b>	<b>(6,357,515)</b>	<b>5,709,978</b>	<b>10,208,651</b>	<b>3,111,846</b>	<b>(6,104,109)</b>	<b>762,714</b>

(\*) "Other Assets" in "Non Interest Bearing" column include other assets amounting to TL 514,394, tangible assets amounting to TL 384,497, intangible assets amounting to TL 134,472, associates, subsidiaries and entities under common control amounting to TL 421,964 TL. "Other Liabilities" in the "Non Interest Bearing" column include shareholders' equity amounting to TL 5,695,956, other liabilities amounting to TL 541,464, provisions amounting to TL 655,848, tax liability amounting to TL 103,719, and trading derivative financial liabilities amounting to TL 253,295.

(\*\*) This line also includes hedging purpose derivatives amounting to TL 1,001,747.

**Average interest rates applied to monetary financial instruments**

<b>Current Period</b>	<b>EUR %</b>	<b>USD %</b>	<b>JPY %</b>	<b>TL %</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	2.42	-	10.69
Financial Assets at Fair Value Through Profit/Loss	4.21	3.23	-	10.00
Money Market Placements	-	4.28	-	9.84
Investment Securities Available for Sale	4.85	5.73	-	7.57
Loans and Other Receivables	6.29	5.44	5.31	18.51(*)
Investment Securities Held to Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	4.59	4.19	-	10.68
Other Deposits	4.72	5.05	0.44	11.59
Money Market Borrowings	3.90	-	-	5.84
Sundry Creditors	-	-	-	-
Securities Issued	-	5.50	-	10.84
Funds Borrowed	2.37	3.55	-	8.40

(\*) The yield of loans is 15.38 % excluding credit cards.

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**Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items  
(Based on repricing dates)**

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing (*)</b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-	-	2,394,383	2,394,383
Due from Banks	-	-	4,322	-	-	187,181	191,503
Financial Assets at Fair Value Through Profit/Loss(**)	127,893	163,654	127,804	269,756	622,135	175,230	1,486,472
Money Market Placements	-	-	-	-	-	-	-
Inv. Securities Available for Sale	1,091,722	522,390	2,128,227	2,522,191	1,030,969	120,323	7,415,822
Loans and Receivables	6,912,599	2,797,910	6,870,101	6,800,339	1,341,823	136,373	24,859,145
Inv. Securities Held to Maturity	-	-	-	-	-	-	-
Other Assets(*)	447,538	-	-	-	-	1,292,340	1,739,878
<b>Total Assets</b>	<b>8,579,752</b>	<b>3,483,954</b>	<b>9,130,454</b>	<b>9,592,286</b>	<b>2,994,927</b>	<b>4,305,830</b>	<b>38,087,203</b>
<b>Liabilities</b>							
Bank Deposits	765,871	89,021	2,247	-	-	21,695	878,834
Other Deposits	15,025,151	5,937,152	371,419	27,177	-	2,190,944	23,551,843
Money Market Borrowings	131,408	2,276,102	1,849,645	182,760	61,393	-	4,501,308
Sundry Creditors	1,123,958	42	-	-	-	-	1,124,000
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed	15,076	-	-	-	-	870,383	885,459
Other Liabilities(*)	18,483	49,925	173,280	348,923	49,385	6,505,763	7,145,759
<b>Total Liabilities</b>	<b>17,079,947</b>	<b>8,352,242</b>	<b>2,396,591</b>	<b>558,860</b>	<b>110,778</b>	<b>9,588,785</b>	<b>38,087,203</b>
On Balance Sheet Long Position	-	-	6,733,863	9,033,426	2,884,149	-	18,651,438
On Balance Sheet Short Position	(8,500,195)	(4,868,288)	-	-	-	(5,282,955)	(18,651,438)
Off-Balance Sheet Long Position	34,550	79,703	-	-	-	-	114,253
Off-Balance Sheet Short Position	-	-	(147,163)	(315,453)	(45,913)	-	(508,529)
<b>Total Position</b>	<b>(8,465,645)</b>	<b>(4,788,585)</b>	<b>6,586,700</b>	<b>8,717,973</b>	<b>2,838,236</b>	<b>(5,282,955)</b>	<b>(394,276)</b>

(\*)“Other Assets” in “Non Interest Bearing” column include other assets amounting to TL 445,916, tangible assets amounting to TL 362,240, intangible assets amounting to TL 98,571, associates and subsidiaries amounting to TL 385,613 and “Other Liabilities” in the “Non Interest Bearing” column include shareholders’ equity amounting to TL 5,208,491, other liabilities amounting to TL 477,821, provisions amounting to TL 517,119, tax liability amounting to TL 141,256 and part of trading derivative financial liabilities amounting to TL 161,076.

(\*\*) This line also includes derivative financial assets for hedging purposes amounting to TL 28,648.

**Average interest rates applied to monetary financial instrument**

<b>Prior Period</b>	<b>EUR %</b>	<b>USD %</b>	<b>JPY %</b>	<b>TL %</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	-	-	8.58
Financial Assets at Fair Value Through Profit/Loss	5.87	7.51	-	13.41
Money Market Placements	-	-	-	-
Investment Securities Available for Sale	5.05	7.51	-	9.37
Loans and Receivables	4.96	4.20	5.23	17.19 (*)
Investment Securities Held to Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	2.44	1.84	-	7.81
Other Deposits	2.96	2.94	0.90	8.87
Money Market Borrowings	-	-	-	6.54
Sundry Creditors	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed	1.81	2.96	-	11.18

(\*) The yield of loans and receivables is 12.81% excluding credit cards.

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**VII. Explanations related to liquidity risk**

**1. The sources of the current liquidity risk of the Bank; whether the necessary precautions have been taken, whether the Board of Directors of the Bank sets limits on the funds available to meet the urgent liquidity requirements and to be able to pay borrowings when they become due**

Liquidity risk represents risk of not having sufficient cash or cash inflows to meet the cash outflows completely and on time, as a result of instable cash flows. Liquidity risk may also result from inability to penetrate to market and to close open positions quickly at suitable prices and with sufficient amounts due to market disruptions or barriers. To mitigate liquidity risk, the Bank diversifies funding sources as customer deposits and funds borrowed from abroad and keep certain level of assets as cash and cash equivalents.

The Bank evaluates liquidity position on a daily basis. Cash flow projections and scenarios are analyzed every two weeks by the top management at Asset/Liability Committee meetings. Liquidity ratio, calculated monthly by the Market Risk Committee is used as preliminary indicator of the general liquidity position of the Bank. List of available limits, instruments and securities which can be used as collateral to create liquidity in the event of a possible liquidity crisis is updated weekly. Alternative funding strategies to be followed in case of a liquidity problem are evaluated within the current limits and positions to be taken are determined. Moreover, in terms of “Liquidity Emergency Action Plan” early warning signals, stress levels correlated with the level of liquidity risk and actions to be taken at each stress level are defined.

**2. Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured, if any**

The Bank’s payments, assets and liabilities match with the interest rates.

**3. Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized**

In order to meet urgent liquidity needs 6% (December 31, 2010 – 6%) of the balance sheet is allocated as cash balances.

**4. Evaluation of the Bank’s cash flows and their resources**

Cash flows of the Bank are mainly denominated in Turkish Lira, US Dollar and Euro.

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**5. Presentation of assets and liabilities according to their remaining maturities**

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated(*)</b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	998,985	1,965,801	-	-	-	-	-	2,964,786
Due from Banks	200,838	618,197	-	10,427	-	-	-	829,462
Financial Assets at Fair Value Through Profit/Loss (**)	-	97,380	139,881	711,189	1,086,964	568,317	-	2,603,731
Money Market Placements	-	1,091,322	-	-	-	-	-	1,091,322
Investment Securities Available for Sale	119,455	7,976	6,523	18,665	3,635,648	3,136,025	-	6,924,292
Loans and Receivables	-	8,593,338	3,365,270	8,036,183	7,987,303	1,885,102	403,359	30,270,555
Investment Securities Held to Maturity	-	-	-	-	-	-	-	-
Other Assets	-	252,333	-	-	125,433	-	1,136,959	1,514,725
<b>Total Assets</b>	<b>1,319,278</b>	<b>12,626,347</b>	<b>3,511,674</b>	<b>8,776,464</b>	<b>12,835,348</b>	<b>5,589,444</b>	<b>1,540,318</b>	<b>46,198,873</b>
<b>Liabilities</b>								
Bank Deposits	36,748	167,388	55,465	26,613	-	-	-	286,214
Other Deposits	2,682,048	15,095,423	10,208,860	974,628	28,397	-	-	28,989,356
Funds Borrowed	-	207,482	348,252	1,643,647	408,920	1,755,443	-	4,363,744
Money Market Borrowings	-	1,514,430	68	-	-	-	-	1,514,498
Securities Issued	-	-	-	268,023	989,875	-	-	1,257,898
Sundry Creditors	-	1,543,950	-	-	-	-	-	1,543,950
Other Liabilities (*)	-	582,678	72,152	564,711	582,294	104,434	6,336,944	8,243,213
<b>Total Liability</b>	<b>2,718,796</b>	<b>19,111,351</b>	<b>10,684,797</b>	<b>3,477,622</b>	<b>2,009,486</b>	<b>1,859,877</b>	<b>6,336,944</b>	<b>46,198,873</b>
<b>Liquidity Gap</b>	<b>(1,399,518)</b>	<b>(6,485,004)</b>	<b>(7,173,123)</b>	<b>5,298,842</b>	<b>10,825,862</b>	<b>3,729,567</b>	<b>(4,796,626)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	2,701,887	7,609,243	2,879,227	7,101,167	11,833,998	4,860,754	1,100,927	38,087,203
Total Liabilities	2,212,639	18,394,019	6,844,877	2,761,403	1,776,107	330,023	5,768,135	38,087,203
<b>Net Liquidity Gap</b>	<b>489,248</b>	<b>(10,784,776)</b>	<b>(3,965,650)</b>	<b>4,339,764</b>	<b>10,057,891</b>	<b>4,530,731</b>	<b>(4,667,208)</b>	<b>-</b>

(\*)The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, common shares unquoted on stock exchange, office stationery, and prepaid expenses are classified under this column.

Unallocated other liabilities column includes shareholders' equity amounting to TL 5,695,956, unallocated provisions amounting to TL 612,119 and deferred tax liability amounting to TL 28,869.

(\*\*) This line also includes derivative financial assets for hedging purposes amounting to TL 1,001,747.

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**6. Analysis of financial liabilities by remaining contractual maturities**

The table below shows the Bank's maturity distribution of certain financial liabilities other than derivatives. The tables below are prepared by considering the future cash flows expected on the earliest cash flow dates. The total interest that will be paid for these liabilities is included in the table below.

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>	<b>Carrying Amount</b>
Bank deposits	36,748	167,564	56,291	27,714	-	-	288,317	286,214
Other deposits	2,682,048	15,144,412	10,346,801	1,015,805	28,575	-	29,217,641	28,989,356
Money market borrowings	-	1,515,580	69	-	-	-	1,515,649	1,514,498
Funds provided from other financial institutions	-	207,873	354,016	1,750,973	581,027	1,772,650	4,666,539	4,363,744
Securities issued	-	-	-	344,744	1,129,859	-	1,474,603	1,257,898

<b>Prior Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>	<b>Carrying Amount</b>
Bank deposits	21,695	767,111	89,379	2,352	-	-	880,537	878,834
Other deposits	2,190,944	15,061,437	5,986,898	382,488	26,619	-	23,648,386	23,551,843
Money market borrowings	-	1,124,364	43	-	-	-	1,124,407	1,124,000
Funds provided from other financial institutions	-	94,964	774,298	2,237,298	1,331,935	312,301	4,750,796	4,501,308
Securities issued	-	-	-	-	-	-	-	-

The table below shows the remaining maturities of derivative financial assets and liabilities.

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forward Contracts Buy(**)	3,324,994	573,538	1,350,565	-	141,404	5,390,501
Forward Contracts Sell(**)	3,344,712	568,864	1,351,736	-	141,404	5,406,716
Swap Contracts Buy(*)	3,451,474	1,810,960	7,759,964	11,242,923	2,055,864	26,321,185
Swap Contracts Sell(*)	3,406,925	1,766,094	7,559,957	11,494,903	2,275,222	26,503,101
Futures Buy	-	65,994	117,947	-	-	183,941
Futures Sell	-	66,020	117,946	-	-	183,966
Options Buy	1,612,092	966,374	2,875,745	-	-	5,454,211
Options Sell	1,604,783	962,331	2,814,599	-	-	5,381,713
<b>Total</b>	<b>16,744,980</b>	<b>6,780,175</b>	<b>23,948,459</b>	<b>22,737,826</b>	<b>4,613,894</b>	<b>74,825,334</b>

(\*) This line also includes hedging purpose derivatives.

(\*\*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forward Contracts Buy(**)	621,579	172,198	296,332	171,211	-	1,261,320
Forward Contracts Sell(**)	623,272	172,052	302,402	171,257	-	1,268,983
Swap Contracts Buy(*)	3,467,472	1,747,996	3,115,234	8,076,872	1,361,739	17,769,313
Swap Contracts Sell(*)	3,432,322	1,756,441	3,191,887	8,894,245	1,703,361	18,978,256
Futures Buy	-	178,297	21,931	-	-	200,228
Futures Sell	-	178,297	21,931	-	-	200,228
Options Buy	2,194,466	1,160,999	3,281,938	113,129	-	6,750,532
Options Sell	2,197,480	1,144,743	3,271,865	113,561	-	6,727,649
<b>Total</b>	<b>12,536,591</b>	<b>6,511,023</b>	<b>13,503,520</b>	<b>17,540,275</b>	<b>3,065,100</b>	<b>53,156,509</b>

(\*) This line also includes hedging purpose derivatives.

(\*\*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

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**VIII. Explanations related to presentation of financial assets and liabilities at their fair value**

The fair value of the loans is determined based on discounted cash flows using the current market interest rates.

The estimated fair value of the demand deposits is the amount payable on demand. The fair values of the floating rate placements and overnight deposits are considered to approximate the carrying values due to short maturities. The estimated fair value of the deposits with fixed rates is determined by calculating discounted cash flows by using the market interest rates used for other liabilities with similar quality and maturities.

The fair value of funds provided from other financial institutions, is determined based on discounted cash flows using the current market interest rates.

In the table below; the fair values and the carrying values of some of the financial assets and liabilities are presented.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>32,191,339</b>	<b>25,050,648</b>	<b>32,035,180</b>	<b>25,109,400</b>
Money Market Placements	1,091,322	-	1,091,322	-
Due From Banks	829,462	191,503	829,462	191,503
Loans and Receivables	30,270,555	24,859,145	30,114,396	24,917,897
<b>Financial Liabilities</b>	<b>37,955,660</b>	<b>30,941,440</b>	<b>37,707,359</b>	<b>30,935,957</b>
Bank Deposits	286,214	878,834	286,151	878,420
Other Deposits	28,989,356	23,551,843	28,995,423	23,549,910
Funds Borrowed from Other Financial Institutions	4,363,744	4,501,308	4,262,669	4,498,172
Money Market Borrowings	1,514,498	1,124,000	1,514,498	1,124,000
Securities Issued	1,257,898	-	1,104,668	-
Sundry Creditors	1,543,950	885,455	1,543,950	885,455

TFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

The classification of fair value calculation is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (market value);
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: Inputs that are not observable for the asset and liability (Fair value calculations which are not observable).

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In the table below, the fair value classification of the financial instruments that are recorded at fair value at the financial statements is presented:

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>7,066,931</b>	<b>2,705,780</b>	-	<b>9,772,711</b>
Financial Assets at Fair Value through Profit/Loss	24,614	-	-	24,614
Assets on Trading Derivatives	6,742	1,003,016	-	1,009,758
Investment Securities Available for Sale	6,790,887	133,405	-	6,924,292
Loans and Receivables(*)	-	567,612	-	567,612
Subsidiaries, Associates and Entities Under Common Control(**)	244,688	-	-	244,688
Derivative Financial Assets Hedging Purposes	-	1,001,747	-	1,001,747
<b>Financial Liabilities</b>	<b>2,138</b>	<b>1,234,794</b>	-	<b>1,236,932</b>
Liabilities on Trading Derivatives	2,138	1,045,877	-	1,048,015
Derivative Financial Liabilities for Hedging Purposes	-	188,917	-	188,917

(\*) Loans and Receivables are presented in "Financial Assets at Fair Value through Profit/Loss".

(\*\*) Does not include subsidiaries, associates and entities under common control amounting to TL 167,707, which has been accounted for at cost value in the financial statements.

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>7,507,953</b>	<b>1,621,865</b>	-	<b>9,129,818</b>
Financial Assets at Fair Value through Profit/Loss	88,593	-	-	88,593
Assets on Trading Derivatives	1,488	390,792	-	392,280
Investment Securities Available for Sale	7,190,348	225,474	-	7,415,822
Loans and Receivables(*)	-	976,951	-	976,951
Subsidiaries (**)	227,524	-	-	227,524
Derivative Financial Assets Hedging Purposes	-	28,648	-	28,648
<b>Financial Liabilities</b>	<b>2,753</b>	<b>798,296</b>	-	<b>801,049</b>
Liabilities on Trading Derivatives	2,753	471,511	-	474,264
Derivative Financial Liabilities for Hedging Purposes	-	326,785	-	326,785

(\*) Loans and Receivables are presented in "Financial Assets at Fair Value through Profit/Loss".

(\*\*) Does not include subsidiaries amounting to TL 149,520, which has been accounted for at cost value in the financial statements.

**IX. Explanations related to transactions carried on behalf of others and fiduciary transactions**

The Bank provides buying, selling and custody services and management and financial advisory services in the name of the third parties. The Bank does not involve in fiduciary activities.

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND DISCLOSURES RELATED TO ASSETS**

**1.a) Cash and balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	320,851	184,673	222,979	177,028
T.R. Central Bank	140,547	2,305,467	923,452	1,045,395
Others	12,898	350	-	25,529
<b>Total</b>	<b>474,296</b>	<b>2,490,490</b>	<b>1,146,431</b>	<b>1,247,952</b>

**b) Balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	140,547	339,666	923,452	285,108
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	1,965,801	-	760,287
<b>Total</b>	<b>140,547</b>	<b>2,305,467</b>	<b>923,452</b>	<b>1,045,395</b>

As of December 31, 2011, the reserve rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11% depending on the maturity of deposits (December 31, 2010 – 5.5%) and the reserve rates for the foreign currency liabilities are within an interval from 9% to 11% depending on the maturity of deposits (December 31, 2010 – 11%).

With the changes in the "Communiqué on Reserve Requirements", at most 40% of required reserves on TL liabilities could be maintained as foreign currency and at most 10% could be maintained as standard gold, required reserves on precious metal deposit accounts in FC liabilities could be maintained as standard gold, at most 10% of required reserves on FC liabilities other than precious metal deposit accounts could be maintained as standard gold in T.R. Central Bank accounts.

**2. Further information on financial assets at fair value through profit/loss**

**a) Trading securities given as collateral or blocked**

None (December 31, 2010 – None).

**b) Trading securities subject to repurchase agreements**

None (December 31, 2010 – None).

**c) Positive differences on trading derivative instruments**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	76,791	-	13,823	-
Swap Transactions	698,073	86,361	228,564	39,662
Futures Transactions	-	6,742	-	1,488
Options	414	140,680	108	105,945
Other	-	697	-	2,690
<b>Total</b>	<b>775,278</b>	<b>234,480</b>	<b>242,495</b>	<b>149,785</b>

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**3. a) Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	290,047	342,054	7,242	27
Foreign	19	197,342	13	184,221
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>290,066</b>	<b>539,396</b>	<b>7,255</b>	<b>184,248</b>

**b) Information on foreign bank accounts**

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	72,946	46,091	-	-
USA and Canada	58,505	84,998	59,921	49,600
OECD Countries (*)	4,962	2,945	-	-
Off-shore Banking Regions	-	-	-	-
Other	1,027	600	-	-
<b>Total</b>	<b>137,440</b>	<b>134,634</b>	<b>59,921</b>	<b>49,600</b>

(\*)Includes OECD countries other than EU countries, USA and Canada.

(\*\*)Includes blocked placements at foreign banks amounting to TL 59,921 (December 31, 2010 - TL 49,600) for the syndication and securitization loans received.

**4. Information on receivables from reverse repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>700,396</b>	-	-	-
T.R. Central Bank	-	-	-	-
Banks	700,396	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	-	-	-	-
<b>Foreign Transactions</b>	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	-	-	-	-
<b>Total</b>	<b>700,396</b>	-	-	-

**5. Information on investment securities available for sale**

**a) Investment securities available-for-sale given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar				
Marketable Securities	1,175,542	-	329,900	-
Other	-	-	-	-
<b>Total</b>	<b>1,175,542</b>	-	<b>329,900</b>	-

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**b) Investment securities available for sale subject to repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	811,442	703,281	824,370	372,172
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>811,442</b>	<b>703,281</b>	<b>824,370</b>	<b>372,172</b>

**c) Investment securities available for sale**

	Current Period	Prior Period
<b>Debt securities</b>	<b>6,933,793</b>	<b>7,295,504</b>
Quoted on a stock exchange(*)	6,798,130	7,032,244
Unquoted on a stock exchange	135,663	263,260
<b>Share certificates</b>	<b>126,129</b>	<b>120,971</b>
Quoted on a stock exchange (**)	126,129	120,971
Unquoted on a stock exchange	-	-
<b>Impairment provision(-)</b>	<b>(135,630)</b>	<b>(653)</b>
<b>Total</b>	<b>6,924,292</b>	<b>7,415,822</b>

(\*)The Eurobond Portfolio amounting to TL 537,063 (December 31, 2010 – TL192,007) which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from March and April 2009 and the government bonds portfolio amounting to TL 101,261 which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from August 2011. The mentioned financial assets are accounted for as Investment Securities Available for Sale in order to be in line with balance sheet presentation.

(\*\*) Share certificates that are quoted on a stock exchange include “exchange traded mutual funds” amounting to TL 107,682 (December 31, 2010 – TL 113,339).

**6. Information related to loans**

**a) Information on all types of loans and advances given to shareholders and employees of the Bank**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	3,072	-	48,794
Corporate Shareholders	-	3,072	-	48,794
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	47,740	-	42,042	-
<b>Total</b>	<b>47,740</b>	<b>3,072</b>	<b>42,042</b>	<b>48,794</b>

(\*) Includes the advances given to the bank personnel.

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**b) Information on the first and second group loans and other receivables including rescheduled or restructured loans**

Cash Loans(*)	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Non-specialized Loans</b>	<b>28,678,790</b>	<b>174,094</b>	<b>1,276,189</b>	<b>305,735</b>
Discount Notes	226,687	-	1,923	-
Export Loans	743,458	12,972	79,720	2,160
Import Loans	-	-	-	-
Loans Given to Financial Sector	510,711	-	-	-
International Loans	218,647	-	-	-
Retail Loans	10,086,645	-	544,389	122,628
Credit Cards	7,802,015	-	281,182	46,876
Precious Metals Loans	-	-	-	-
Other	9,090,627	161,122	368,975	134,071
<b>Specialized Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>28,678,790</b>	<b>174,094</b>	<b>1,276,189</b>	<b>305,735</b>

(\*)The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are disclosed as “Loans at Fair Value Through Profit / Loss” in the financial statements.

**c) Loans according to their maturity structure**

Cash Loans (*)	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Short-term Loans</b>	<b>14,293,049</b>	-	<b>281,182</b>	<b>46,876</b>
Non-specialized Loans	14,293,049	-	281,182	46,876
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and Long-term Loans</b>	<b>14,385,741</b>	<b>174,094</b>	<b>995,007</b>	<b>258,859</b>
Non-specialized Loans	14,385,741	174,094	995,007	258,859
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>28,678,790</b>	<b>174,094</b>	<b>1,276,189</b>	<b>305,735</b>

(\*) The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL976,951) are disclosed as “Loans at Fair Value Through Profit /Loss” in the financial statements.

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**d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards**

	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>	<b>Interest and Income Accruals</b>
<b>Consumer Loans-TL</b>	<b>65,339</b>	<b>9,448,728</b>	<b>9,514,067</b>	<b>377,632</b>
Housing Loans	388	5,588,668	5,589,056	337,564
Automobile Loans	345	147,996	148,341	1,976
Personal Need Loans	59,365	3,712,064	3,771,429	38,092
Other	5,241	-	5,241	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>140,599</b>	<b>140,599</b>	<b>102,329</b>
Housing Loans	-	128,863	128,863	96,448
Automobile Loans	-	408	408	173
Personal Need Loans	-	11,328	11,328	5,708
Other	-	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Individual Credit Cards-TL</b>	<b>7,585,340</b>	<b>176,428</b>	<b>7,761,768</b>	<b>111,691</b>
Installment	3,201,481	176,428	3,377,909	48,617
Non- Installment	4,383,859	-	4,383,859	63,074
<b>Individual Credit Cards-FC</b>	<b>2,678</b>	<b>-</b>	<b>2,678</b>	<b>27</b>
Installment	-	-	-	-
Non- Installment	2,678	-	2,678	27
<b>Personnel Loans-TL</b>	<b>494</b>	<b>20,835</b>	<b>21,329</b>	<b>126</b>
Housing Loans	-	701	701	2
Automobile Loans	-	150	150	-
Personal Need Loans	494	19,984	20,478	124
Other	-	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>8</b>	<b>8</b>	<b>7</b>
Housing Loans	-	8	8	7
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>24,727</b>	<b>-</b>	<b>24,727</b>	<b>-</b>
Installment	11,394	-	11,394	-
Non-Installment	13,333	-	13,333	-
<b>Personnel Credit Cards-FC</b>	<b>57</b>	<b>-</b>	<b>57</b>	<b>-</b>
Installment	-	-	-	-
Non-Installment	57	-	57	-
<b>Overdraft Accounts-TL (Real Persons)</b>	<b>541,008</b>	<b>-</b>	<b>541,008</b>	<b>56,557</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8,219,643</b>	<b>9,786,598</b>	<b>18,006,241</b>	<b>648,369</b>

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**e) Information on commercial loans with installments and corporate credit cards**

	<b>Short Term</b>	<b>Medium and Long Term</b>	<b>Total</b>	<b>Interest and Income Accruals</b>
<b>Commercial Loans with Installment Facility – TL</b>	<b>99,514</b>	<b>3,012,913</b>	<b>3,112,427</b>	<b>39,451</b>
Real Estate Loans	-	139,241	139,241	4,335
Automobile Loans	828	279,875	280,703	3,614
Personal Need Loans	98,686	2,593,797	2,692,483	31,502
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC</b>				
<b>Indexed</b>	<b>18,149</b>	<b>582,544</b>	<b>600,693</b>	<b>112,369</b>
Real Estate Loans	-	14,640	14,640	4,577
Automobile Loans	130	64,879	65,009	9,325
Personal Need Loans	18,019	503,025	521,044	98,467
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Corporate Credit Cards –TL</b>	<b>225,276</b>	<b>216</b>	<b>225,492</b>	<b>3,234</b>
Installment	53,757	216	53,973	774
Non-Installment	171,519	-	171,519	2,460
<b>Corporate Credit Cards –FC</b>	<b>395</b>	<b>-</b>	<b>395</b>	<b>4</b>
With Installment	-	-	-	-
Without Installment	395	-	395	4
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>229,044</b>	<b>-</b>	<b>229,044</b>	<b>710</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>572,378</b>	<b>3,595,673</b>	<b>4,168,051</b>	<b>155,768</b>

**f) Loans according to borrowers (\*)**

	<b>Current Period</b>	<b>Prior Period</b>
Public	134,129	88,515
Private	30,300,679	25,515,258
<b>Total</b>	<b>30,434,808</b>	<b>25,603,773</b>

(\*) The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are presented in “Loans at Fair Value Through Profit/Loss” in the financial statements.

**g) Domestic and foreign loans (\*)**

	<b>Current Period</b>	<b>Prior Period</b>
Domestic Loans	30,216,161	25,568,106
Foreign Loans	218,647	35,667
<b>Total</b>	<b>30,434,808</b>	<b>25,603,773</b>

(\*) The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are presented in “Loans at Fair Value Through Profit / Loss” in the financial statements.

**h) Loans granted to subsidiaries and associates**

	<b>Current Period</b>	<b>Prior Period</b>
Direct Loans Granted to Subsidiaries and Associates	55,015	44,247
Indirect Loans Granted to Subsidiaries and Associates	-	-
<b>Total</b>	<b>55,015</b>	<b>44,247</b>

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**i) Specific provisions for loans**

	<b>Current Period</b>	<b>Prior Period</b>
Specific Provisions		
Loans and Receivables with Limited Collectability	66,145	121,658
Loans and Receivables with Doubtful Collectability	147,153	235,475
Uncollectible Loans and Receivables	1,232,839	1,168,306
<b>Total</b>	<b>1,446,137</b>	<b>1,525,439</b>

**j) Non-performing loans (NPLs) (Net)**

**j.1) Non-performing loans and other receivables restructured or rescheduled**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period</b>			
(Gross Amounts Before the Specific Provisions)	616	9,171	65,676
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	616	9,171	65,676
<b>Prior Period</b>			
(Gross Amounts Before the Specific Provisions)	2,818	6,193	39,008
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	2,818	6,193	39,008

**j.2) Movement of non-performing loans**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Prior Period End Balance</b>	<b>218,237</b>	<b>348,387</b>	<b>1,191,138</b>
Additions (+)	763,282	19,664	33,257
Transfers from Other Categories of Non-Performing Loans (+)	-	589,796	516,078
Transfers to Other Categories of Non-Performing Loans (-)	589,796	516,078	-
Collections (-)	64,944	150,772	265,219
<b>Write-offs (-)(**)</b>	<b>3</b>	<b>1,116</b>	<b>242,415</b>
Corporate and Commercial Loans	-	636	180,753
Consumer Loans	-	338	56,254
Credit Cards	3	142	5,408
Others	-	-	-
<b>Current Period End Balance</b>	<b>326,776</b>	<b>289,881</b>	<b>1,232,839</b>
Specific Provision (-)(*)	66,145	147,153	1,232,839
<b>Net Balances on Balance Sheet</b>	<b>260,631</b>	<b>142,728</b>	<b>-</b>

<sup>(\*)</sup> Based on the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" ("Provisioning Decree"), the Bank provides specific provisions for its non-performing loans considering the credit risk and other factors. In this context, the Bank revised the provision rates and the provision amount decreased by TL 174,261 in the current period as compared to the provisioning method used in the prior period. In accordance with the provisioning decree, the Bank provided provision for the non-performing loans, not considering the guarantees received.

<sup>(\*\*)</sup> During the current period, TL 237,408 of the loans which are under legal follow-up and for which 100% provision is provided is disposed. TL 160,516 portion of aforementioned loans are disposed for TL 14,500 in cash, and the remaining portion amounting to TL 76,892 is disposed for TL 3,000 in cash and a method of sharing future collections.

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**j.3) Information on foreign currency non-performing loans and other receivables**

None. (December 31, 2010 - None)

**j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups**

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>260,631</b>	<b>142,728</b>	<b>-</b>
Loans to Real Persons and Legal Entities (Gross)	326,776	289,089	1,222,590
Specific provision (-)	(66,145)	(146,361)	(1,222,590)
Loans to Real Persons and Legal Entities (Net)	260,631	142,728	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	792	10,249
Specific provision (-)	-	(792)	(10,249)
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>96,579</b>	<b>112,912</b>	<b>22,832</b>
Loans to Real Persons and Legal Entities (Gross)	218,237	347,516	1,183,789
Specific provision (-)	(121,658)	(234,604)	(1,160,957)
Loans to Real Persons and Legal Entities (Net)	96,579	112,912	22,832
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	871	7,349
Specific provision (-)	-	(871)	(7,349)
Other Loans and Receivables (Net)	-	-	-

**k) Liquidation policies for uncollectible loans and other receivables**

For the unrecoverable non-performing loans under legal follow up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, than the Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

**l) Explanations on write-off policy**

Unrecoverable non-performing loans under legal follow-up, for which 100% provision is provided in compliance with the "Provisioning Decree" and with no collateral that are deemed as uncollectible are written off by the Board of Directors' decision, in accordance with the laws and regulations.

**7. Information on investment securities held-to-maturity**

The Bank does not have any investment securities held to maturity as of December 31, 2011 (December 31, 2010 – None)

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**8. Information on investments in associates (Net)**

**8.1. Information on investments in associates**

<b>Description</b>	<b>Address (City/ Country)</b>	<b>Bank's Share-If Different, Voting Rights (%)</b>	<b>Bank's Risk Group Share (%)</b>
Gelişen Bilgi Teknolojileri A.Ş. (*)	Istanbul/Turkey	5.00%	5.00%
Bankalararası Kart Merkezi (BKM) (**)	Istanbul/Turkey	9.23%	9.23%
Kredi Garanti Fonu A.Ş.(*)	Istanbul/Turkey	1.67%	1.67%

<b>Total Assets</b>	<b>Shareholder's Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
429	426	-	22	-	(4)	356	-
25,225	18,484	10,481	1,116	-	2,619	1,465	-
207,899	201,048	1,850	3,979	-	7,672	4,321	-

(\*) Current period information is obtained from financial statements as of September 30, 2011; prior period profit and loss information is obtained from financial statements as of December 31, 2010.

(\*\*) Current period information is obtained from financial statements as of December 31, 2011; prior period profit and loss information is obtained from financial statements as of December 31, 2010.

**8.2. Movements of investments in associates**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of Period</b>	<b>5,769</b>	<b>6,016</b>
<b>Movements During the Period</b>	<b>1,000</b>	<b>(247)</b>
Acquisitions	1,000(*)	-
Bonus Shares Received	-	-
Dividends From Current Year Profit	-	-
Sales	-	(247)(**)
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign	-	-
Impairment Losses (-)	-	-
<b>Balance at the End of the Period</b>	<b>6,769</b>	<b>5,769</b>
<b>Capital Commitments</b>	<b>1,000</b>	<b>2,000</b>
<b>Share Percentage at the End of the Period (%)</b>	<b>-</b>	<b>-</b>

(\*)The amount represents the share capital increase amounting to TL 1,000 in Kredi Garanti Fonu A.Ş.

(\*\*) The amount represents the Bank's share in the capital decrease of Gelişen Bilgi Teknolojileri A.Ş.

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**8.3. Sectoral distribution and related carrying amounts on associates**

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	6,769	5,769
<b>Total</b>	<b>6,769</b>	<b>5,769</b>

**8.4. Quoted Associates**

None (December 31, 2010 - None).

**8.5. Valuation of investments in associates**

	Current Period	Prior Period
Valued at Cost	6,769	5,769
Valued at Fair Value	-	-
Valued at Equity Method	-	-
<b>Total</b>	<b>6,769</b>	<b>5,769</b>

**8.6. Investments in associates sold during the current period**

None (December 31, 2010 –Due to the capital decrease of Gelişen Bilgi Teknolojileri A.Ş., investment in associates has decreased, amounting to TL 247).

**8.7. Investments in associates acquired during the current period**

None.

**9. Investments in subsidiaries (Net)**

**a) Information on the unconsolidated subsidiaries**

Title	Address (City/Country)	Bank's Share – If									
		Different, Voting Rights (%)	Bank's Risk Group Share (%)								
Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş	Istanbul/Turkey	99.91%	99.91%								
				<b>Total</b>	<b>Shareholders'</b>	<b>Total Fixed</b>	<b>Interest</b>	<b>Securities</b>	<b>Current</b>	<b>Prior</b>	<b>Company's</b>
(*)		<b>Assets</b>	<b>Equity</b>	<b>Asset</b>	<b>Income</b>	<b>Income</b>	<b>Profit/Loss</b>	<b>Profit/Loss</b>	<b>Period</b>	<b>Period</b>	<b>Fair Value</b>
		22,715	16,148	19,460	-	-	(2,253)	1,752			-

(\*) Current period information is obtained from financial statements as of December 31, 2011.

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**b) Information on the consolidated subsidiaries**

**b.1) Information on the consolidated subsidiaries**

Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1. Finans Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99.60	100.00
2. Finans Finansal Kiralama A.Ş.	Istanbul/Turkey	51.06	64.32
3. Finans Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	49.36 (*)	49.36 (*)
4. Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	0.01	100.00
5. Finans Emeklilik ve Hayat A.Ş.	Istanbul/Turkey	99.99	99.99
6. Finans Tüketici Finansmanı A.Ş.	Istanbul/Turkey	99.99	99.99
7. Finans Faktoring Hizmetleri A.Ş.	Istanbul/Turkey	99.99	99.99

(\*) The share of the Bank is 10.01% whereas the remaining 39.35% shareholding represents the purchases of publicly traded shares on the Istanbul Stock Exchange.

Information on subsidiaries in the order presented in the table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value(****)
1. (*)	167,287	130,502	12,901	9,500	213	15,186	15,430	-
2. (***)	1,295,862	421,544	632	103,807	-	36,352	35,807	464,600
3. (**)	18,852	18,543	49	-	-	(1,678)	223	18,464
4. (*)	18,300	16,678	439	1,636	10	6,440	7,403	-
5. (*)	154,554	56,730	2,029	6,697	1,215	10,050	9,493	-
6. (*)	1,867	1,819	191	186	-	(1,137)	(1,302)	-
7. (*)	281,337	24,451	894	28,527	-	2,532	3,252	-

(\*) Current period information represents December 31, 2011 figures, and prior period profit/loss amounts represent December 31, 2010 figures as per the financial statements prepared in accordance with BRSA regulations.

(\*\*) Current period information represents September 30, 2011 figures, and prior period profit/loss amounts represent December 31, 2010 figures prepared in accordance with CMB's Communiqué No: XI/29 accounting principles.

(\*\*\*) Current period information represents December 31, 2011 figures, and prior period profit/loss amounts represent December 31, 2010 figures prepared in accordance with CMB's Communiqué No: XI/29 accounting principles.

(\*\*\*\*) Fair values of publicly traded subsidiaries reflect their stock exchange values as of balance sheet date.

**b.2) Movement of investments in consolidated subsidiaries**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>362,058</b>	<b>222,588</b>
<b>Movements during the period</b>	<b>35,351</b>	<b>139,470</b>
Purchases	18,187 <sup>(1)</sup>	1,063 <sup>(3)</sup>
Bonus Shares Received	-	42,901 <sup>(4)</sup>
Dividends from Current Year Profit	-	-
Sales	(3,706) <sup>(2)</sup>	(1,858) <sup>(5)</sup>
Revaluation Increase	20,870	97,364
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>397,409</b>	<b>362,058</b>
<b>Capital Commitments</b>	<b>-</b>	<b>3,188</b>
<b>Share Percentage at the end of the Period (%)</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Purchases in the current period include the participation to the capital of Bank's subsidiary Finans Emeklilik ve Hayat A.Ş. amounting to TL 8,187 and the participation into the capital of Finans Faktoring Hiz. A.Ş. amounting to TL 10,000.

<sup>(2)</sup> Disposal in the current period amount represents disposal of the shares of the Bank's subsidiary Finans Yatırım Ortaklığı A.Ş. received from ISE amounting to TL 5,027. The Bank had sales profit amounting to TL 1,321.

<sup>(3)</sup> Purchases in the prior period include the participation to the capital of Bank's subsidiary Finans Emeklilik ve Hayat A.Ş. amounting to TL 1,063.

<sup>(4)</sup> Purchases in the prior period include bonus shares received from the Bank's subsidiaries Finans Emeklilik ve Hayat A.Ş. amounting to TL 5,750 and Finans Yatırım Menkul Değerler A.Ş. amounting to TL 37,151.

<sup>(5)</sup> Disposal in the prior period amount represents disposal of the shares of the Bank's subsidiary Finans Yatırım Ortaklığı A.Ş. The Bank had sales profit amounting to TL 806.

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**b.3) Sectoral distribution of consolidated subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
Banks	-	-
Insurance Companies	45,000	36,812
Factoring Companies	20,000	10,000
Leasing Companies	237,225	213,737
Finance Companies	5,000	5,000
Other Subsidiaries	90,184	96,509
<b>Total</b>	<b>397,409</b>	<b>362,058</b>

**b.4) Quoted subsidiaries within the context of consolidation**

	<b>Current Period</b>	<b>Prior Period</b>
Quoted on Domestic Stock Exchanges	244,688	227,524
Quoted on International Stock Exchanges	-	-
<b>Total</b>	<b>244,688</b>	<b>227,524</b>

**10. Investments in entities under common control**

	<b>The Parent Bank's Share</b>	<b>The Group's Share</b>	<b>Current Assets</b>	<b>Fixed Assets</b>	<b>Long Term Debt</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (*)	33.33%	33.33%	8,400	6,626	945	1,770	2,371

(\*) Current period information represents December 31, 2011 figures.

**11. Information on financial lease receivables (Net)**

None (December 31, 2010 - None).

**12. Information on hedging purpose derivatives**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedge (*)	960,793	40,954	28,648	-
Cash Flow Hedge	-	-	-	-
Hedge of Net Investment in Foreign Operations	-	-	-	-
<b>Total</b>	<b>960,793</b>	<b>40,954</b>	<b>28,648</b>	<b>-</b>

(\*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. TL 48,183 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in securities and TL 953,564 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans as of December 31, 2011 whereas TL 28,648 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans as of December 31, 2010.

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**13. Explanations on tangible assets**

	<b>Land and Buildings</b>	<b>Fixed Assets Under Finance Lease</b>	<b>Vehicles</b>	<b>Other Tangible Fixed Assets</b>	<b>Total</b>
<b>Prior Period End</b>					
Cost	69,026	302,830	1,214	522,313	895,383
Accumulated Depreciation (-)	5,192	203,070	903	323,978	533,143
<b>Net Book Value</b>	<b>63,834</b>	<b>99,760</b>	<b>311</b>	<b>198,335</b>	<b>362,240</b>
<b>Current Period End</b>					
<b>Cost at the Beginning of the Period</b>	<b>69,026</b>	<b>302,830</b>	<b>1,214</b>	<b>522,313</b>	<b>895,383</b>
Additions	2,073	13,111	816	94,038	110,038
Disposals (-)	5,362	-	274	639	6,275
Impairment (-)/(increase)	1,112	-	-	-	1,112
<b>Current Period Cost</b>	<b>64,625</b>	<b>315,941</b>	<b>1,756</b>	<b>615,712</b>	<b>998,034</b>
<b>Accumulated Depreciation at the Beginning of the Period</b>	<b>5,192</b>	<b>203,070</b>	<b>903</b>	<b>323,978</b>	<b>533,143</b>
Disposals (-)	713	-	136	500	1,349
Depreciation Amount	1,318	21,438	217	58,770	81,743
<b>Current Period Accumulated depreciation (-)</b>	<b>5,797</b>	<b>224,508</b>	<b>984</b>	<b>382,248</b>	<b>613,537</b>
<b>Net Book Value-End of the Period</b>	<b>58,828</b>	<b>91,433</b>	<b>772</b>	<b>233,464</b>	<b>384,497</b>

- a) **If impairment on individual asset recorded or reversed in the current period is material for the overall financial statements:**

**Events and conditions for recording or reversing impairment and amount of recorded or reversed impairment in the financial statements:**

The fair values of the buildings are determined by the licensed expertise companies and as a result of the changes in the fair value of these buildings, the impairment loss of TL 1,594 has been booked. (December 31, 2010 - TL 566 impairment loss has been reversed). In addition, during the current year impairment amount of TL 482 is reversed due to the changes in fair values determined by licensed appraisers.

- b) **The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially effecting the overall financial statements, and the reason and conditions for this:**

None (December 31, 2010- None)

- c) **Pledges, mortgages and other restrictions (if any) on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets:**

None (December 31, 2010- None)

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**14. Explanations on intangible assets**

	<b>Rights</b>	<b>Goodwill</b>	<b>Total</b>
<b>Prior Period End</b>			
Cost	207,988	-	207,988
Accumulated Amortization (-)	109,417	-	109,417
<b>Net Book Value</b>	<b>98,571</b>	<b>-</b>	<b>98,571</b>
<b>Current Period End</b>			
<b>Cost at the Beginning of the Period</b>	<b>207,988</b>	<b>-</b>	<b>207,988</b>
Additions	77,206	-	77,206
Disposals (-)	157	-	157
<b>Current Period Cost</b>	<b>285,037</b>	<b>-</b>	<b>285,037</b>
<b>Acc. Amort. at the Beginning of the Period</b>	<b>109,417</b>	<b>-</b>	<b>109,417</b>
Disposals (-)	4	-	4
Amortization charge (-)	41,152	-	41,152
<b>Current Period Accumulated Amortization (-)</b>	<b>150,565</b>	<b>-</b>	<b>150,565</b>
<b>Net Book Value-End of the Period</b>	<b>134,472</b>	<b>-</b>	<b>134,472</b>

- a) **Disclosures for book value, description and remaining life to be amortized for a specific intangible fixed asset that is material to the financial statements:** None (December 31, 2010 - None).
- b) **Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:** None (December 31, 2010)
- c) **The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:** None (December 31, 2010 - None).
- d) **The book value of intangible fixed assets that are pledged or restricted for use:** None (December 31, 2010 - None).
- e) **Amount of purchase commitments for intangible fixed assets:** None (December 31, 2010 - None)
- f) **Information on revalued intangible assets according to their types:** None (December 31, 2010 – None)
- g) **Amount of total research and development expenses recorded in income statement within the period if any:**  
Amount of total research expenses recorded in income statement within the period is TL 5,415 (December 31, 2010 – TL 4,151).
- h) **Positive or negative consolidation goodwill on entity basis:**  
None (December 31, 2010-None).
- i) **Information on goodwill:**  
None (December 31, 2010-None).
- Movements on goodwill in the current period:** None (December 31, 2010- None).

**15. Explanations on investment property**

None (December 31, 2010- None).

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**16. Explanations on tax asset**

There is no deferred tax asset calculated based on the related regulations. The information about deferred tax is presented in the disclosures and explanations about liability accounts in footnote number 10.1.4.

As of December 31, 2011, the Bank has TL 210,153 current tax liabilities (December 31, 2010- TL 237,352) and TL 135,303 prepaid taxes (December 31, 2010- TL 171,769) which are netted-off in the accompanying financial statements.

**17. Explanations on assets held for sale and discontinued operations**

None (December 31, 2010- None).

**18. Information on other assets**

**18.1. Information on prepaid expense, tax and similar items**

	<b>Current Period</b>	<b>Prior Period</b>
Other Prepaid Expenses	170,878	94,988
Assets Held for Resale (Net)	125,432	126,914
Cheques Receivables from Other Banks	91,960	107,964
Collateral Given for Derivative Transactions	69,042	461,851
Sundry Debtors	44,598	37,636
Prepaid Rent Expenses	20,155	16,317
Prepaid Agency Commissions	4,993	6,825
Advances Given	2,246	7,004
Other	44,488	33,955
<b>Total</b>	<b>573,792</b>	<b>893,454</b>

**18.2. If other assets exceed 10% of total assets excluding the off-balance sheet items, the names and the amount of the subaccounts which create at least 20% of them are**

Details of the other assets are described in the 18.1 section of disclosure.

**19. Information on accrued interest and income**

The details of accrued interest and income allocated to the related items on the assets side of the balance sheet are as follows.

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Derivative Financial Instruments Held for Hedging Purposes	960,793	40,954	28,648	-
Assets on Trading Derivatives	775,278	234,480	242,495	149,785
Loans and Receivables	558,565	31,273	383,989	11,683
Investments Securities Available for Sale	54,821	8,959	212,090	37,666
Banks	592	6	234	88
Trading Securities	31	53	179	21
T.R. Central Bank	-	-	1,506	-
Financial Assets at Fair Value through Profit or Loss	-	-	4,763	-
Other Accruals	1,054	93	-	-
<b>Total</b>	<b>2,351,134</b>	<b>315,818</b>	<b>873,904</b>	<b>199,243</b>

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**SECTION FIVE**

**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES**

**1. Information on maturity structure of deposits**

**Current Period**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>541,194</b>	-	<b>692,737</b>	<b>12,136,105</b>	<b>1,731,329</b>	<b>244,484</b>	<b>16,529</b>	<b>15,900</b>	<b>15,378,278</b>
<b>Foreign Currency</b>									
<b>Deposits</b>	<b>834,314</b>	-	<b>965,156</b>	<b>4,623,383</b>	<b>594,057</b>	<b>399,517</b>	<b>53,149</b>	<b>5,533</b>	<b>7,475,109</b>
Residents in Turkey	809,495	-	951,908	4,521,205	564,043	257,225	53,149	5,533	7,162,558
Residents Abroad	24,819	-	13,248	102,178	30,014	142,292	-	-	312,551
<b>Public Sector Deposits</b>	<b>42,342</b>	-	<b>14,276</b>	<b>17,755</b>	<b>400</b>	-	-	-	<b>74,773</b>
<b>Commercial Deposits</b>	<b>990,611</b>	-	<b>789,512</b>	<b>2,111,369</b>	<b>708,499</b>	<b>181,485</b>	<b>63,272</b>	-	<b>4,844,748</b>
<b>Other Ins. Deposits</b>	<b>15,380</b>	-	<b>77,931</b>	<b>677,110</b>	<b>77,923</b>	<b>2,594</b>	<b>10,663</b>	-	<b>861,601</b>
<b>Precious Metal Deposits</b>	<b>258,207</b>	-	<b>96,640</b>	-	-	-	-	-	<b>354,847</b>
<b>Bank Deposits</b>	<b>36,748</b>	-	<b>167,388</b>	<b>55,465</b>	<b>7,190</b>	<b>19,423</b>	-	-	<b>286,214</b>
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	2,306	-	11,174	1,718	4,176	4,139	-	-	23,513
Foreign Banks	30,950	-	156,214	53,747	3,014	15,284	-	-	259,209
Participation Banks	3,492	-	-	-	-	-	-	-	3,492
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,718,796</b>	-	<b>2,803,640</b>	<b>19,621,187</b>	<b>3,119,398</b>	<b>847,503</b>	<b>143,613</b>	<b>21,433</b>	<b>29,275,570</b>

**Prior Period**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>536,016</b>	-	<b>2,364,956</b>	<b>7,187,597</b>	<b>391,409</b>	<b>76,414</b>	<b>578</b>	<b>17,464</b>	<b>10,574,434</b>
<b>Foreign Currency</b>									
<b>Deposits</b>	<b>742,863</b>	-	<b>1,655,260</b>	<b>2,881,865</b>	<b>323,061</b>	<b>97,259</b>	<b>27,704</b>	<b>6,274</b>	<b>5,734,286</b>
Residents in Turkey	719,772	-	1,613,733	2,751,876	312,103	61,016	27,704	6,241	5,492,445
Residents Abroad	23,091	-	41,527	129,989	10,958	36,243	-	33	241,841
<b>Public Sector Deposits</b>	<b>95,468</b>	-	<b>4,119</b>	<b>156,406</b>	<b>76</b>	-	-	-	<b>256,069</b>
<b>Commercial Deposits</b>	<b>791,666</b>	-	<b>1,448,001</b>	<b>3,462,470</b>	<b>464,583</b>	<b>89,611</b>	-	-	<b>6,256,331</b>
<b>Other Ins. Deposits</b>	<b>12,807</b>	-	<b>32,172</b>	<b>558,049</b>	<b>101,454</b>	<b>1,810</b>	-	-	<b>706,292</b>
<b>Precious Metal Deposits</b>	<b>12,124</b>	-	<b>12,307</b>	-	-	-	-	-	<b>24,431</b>
<b>Bank Deposits</b>	<b>21,695</b>	-	<b>245,036</b>	<b>436,324</b>	<b>171,673</b>	<b>4,106</b>	-	-	<b>878,834</b>
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	1,622	-	68,212	20,065	57,854	-	-	-	147,753
Foreign Banks	14,257	-	176,824	416,259	113,819	4,106	-	-	725,265
Participation Banks	5,816	-	-	-	-	-	-	-	5,816
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,212,639</b>	-	<b>5,761,851</b>	<b>14,682,711</b>	<b>1,452,256</b>	<b>269,200</b>	<b>28,282</b>	<b>23,738</b>	<b>24,430,677</b>

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**1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit**

	Covered by		Exceeding the	
	Deposit Insurance Fund	Deposit Insurance Fund	Deposit Insurance Limit	Deposit Insurance Limit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	4,398,629	3,428,021	10,973,995	7,143,571
Foreign Currency Savings Deposits	779,577	629,713	3,612,679	2,815,867
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>5,178,206</b>	<b>4,057,734</b>	<b>14,586,674</b>	<b>9,959,438</b>

**1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarters of the Bank is not located abroad.**

**1.3. Savings deposits that are not covered under the guarantee of deposit insurance fund**

	Current Period	Prior Period
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	-	-
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	18,979	11,423
<b>Total</b>	<b>18,979</b>	<b>11,423</b>

**2. Information on trading purpose derivatives**

**a) Negative value of trading purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	95,651	-	22,897	-
Swaps	736,943	103,602	310,760	36,332
Futures	-	2,138	-	2,753
Options	78	108,978	108	98,978
Other	-	625	-	2,436
<b>Total</b>	<b>832,672</b>	<b>215,343</b>	<b>333,765</b>	<b>140,499</b>

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**3. a) Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Bank and Institutions	75,321	121,886	70,861	87,789
Foreign Bank, Institutions and Funds	-	2,423,896	300,016	3,032,259
<b>Total</b>	<b>75,321</b>	<b>2,545,782</b>	<b>370,877</b>	<b>3,120,048</b>

**b) Maturity information on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	75,321	1,947,823	70,861	1,035,335
Medium and Long-Term	-	597,959	300,016	2,084,713
<b>Total</b>	<b>75,321</b>	<b>2,545,782</b>	<b>370,877</b>	<b>3,120,048</b>

In accordance with the Board of Directors' decision dated February 23, 2005 numbered 41, the Bank obtained a securitization loan amounting to USD 500 million with seven years maturity, quarterly floating interest payment and no principal payment for three years from abroad on March 15, 2005 via special purpose entities (SPE's).

As of March 24, 2006, with the Board of Directors' decision dated March 20, 2006 numbered 59, the Bank obtained a loan amounting to USD 220 million with 5 years and 7 years maturities and semi-annually floating interest rate via SPE's. The loan amounting to USD 110 million with 5 years maturity has been paid back on March 24, 2011.

The Bank extended the maturity of USD 200.5 million and EUR 210.8 million portion of the syndicated loan in line with the Board of Directors' decision no: 240 dated November 25, 2010, for one year as of December 1, 2011.

**c) Additional information on concentrations of the Bank's liabilities**

As of December 31, 2011, the Bank's liabilities comprise; 63% deposits (December 31, 2010 – 64%), 9% funds borrowed (December 31, 2010 – 12%) and 3% funds provided under repurchase agreements (December 31, 2010 – 3%).

**4. Information on funds provided under repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From domestic transactions</b>	<b>814,133</b>	-	<b>807,415</b>	-
Financial institutions and organizations	789,989	-	790,285	-
Other institutions and organizations	9,098	-	5,736	-
Real persons	15,046	-	11,394	-
<b>From foreign transactions</b>	<b>535</b>	<b>552,135</b>	<b>6,703</b>	<b>309,882</b>
Financial institutions and organizations	-	552,135	-	309,882
Other institutions and organizations	333	-	6,703	-
Real persons	202	-	-	-
<b>Total</b>	<b>814,668</b>	<b>552,135</b>	<b>814,118</b>	<b>309,882</b>

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**5. Information on securities issued (net)**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	268,023	-	-	-
Bills	-	989,875	-	-
<b>Total</b>	<b>268,023</b>	<b>989,875</b>	<b>-</b>	<b>-</b>

The Bank has issued bonds with USD 500 million nominal value, 5 years maturity and 5.5% fixed interest rate in foreign markets on May 11, 2011. The Bank has issued bonds with TL 150,000 nominal value, 6 months maturity and 10.66% interest rate on November 2, 2011 and issued bonds with TL 200,000 TL nominal value, 6 months maturity and 10.45% interest rate on November 30, 2011.

**6. If other liabilities account exceeds 10% of total liabilities excluding the off-balance sheet items, information given about components of other liabilities account that exceeds 20% of the individual liability item in the unconsolidated balance sheet**

Other liabilities account does not exceed 10% of total liabilities excluding the off-balance sheet items. (December 31, 2010 - does not exceed).

**7. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts**

Interest rate and cash flow of the Bank are the main criteria which are taken into consideration for the determination of payment plans in the leasing contracts.

**7.1. Explanations on changes in agreements and further commitments arising**

No changes have been made to the leasing agreements in the current period. (December 31, 2010- None)

**7.2. Explanations on financial lease payables**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	8,482	7,799	207	19
Between 1-4 years	1,625	1,495	46	4
More than 4 years	-	-	-	-
<b>Total</b>	<b>10,107</b>	<b>9,294</b>	<b>253</b>	<b>23</b>

**7.3. Explanation and footnotes on operational lease**

The Bank recognized operational lease payment as an expense in the income statement on a straight-line basis over the lease terms.

**7.4. Explanations on “Sale -and- lease back” agreements**

The Bank does not have any sale and lease back transactions in the current period (December 31, 2010- None).

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**8. Information on liabilities arising from hedging purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (*)	30,334	124,258	250,240	7,000
Cash Flow Hedge (**)	34,325	-	69,545	-
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>64,659</b>	<b>124,258</b>	<b>319,785</b>	<b>7,000</b>

(\*)Derivative financial instruments for hedging purposes include swaps. As of December 31, 2011, TL 30,334 (December 31, 2010 – TL 250,240) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio. TL 124,258 (December 31, 2010 – TL 7,000) represents the fair value of derivatives which are the hedging instruments of hedged investment securities available for sale portfolio.

(\*\*)Represents the fair value of derivatives which are the hedging instruments of deposits' cash flow risk.

**9. Explanations on provisions**

**9.1. Information on general provisions**

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	286,073	187,721
Provisions for Loans and Receivables in Group II	34,212	20,179
Provisions for Non - Cash Loans	50,771	31,959
Other	29,385	25,949
<b>Total</b>	<b>400,441</b>	<b>265,808</b>

In accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published in the Official Gazette No: 27947 dated May 28, 2011, No: 27968 dated June 18, 2011, and No: 28158 dated December 30, 2011 general provision amounts provided on rescheduled loans without considering the reason are changed. As of December 31, 2011 loans and receivables amounting to TL 150,447 is extended up to 1 year and TL 256,045 is extended for 1 year and longer and rescheduled. As a result of mentioned changes above, an additional general provision amounting to TL 69,725 is provided as of December 31, 2011.

**9.2. Provision for currency exchange gain/loss on foreign currency indexed loans**

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans (*)	1,647	8,859

(\*) The foreign exchange provision for foreign currency indexed loans netted against “Loans and Receivables” in asset.

**9.3. Specific provisions for non cash loans that are not indemnified and converted into cash**

The specific provision for non cash loans which are related with the non-performing cash loans in arrears or the loans which were written off from balance sheet is TL 59,210 (December 31, 2010 - TL 67,931).

**9.4 Information on employee termination benefits and unused vacation accrual**

The Bank has calculated reserve for employee termination benefits by using actuarial valuations as set out in TAS 19 and reflected these accompanying financial statements.

As of December 31, 2011, TL 30,943 (December 31, 2010 - TL 25,086) reserve for employee termination benefits was provided in the accompanying financial statements.

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As of December 31, 2011, the Bank accrued TL 16,603 (December 31, 2010 – TL 13,990) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of December 31, 2011, TL 45,320 (December 31, 2010- TL 33,148) bonus and premium provisions has been provided under reserve for employee benefits account in the accompanying financial statements.

**9.4.1. Movement of employee termination benefits**

	<b>Current Period</b>	<b>Previous Period</b>
	<b>01.01-31.12.2011</b>	<b>01.01-31.12.2010</b>
As of January 1	25,086	19,686
Service cost	6,892	4,638
Interest cost	3,792	2,764
Settlement/ curtailment/ termination loss	7,792	4,567
Paid during the period	(12,619)	(6,569)
<b>Total</b>	<b>30,943</b>	<b>25,086</b>

**9.5. Information on other provisions**

**9.5.1. Information on free reserves for possible loan losses**

	<b>Current Period</b>	<b>Prior Period</b>
Free Reserves for Possible Loan Losses	63,702	78,265

As of December 31, 2011 the Bank has provided TL 63,702 provision (December 31, 2010 – TL 78,265) for possible losses that could arise for loans in the watch list, considering their recovery rates.

**9.5.2 Information on other provisions**

Apart from the information provided in 8.3 and 8.5.1, the other provisions are given below as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Provision for Promotion Expenses of Credit Cards	13,832	15,147
Other Provisions	25,797	17,744
<b>Total</b>	<b>39,629</b>	<b>32,891</b>

**10. Information on tax liability**

**10.1. Information on current tax liability**

**10.1.1. Information on tax provision**

As of December 31, 2011, the Bank has current tax liability of TL 210,153 (December 31, 2010 - TL 237,352) and advance taxes of TL 135,303 (December 31, 2010 - TL 171,769). The current tax liability and advance taxes are presented at net value in the accompanying financial statements.

**10.1.2. Information on taxes payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate taxes payable	74,850	65,583
Banking and Insurance Transaction Tax (BITT)	29,863	21,061
Taxation on Securities Income	31,977	17,026
Taxation on Real Estates Income	1,210	1,028
Other	18,645	11,935
<b>Total</b>	<b>156,545</b>	<b>116,633</b>

The “Corporate Taxes Payable” balance is presented in the “Current Tax Liability” account and other taxes are presented in the “Other Liabilities” account in the accompanying unconsolidated financial statements.

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**10.1.3. Information on premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums - Employee Share	9,036	4,405
Social Security Premiums - Employer Share	9,549	4,735
Unemployment Insurance - Employee Share	635	309
Unemployment Insurance - Employer Share	1,269	619
<b>Total</b>	<b>20,489</b>	<b>10,068</b>

**10.1.4. Information on deferred tax liabilities**

Deferred tax liability amounting to TL 28,869 has been disclosed in the accompanying financial statements (December 31, 2010 - TL 75,673).

According to the TAS 12, the deferred tax assets and liabilities are netted off in the accompanying financial statements after netting off with each other. As of December 31, 2011 the Bank has presented the net amount of deferred tax asset TL 82,824 (December 31, 2010 –TL 46,994) and deferred tax liability of TL 111,693 (December 31, 2010 –TL 122,667) in the accompanying financial statements on all taxable temporary differences arising between the carrying amounts and the taxable amounts of assets and liabilities on the financial statements that will be considered in the calculation of taxable earnings in the future periods.

In cases whereby such differences are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax asset amounting to TL 56,653 (December 31, 2010 –TL 34,079 deferred tax liability) is netted under "Securities Value Increase Fund" account in the equity.

	<b>Temporary Differences</b>		<b>Deferred Tax Asset / (Liability)</b>	
	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2010</b>	<b>Dec.31, 2011</b>	<b>Dec.31, 2010</b>
Reserve for Employee Benefits	92,866	72,224	18,573	14,445
The differences between carrying and taxable amounts of financial assets	307,421	147,597	61,484	29,519
Other	13,832	15,150	2,767	3,030
<b>Deferred Tax Asset</b>			<b>82,824</b>	<b>46,994</b>
The differences between carrying and taxable amounts of tangible assets	(105,296)	(85,998)	(21,059)	(17,200)
The differences between carrying and taxable amounts of financial assets	(372,845)	(456,987)	(74,569)	(91,397)
Other	(80,325)	(70,350)	(16,065)	(14,070)
<b>Deferred Tax Liability</b>			<b>(111,693)</b>	<b>(122,667)</b>
<b>Deferred Tax Asset / (Liability), Net</b>			<b>(28,869)</b>	<b>(75,673)</b>

	<b>Current Period</b>	<b>Prior Period</b>
	<b>01.01-31.12.2011</b>	<b>01.01-31.12.2010</b>
Deferred Tax Asset/ (Liability) as of January 1 (Net)	(75,673)	(83,168)
Deferred Tax (Charge) / Benefit	(43,928)	18,297
Deferred Tax accounted for under the equity	90,732	(10,802)
<b>Deferred Tax Asset/ (Liability) as of Dec. 31, 2011 (Net)</b>	<b>(28,869)</b>	<b>(75,673)</b>

**11. Information on payables related to assets held for sale**

None. (December 31, 2010 – None)

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**12. Information on subordinated loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1,742,641	-	1,010,383
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,742,641</b>	<b>-</b>	<b>1,010,383</b>

The Bank received USD 650 million of subordinated loans during 2008 and USD 325 million of subordinated loans during 2009 from its main shareholder, National Bank of Greece S.A. The maturity of the loan is 10 years with semi-annual interest payments and principle payment at maturity. There is a re-payment option at the end of the 5<sup>th</sup> year. In addition, interest is paid every six months and principal payment will be realized at maturity. The loan amounting to USD 325 million which was received in 2008 is closed in the prior period to be used in capital increase. In addition, the Bank received USD 260 million subordinated loan in the current period from National Bank of Greece S.A.

**13. Information on shareholder's equity**

**13.1. Paid-in capital**

	Current Period	Prior Period
Common Stock	2,440,000	2,205,000
Preferred Stock	-	-

**13.2. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital**

Capital System	Paid-in Capital	Ceiling
Registered Capital System	2,440,000	6,000,000

**13.3. Information on share capital increases and their sources; other information on any increase in capital shares during the current period**

Date of Increase	Amount of Increase	Cash	Profit Reserves	Capital Reserves
			Subject to Increase	Subject to Increase
June 20, 2011	115,000	-	115,000	-
December 12, 2011	120,000 (*)	116,333	-	3,667

(\*)As of January 16, 2012, the registration procedures for the increase in the issued share capital from TL 2,320,000 to TL 2,440,000 are completed by the Capital Markets Board's permission dated January 13, 2012 and numbered 71.

**13.4. Information on share capital increases from revaluation funds**

None (December 31, 2010 – None).

**13.5. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments**

The Bank does not have any capital commitment; all of the capital is fully paid-in.

**13.6. Prior periods' indicators related with the Bank's income, profit and liquidity and the possible effects of the uncertainties in these indicators on the Bank's equity**

None (December 31, 2010- None).

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**13.7. Information on the privileges given to stocks representing the capital**

The Bank has 100 founder shares stated in the Articles of Association. The profit distribution of the Bank is calculated in accordance with prevailing statutory regulations and its Article of Association. According to the these regulations, after deducting the statutory and fiscal obligations of the Bank, 5% of the remaining net income is appropriated as legal reserves, 5% of the paid in capital might be distributed to shareholders as first dividend and 10 % of the remaining net profit is distributed to founder shares. Moreover, additional 10% legal reserve is provided from the dividends distributed to founder shares.

**14. Common stock issue premiums, shares and equity instruments**

	Current Period		Prior Period	
	TL	FC	TL	FC
Number of Stocks (Thousands)	24,400,000		22,050,000	
Preferred Capital Stock	-		-	
Common Stock Issue Premiums (*)	714		665	
Common Stock Withdrawal Profits	-		-	
Other Capital Instruments	-		-	

(\*)Due to the Bank's capital increase as of December 13, 2010 and December 12, 2011 common stock issue premiums accounted amounting to TL 665 and TL 49, respectively.

**15. Information on marketable securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Associates, Subsidiaries and Entities under</b>				
<b>Common Control</b>	<b>152,581</b>	<b>-</b>	<b>132,756</b>	<b>-</b>
Valuation Difference	152,581	-	132,756	-
Foreign Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>(99,267)</b>	<b>(153,106)</b>	<b>119,339</b>	<b>10,205</b>
Valuation Difference	(99,267)	(153,106)	119,339	10,205
Foreign Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>53,314</b>	<b>(153,106)</b>	<b>252,095</b>	<b>10,205</b>

**16. Information on accrued interest and expenses**

The details of accrued interest and expenses allocated to the related items on the liability side of the balance sheet are as follows:

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	136,692	26,820	98,355	11,470
Derivative Financial Liabilities Held for Trading	832,672	215,343	333,765	140,499
Funds Borrowed	1,424	25,317	1,344	21,169
Money Market Borrowings	642	587	505	182
Derivative Financial Liabilities Held for Hedging Purposes	64,659	124,258	319,785	7,000
Other Accruals	23,960	47,546	31,951	16
<b>Total</b>	<b>1,060,049</b>	<b>439,871</b>	<b>785,705</b>	<b>180,336</b>

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SECTION FIVE

III. EXPLANATIONS AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS

1. Information related to off-balance sheet contingencies

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Letters of Guarantee in FC	1,791,107	1,587,549
Letters of Guarantee in TL	3,423,939	2,967,436
Letters of Credit	688,611	722,850
Bank Loans	1,048,329	721,538
Other Guarantees	33,672	36,309
<b>Total</b>	<b>6,985,658</b>	<b>6,035,682</b>

1.2. Type and amount of possible losses from off-balance sheet items included below

Specific provision is provided for the non-cash loans amounting to TL 59,210 (December 31, 2010 - TL 67,931) followed in the off-balance sheet accounts that are not indemnified and liquidated yet.

1.3. Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	395,780	288,152
Final Letters of Guarantee	3,826,420	3,282,473
Advance Letters of Guarantee	172,828	168,008
Letters of Guarantee Given to Customs Offices	202,919	196,275
Other Letters of Guarantee	617,099	620,077
<b>Total</b>	<b>5,215,046</b>	<b>4,554,985</b>

2. Total amount of non-cash loans

	Current Period	Prior Period
<b>Non-Cash Loans granted for Obtaining Cash Loans</b>	<b>383,661</b>	<b>360,270</b>
Less Than or Equal to One Year with Original Maturity	23,877	33,954
More Than One Year with Original Maturity	359,784	326,316
<b>Other Non-Cash Loans</b>	<b>6,601,997</b>	<b>5,675,412</b>
<b>Total</b>	<b>6,985,658</b>	<b>6,035,682</b>

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**3. Information on risk concentration in sector terms in non-cash loans**

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>11,480</b>	<b>0.33</b>	<b>4,632</b>	<b>0.13</b>	<b>40,653</b>	<b>1.37</b>	<b>40,086</b>	<b>1.32</b>
Farming and Raising Livestock	10,074	0.29	1,454	0.04	8,038	0.27	17,072	0.56
Forestry	624	0.02	-	-	32,136	1.08	21,906	0.72
Fishing	782	0.02	3,178	0.09	479	0.02	1,108	0.04
<b>Manufacturing</b>	<b>628,915</b>	<b>18.19</b>	<b>1,624,198</b>	<b>46.47</b>	<b>532,675</b>	<b>17.94</b>	<b>1,510,731</b>	<b>49.87</b>
Mining and Quarrying	20,112	0.58	492	0.01	29,259	0.99	29,691	0.98
Production	531,089	15.36	1,509,406	43.19	493,786	16.63	1,440,143	47.54
Electricity, gas and water	77,714	2.25	114,300	3.27	9,630	0.32	40,897	1.35
<b>Construction</b>	<b>848,019</b>	<b>24.53</b>	<b>572,361</b>	<b>16.38</b>	<b>609,769</b>	<b>20.53</b>	<b>428,401</b>	<b>14.14</b>
<b>Services</b>	<b>1,918,313</b>	<b>55.48</b>	<b>1,276,181</b>	<b>36.53</b>	<b>1,504,363</b>	<b>50.65</b>	<b>952,094</b>	<b>31.43</b>
Wholesale and Retail Trade	1,185,470	34.29	721,489	20.65	947,724	31.91	517,521	17.08
Hotel, Food and Beverage Services	24,926	0.72	4,368	0.12	19,334	0.65	7,703	0.25
Transportation & Communication	68,698	1.99	150,092	4.30	59,724	2.01	65,323	2.16
Financial Institutions	373,121	10.79	312,094	8.93	310,366	10.45	315,626	10.42
Real Estate and Renting Services	5,719	0.17	2,138	0.06	8,492	0.29	603	0.02
Self Employment Services	80,738	2.34	11,707	0.34	148,569	5.00	43,239	1.43
Educational Services	1,606	0.05	-	-	2,667	0.09	92	-
Health and Social Services	178,035	5.15	74,293	2.13	7,487	0.25	1,987	0.07
<b>Other (*)</b>	<b>50,779</b>	<b>1.47</b>	<b>17,108</b>	<b>0.49</b>	<b>282,600</b>	<b>9.51</b>	<b>98,001</b>	<b>3.24</b>
<b>Total</b>	<b>3,457,506</b>	<b>100.00</b>	<b>3,494,480</b>	<b>100.0</b>	<b>2,970,060</b>	<b>100.00</b>	<b>3,029,313</b>	<b>100.00</b>

(\*) Does not include "Other Guarantees" amounting to TL 33,672 (December 31, 2010- TL 36,309).

**4. Information on non-cash loans classified in first and second groups (\*)**

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	3,284,128	1,678,536	114,023	79,313
Bills of Exchange and Acceptances	33,348	1,010,699	-	4,118
Letters of Credit	219	685,501	-	2,891
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	33,672	-	-
<b>Non-cash Loans</b>	<b>3,317,695</b>	<b>3,408,408</b>	<b>114,023</b>	<b>86,322</b>

(\*) Does not include non-cash loans amounting to TL 59,210 for which provision is provided, but that are not indemnified and not liquidated yet.

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**5. Information related to derivative financial instruments**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Types of trading transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>51,436,445</b>	<b>36,431,011</b>
Forward transactions(*)	10,797,217	2,530,303
Swap transactions	29,627,163	20,047,453
Futures transactions	216,141	375,074
Option transactions	10,795,924	13,478,181
<b>Interest Related Derivative Transactions (II)</b>	<b>5,074,107</b>	<b>6,460,378</b>
Forward rate transactions	-	-
Interest rate swap transactions	4,882,341	6,434,996
Interest option transactions	40,000	-
Futures interest transactions	151,766	25,382
<b>Other trading derivative transactions (III)</b>	<b>-</b>	<b>-</b>
<b>A.Total Trading Derivative Transactions (I+II+III)</b>	<b>56,510,552</b>	<b>42,891,389</b>
<b>Types of hedging transactions</b>		
Fair value hedges	17,252,307	8,955,244
Cash flow hedges	1,062,475	1,309,876
Net investment hedges	-	-
<b>B.Total Hedging Related Derivatives</b>	<b>18,314,782</b>	<b>10,265,120</b>
<b>Total Derivative Transactions (A+B)</b>	<b>74,825,334</b>	<b>53,156,509</b>

(\*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

**5.1 Fair value hedge accounting**

**a) Loans**

The Bank enters into swap transactions in order to hedge itself from the changes in the fair value due to the changes in market interest rates of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. As of December 31, 2011; the mortgage loans amounting to TL 4,357,337 (December 31, 2010 – TL 4,343,805) were subject to hedge accounting by swaps with the nominal values of TL 6,528,617 (December 31, 2010 – TL 4,828,794). The net market valuation difference gain amounting to TL 8,680 due to the gains from loans amounting to TL 86,122 (December 31, 2010 – TL 165,766) and losses from swaps amounting to TL 77,442 (December 31, 2010 - TL 197,441) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TL 87,592 (December 31, 2010 – 111,197) related to the loans that are ineffective for hedge accounting under “securities trading gains/losses” as loss during the current period.

**b) Investment securities available for sale**

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Bank using swaps as hedging instruments. As at the balance sheet date; Eurobonds with the nominal values of USD 214,000 and EUR 26,000 (December 31, 2010 – USD 77,193 and EUR 6,672) were subject to hedge accounting by interest rate swaps with the same nominal value. The net market valuation difference gain amounting to TL 115 due to gains from Eurobonds amounting to TL 111,316 (December 31, 2010 – TL 4,649) and losses from swaps amounting to TL 111,201 (December 31, 2010 – TL 4,650) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

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The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon held by the Bank using swaps as hedging instruments. As at the balance sheet date; government bonds with the nominal values of TL 102,030 (December 31, 2010 – none) were subject to hedge accounting by swaps with the same nominal value. The net market valuation difference losses amounting to TL 237 due to gain from government bonds amounting to TL 994 (December 31, 2010 – none) and loss from swaps amounting to TL 1,231 (December 31, 2010 - none) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

**c) Bonds issued**

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to foreign currency bonds issued by the Bank using interest rate swaps as hedging instruments. As at the balance sheet date; bonds with the nominal values of TL 497,000 (December 31, 2010 – none) were subject to hedge accounting by swaps with the same nominal value. Net market valuation difference loss amounting to TL 235 due to losses from government bonds amounting to TL 40,131 (December 31, 2010 – none) and gains from swaps amounting to TL 40,366 (December 31, 2010 - none) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

**5.2 Cash flow hedge accounting**

**a) Deposit**

To avoid from the interest rate changes of deposits that have an average maturity of 1 month, the Bank implements cash flow hedge accounting with interest rate swaps. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounting for under equity “Hedging Funds”, whereas the amount concerning ineffective portions are accounted for at income statement as defined in TAS 39. Swaps amounting to TL 531,238 are subject to hedge accounting as hedging instruments (December 31, 2010 – TL 654,938). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TL 13,797 are accounted for under equity during the current period (December 31, 2010 – TL 26,129). The losses amounting to TL 18 concerning for the ineffective portions are accounted for at the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. Effective parts classified under equity due to hedge accounting are amortized through income statement until the maturity of swaps in case of ineffectiveness. The Bank transferred loss amounting to TL 4,722 from equity to income statement due to swaps that are matured or whose effectiveness is deteriorated during the current period (December 31, 2010 – TL 341 gain).

As of December 31 2011, breakdown of the Bank’s foreign currency forward and swap and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

	<b>Forward Buy(**)</b>	<b>Forward Sell(**)</b>	<b>Swap Buy(*)</b>	<b>Swap Sell (*)</b>	<b>Option Buy</b>	<b>Option Sell</b>	<b>Future Buy</b>	<b>Future Sell</b>
<b>Current Period</b>								
TL	2,374,243	921,879	8,255,880	14,523,450	2,207,494	2,307,411	2,667	4,045
USD	1,595,058	2,783,388	16,864,863	10,533,469	1,771,968	1,869,700	179,345	179,344
EURO	1,189,871	1,471,895	1,018,986	1,265,307	1,103,534	850,095	1,929	577
Other	231,329	229,554	181,456	180,875	371,215	354,507	-	-
<b>Total</b>	<b>5,390,501</b>	<b>5,406,716</b>	<b>26,321,185</b>	<b>26,503,101</b>	<b>5,454,211</b>	<b>5,381,713</b>	<b>183,941</b>	<b>183,966</b>

(\*) This column also includes hedging purpose derivatives.

(\*\*) This column also includes Forward Asset Purchase Commitments accounted for under Commitments

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	<b>Forward Buy(**)</b>	<b>Forward Sell(**)</b>	<b>Swap Buy(*)</b>	<b>Swap Sell(*)</b>	<b>Option Buy</b>	<b>Option Sell</b>	<b>Future Buy</b>	<b>Future Sell</b>
<b>Prior Period</b>								
TL	388,533	498,515	5,888,531	10,705,451	2,985,137	2,843,408	3,397	3,397
USD	368,915	482,100	9,633,611	7,328,889	2,069,610	2,070,336	195,723	195,723
EURO	350,882	150,472	2,158,073	710,303	1,109,354	1,232,585	1,108	1,108
Other	152,990	137,896	89,098	233,613	586,431	581,320	-	-
<b>Total</b>	<b>1,261,320</b>	<b>1,268,983</b>	<b>17,769,313</b>	<b>18,978,256</b>	<b>6,750,532</b>	<b>6,727,649</b>	<b>200,228</b>	<b>200,228</b>

(\*) This column also includes hedging purpose derivatives.

(\*\*) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

As of December 31, 2011, the Bank has no derivative transactions for hedge of net investment.

**6. Information on contingent liabilities and assets**

None. (December 31, 2010 – None)

**7. Information on the services in the name and account of third parties**

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

**8. Information on the Bank's rating by international rating institutions**

<b>MOODY's April 2011</b>		<b>FITCH April 2011</b>		<b>CI September 2011</b>	
Long-Term Deposit Rating (FC)	Ba3	Long-Term Foreign Curr.	BBB-	Long-Term Foreign Curr.	BB
Long-Term Deposit Rating (TL)	Baa2	Short-Term Foreign Curr.	F3	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (TL)	Prime-2	Long-term TL	BBB-	Financial strength at local market	BBB+
Financial Strength	C-	Short-term TL	F3	Support	3
		Long-term National Individual Support	AAA(tur) 3 BBB-		

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**SECTION FIVE**

**IV. EXPLANATIONS AND DISCLOSURES RELATED TO THE INCOME STATEMENT**

**1. a) Information on interest income received from loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans				
Short Term Loans	2,212,558	52,173	1,754,800	49,551
Medium and Long-Term Loans	1,604,602	106,305	1,389,885	59,840
Non-Performing Loans	96,841	-	82,087	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>3,914,001</b>	<b>158,478</b>	<b>3,226,772</b>	<b>109,391</b>

**b) Information on interest income from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank	-	-	29,059	-
Domestic Banks	4,789	83	4,167	36
Foreign Banks	1,076	2,359	1,417	1,416
Foreign Headquarters and Branches	-	-	-	-
<b>Total</b>	<b>5,865</b>	<b>2,442</b>	<b>34,643</b>	<b>1,452</b>

**c) Information on interest income from securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	4,142	244	3,832	236
Financial Assets at FVTPL	608	-	11,794	-
Investment Securities Available for Sale	385,609	51,829	349,692	44,965
Investment Securities Held to Maturity	-	-	-	-
<b>Total</b>	<b>390,359</b>	<b>52,073</b>	<b>365,318</b>	<b>45,201</b>

**d) Information on interest income received from associates and subsidiaries**

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	3,071	2,642

**2. a) Information on interest expense related to funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
T.R. Central Bank	-	-	-	-
Domestic Banks	6,183	2,439	5,481	1,248
Foreign Banks	10,132	122,434	35,852	93,736
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>16,315</b>	<b>124,873</b>	<b>41,333</b>	<b>94,984</b>

**b) Information on interest expense paid to associates and subsidiaries**

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	32,425	20,745

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**c) Information on interest expense paid to securities issued**

The Bank has issued bonds with USD 500 million nominal value, 5 years maturity and 5.5% fixed interest rate in foreign markets on May 11, 2011. The Bank has issued bonds with TL 150 million nominal value, 6 months maturity and 10.66% interest rate on November 2, 2011 and issued bonds with TL 200 million nominal value, 6 months maturity and 10.45% interest rate on November 30, 2011. As of December 31, 2011, interest expense amounting to TL 36,338 is booked for the bonds issued. (December 31, 2010 – None).

**d) Information on maturity structure of interest expenses on deposits (Current Period)**

Time Deposits								
Account	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
<b>Turkish Lira</b>								
Bank Deposits	-	440	11,581	2,217	306	1,225	-	15,769
Saving Deposits	4	81,897	928,790	139,553	17,000	1,450	-	1,168,694
Public Sector Deposits	-	496	9,042	449	2	-	-	9,989
Commercial Deposits	3	97,498	301,521	52,829	26,934	3,242	-	482,027
Other Deposits	-	1,810	70,103	8,148	765	663	-	81,489
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7</b>	<b>182,141</b>	<b>1,321,037</b>	<b>203,196</b>	<b>45,007</b>	<b>6,580</b>	<b>-</b>	<b>1,757,968</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	-	37,919	175,714	19,231	11,250	2,007	209	246,330
Bank Deposits	115	8	5,626	1,280	-	813	-	7,842
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	617	-	-	-	-	-	617
<b>Total</b>	<b>115</b>	<b>38,544</b>	<b>181,340</b>	<b>20,511</b>	<b>11,250</b>	<b>2,820</b>	<b>209</b>	<b>254,789</b>
<b>Grand Total</b>	<b>122</b>	<b>220,685</b>	<b>1,502,377</b>	<b>223,707</b>	<b>56,257</b>	<b>9,400</b>	<b>209</b>	<b>2,012,757</b>

**Information on maturity structure of interest expense on deposits (Prior Period)**

Time Deposits								Accumulated	Total
Account	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Deposit Account		
<b>Turkish Lira</b>									
Bank Deposits	-	22,265	2,807	1,412	68	-	-	26,552	
Saving Deposits	4	206,040	550,590	15,407	4,461	1,115	-	777,617	
Public Sector Deposits	-	319	3,858	9	-	-	-	4,186	
Commercial Deposits	20	85,823	226,954	16,581	2,499	-	-	331,877	
Other Deposits	-	4,897	39,899	11,472	282	-	-	56,550	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>24</b>	<b>319,344</b>	<b>824,108</b>	<b>44,881</b>	<b>7,310</b>	<b>1,115</b>	<b>-</b>	<b>1,196,782</b>	
<b>Foreign Currency</b>									
Foreign Currency Deposits	29	45,727	76,065	6,987	4,131	826	187	133,952	
Bank Deposits	137	729	16,176	2,440	-	-	-	19,482	
7 Days Call Accounts	-	-	-	-	-	-	-	-	
Precious Metal Deposits	-	70	-	-	-	-	-	70	
<b>Total</b>	<b>166</b>	<b>46,526</b>	<b>92,241</b>	<b>9,427</b>	<b>4,131</b>	<b>826</b>	<b>187</b>	<b>153,504</b>	
<b>Grand Total</b>	<b>190</b>	<b>365,870</b>	<b>916,349</b>	<b>54,308</b>	<b>11,441</b>	<b>1,941</b>	<b>187</b>	<b>1,350,286</b>	

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**e) Information on interest expense on repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Repurchase Agreements <sup>(*)</sup>	107,425	5,892	50,539	378

<sup>(\*)</sup> Disclosed in "Interest on Money Market Transactions".

**f) Information on finance lease expenses**

	Current Period	Prior Period
Finance Lease Expenses	758	245

**g) Information on interest expense on factoring payables**

None. (December 31, 2010 – None)

**3. Information on dividend income**

	Current Period	Prior Period
Financial Assets Held for Trading	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	107	-
Other	8,208	40,368
<b>Total</b>	<b>8,315</b>	<b>40,368</b>

**4. Information on trading income/loss**

	Current Period	Prior Period
<b>Trading Income</b>	<b>7,367,133</b>	<b>5,578,500</b>
Gains on Capital Market Operations	148,761	407,708
Derivative Financial Instruments	2,362,157	1,376,196
Foreign Exchange Gains	4,856,215	3,794,596
<b>Trading Loss (-)</b>	<b>7,579,334</b>	<b>5,842,804</b>
Losses on Capital Market Operations	59,234	29,173
Derivative Financial Instruments	2,621,943	2,053,524
Foreign Exchange Losses	4,898,157	3,760,107
<b>Net Trading Income/Loss</b>	<b>(212,201)</b>	<b>(264,304)</b>

**5. Information on other operating income**

The Bank recorded the current year collections from loans written off in the previous period, portfolio management fees and commissions and expense accruals in "Other Operating Income" account.

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6. Provision for losses on loans and other receivables

	Current Period	Prior Period
<b>Specific Provisions For Loans and Other Receivables</b>	<b>164,232</b>	<b>181,537</b>
Loans and Receivables in Group III	(55,510)	14,478
Loans and Receivables in Group IV	(87,206)	28,023
Loans and Receivables in Group V	306,948	139,036
<b>Doubtful Fee, Commission and Other Receivables</b>	<b>-</b>	<b>-</b>
<b>General Provisions</b>	<b>134,633</b>	<b>66,357</b>
<b>Provision Expenses for Possible Losses</b>	<b>-</b>	<b>-</b>
<b>Impairment Losses on Securities</b>	<b>164</b>	<b>73</b>
Financial assets at fair value through profit or loss	164	73
Investment securities available for sale	-	-
<b>Impairment Losses on Associates, Subsidiaries and Investment Securities Held-to-Maturity</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held-to-maturity	-	-
<b>Other</b>	<b>6,967</b>	<b>12,502</b>
<b>Total</b>	<b>305,996</b>	<b>260,469</b>

7. Information on other operating expenses

	Current Period	Prior Period
Personnel costs	683,596	590,558
Reserve for employee termination benefits	5,857	5,400
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	1,594	-
Depreciation charge of tangible assets	81,743	74,026
Impairment losses of intangible assets	-	-
Impairment losses of goodwill	-	-
Amortization charge of intangible assets	41,152	28,803
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed	89	1,215
Depreciation on assets to be disposed	1,708	1,917
Impairment charge of assets held for sale and discontinued operations	-	-
<b>Other operating expenses</b>	<b>533,493</b>	<b>509,573</b>
Operational lease related expenses	118,915	97,278
Repair and maintenance expenses	46,657	44,562
Advertisement expenses	50,535	72,512
Other expenses	317,386	295,221
Losses on sales of assets	699	1,110
<b>Other</b>	<b>223,973</b>	<b>163,253</b>
<b>Total</b>	<b>1,573,904</b>	<b>1,375,855</b>

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**8. Information on profit/loss from continued and discontinued operations before taxes**

For the period ended at December 31, 2011, net interest income of TL 2,224,850 (December 31, 2010 – TL 2,254,424), net fees and commission income of TL 801,279 (December 31, 2010 – TL 593,616) and other operating income of TL 177,757 (December 31, 2010 – TL 145,949) constitute an important part of the income.

**9. Explanations on tax provision for continued and discontinued operations**

**9.1. Current period taxation benefit or charge and deferred tax benefit or charge**

	<b>Current Period</b>	<b>Prior Period</b>
Current Tax Provision	(228,060)	(237,352)
Deferred Tax Income/(Expense)	(43,928)	18,297
<b>Total</b>	<b>(271,988)</b>	<b>(219,055)</b>

As of December 31, 2011, the Bank recorded tax charge of TL 228,060 (December 31, 2010 – TL 237,352) and a deferred tax charge of TL 43,928 (December 31, 2010 – TL 18,297 deferred tax benefit).

In addition, the Bank has increased the corporate tax base concerning prior periods within the scope of “Law on the Restructuring of Some of the Receivables, and on the amendments of Social Insurances and General Health Insurance Law, and that of Other Several Laws and Legislative Decrees”, No. 6111 and accrued a liability amounting to TL 17,907.

**9.2. Explanations on operating profit/loss after taxes**

None (December 31, 2010 – None).

**10. Explanations on net profit/(loss) from continued and discontinued operations**

In the current period, the net profit of the Bank from continued operations is TL 848,112 (December 31, 2010 – TL 914,674).

**11. Explanations on net income/loss for the period**

**11.1. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period**

None (December 31, 2010 – None).

**11.2. There is no material effect of changes in accounting estimates on income statement for the current and for subsequent periods.**

**11.3. There is no profit or loss attributable to minority shares.**

**11.4. There are no changes in the accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods.**

**12. Information on the components of other items in the income statement exceeding 10% of the total, or items that comprise at least 20% of the income statement**

Fees and commissions from credit cards, transfers and insurance intermediaries are recorded to the “Others” line under “Fees and Commissions Received” account and fees and commissions given to credit cards are recorded to the “Others” line under “Fees and Commissions Paid” account by the Bank.

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SECTION FIVE

V. EXPLANATIONS AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. Changes resulting from valuation of available for sale securities

Net decrease of TL 362,092 (December 31, 2010 – TL 137,418 net increase) after tax effect resulting from valuation of available for sale securities at fair values is included in “Securities Value Increase Fund” account under shareholders' equity.

2. Explanations on foreign exchange differences

None.

3. Explanations on dividend

3.1. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements

There is no announcement of dividend distribution before the release of the accompanying financial statements. At the General Assembly dated April 19, 2011, it was decided to distribute the 2010 profit as follow:

**2010 profit distribution table:**

<b>Current year profit</b>	<b>914,674</b>
A - I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	45,734
B - The First Dividend for Shareholders(*)	110,250
C – Profit from Disposal of Associates	75,869
D- II. Legal Reserves	7,586
E- Gains on Real estate Sales Fund	980
F- Extraordinary Reserves	674,255
(*)Distributed as bonus shares.	

3.2. Dividends per share proposed subsequent to the balance sheet date

No decision is taken concerning the profit distribution by the General Assembly as of the balance sheet date (December 31, 2010 - Profit distribution for 2010 is detailed in footnote 3.1).

3.3. Transfers to legal reserves

	<b>Current Period</b>	<b>Prior Period</b>
Amount Transferred to Reserves from Retained Earnings	58,709	32,506

4. Information on issuance of share certificates

4.1. The rights, priorities and restrictions regarding the share capital including distribution of income and repayment of the capital

None (December 31, 2010- None).

5. Information on the other capital increase items in the statement of changes in shareholders' equity

Capital increase amounting to TL 235,000 that is stated in Statement of Changes in Shareholder's Equity for 2011 is provided by TL 116,333 from cash and TL 118,667 from extraordinary reserves. Capital increase that is stated in Statement of Changes in Shareholder's Equity for 2010 amounting to TL 630,000 is provided by TL 547,143 from cash and TL 82,857 from extraordinary reserves.

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**SECTION FIVE**

**VI. EXPLANATIONS AND DISCLOSURES RELATED TO CASH FLOWS STATEMENT**

**1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents**

“Other items” amounting to TL 1,391,631 (December 31, 2010 – TL 253,712) in “Operating profit before changes in operating assets and liabilities” consist of commissions paid amounting to TL 92,679 (December 31, 2010 – TL 68,826), net trading income/loss by TL 1,155,268 (December 31, 2010 – TL 436,254 net trading income/loss) and other operating expenses amounting to TL 143,684 (December 31, 2010 – TL 621,140).

“Other items” in changes in operating assets amounting to TL 376,461 (December 31, 2010- TL 443,743) consist of the decrease in collaterals given by TL 392,809 (December 31, 2010- TL 370,041 increase) and the increase in other assets by TL 16,348 (December 31, 2010- TL 73,702 increase).

“Other items” in changes in operating liabilities amounting to TL 1,108,235 (December 31, 2010 - TL 1,422,074) consist of the increase in money market borrowings by TL 390,498 (December 31, 2010 - TL 1,104,874 increase) and the increase in sundry debtors and other liabilities by TL 717,737 (December 31, 2010- TL 317,200 increase).

“Other items” in net cash provided from / (used in) investing activities amounting to TL 77,206 (December 31, 2010 - TL 64,970) includes increase in intangible assets.

**2. Information regarding the balances of cash and cash equivalents at the beginning of the period**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>January 1, 2011</b>	<b>January 1, 2010</b>
<b>Cash</b>	<b>425,536</b>	<b>298,023</b>
Cash	222,979	168,903
Cash in Foreign Currencies	177,028	126,837
Other	25,529	2,283
<b>Cash Equivalents</b>	<b>2,154,200</b>	<b>2,642,916</b>
Balances with the T.R. Central Bank	1,968,847	1,494,358
Banks and Other Financial Institutions	191,503	1,157,033
Money Market Placements	-	-
Less: Placements with Banks with Maturities		
Longer than 3 Months	(4,322)	-
Less: Accruals	(1,828)	(8,475)
<b>Cash and Cash Equivalents</b>	<b>2,579,736</b>	<b>2,940,939</b>

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**3. Information regarding the balances of cash and cash equivalents at the end of the period**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>Cash</b>	<b>518,772</b>	<b>425,536</b>
Cash	320,851	222,979
Cash in Foreign Currencies	184,673	177,028
Other	13,248	25,529
<b>Cash Equivalents</b>	<b>2,389,971</b>	<b>2,154,200</b>
Balances with the T.R. Central Bank	480,213	1,968,847
Banks and Other Financial Institutions	829,462	191,503
Money Market Placements	1,091,322	-
Less: Placements with Banks with Maturities Longer than 3 Months	(10,428)	(4,322)
Less: Accruals	(598)	(1,828)
<b>Cash and Cash Equivalents</b>	<b>2,908,743</b>	<b>2,579,736</b>

**4. Restricted cash and cash equivalents due to legal requirements or other reasons**

Foreign bank balances include TL 59,921 (December 31, 2010- TL 49,600) of cash blocked at foreign banks held for transactions made for foreign money markets and capital markets and borrowings from foreign markets.

**5. Additional information**

**5.1. Restrictions on the Bank's potential borrowings that can be used for ordinary operations or capital commitment**

None.

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**SECTION FIVE**

**VII. EXPLANATIONS AND DISCLOSURES RELATED TO THE BANK'S RISK GROUP**

**1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period**

- 1.1.** As of December 31, 2011, the Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to TL 373,748 (December 31, 2010- TL 548,017), TL 89,888 (December 31, 2010- TL 73,308) and TL 10,584 (December 31, 2010- TL 94,712), respectively.

**Current Period**

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group (**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	44,247	45,916	-	48,794	29,061	2
Balance at the End of the Period	55,015	7,510	-	3,072	34,873	2
Interest and Commission Income	3,071	37	-	9	2,360	-

**Prior Period**

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group (**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	5,874	14,627	-	11,745	30,632	22,740
Balance at the End of the Period	44,247	45,916	-	48,794	29,061	2
Interest and Commission Income	2,642	51	30	55	1,962	-

(\*) As described in the Article 49 of Banking Law No 5411.

(\*\*) Includes the loans given to the Bank's indirect subsidiaries.

**1.2. Information on deposits held by the Bank's risk group**

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group (**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Balance at the Beginning of the Period	447,922	349,531	1,707	1,116,699	98,388	57,558
Balance at the End of the Period	340,624	447,922	31,009	1,707	2,115	98,388
Interest on deposits	32,425	20,745	102	14,327	679	3,045

(\*) As described in the Article 49 of Banking Law No 5411.

(\*\*) Includes the deposits taken from the Bank's indirect subsidiaries.

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**1.3. Information on forward and option agreements and similar agreements made with the Bank's risk group**

Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group (**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes</b>						
Beginning of the Period	-	-	817,073	105,265	246,559	273,419
End of the Period	15,581	-	34,165	817,073	28,702	246,559
Total Income/Loss (***)	-	-	-	-	-	-
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss (***)	-	-	-	-	-	-

(\*) As described in the Article 49 of Banking Law No 5411.

(\*\*) Includes the derivative transactions between the Bank's indirect subsidiaries.

(\*\*\*) Profit and loss amounts of transactions for trading purposes made with risk group cannot be differentiated in total profit and loss accounts.

**1.4.** As of December 31 2011, the total amount of remuneration and bonuses paid to top management of the Bank is TL 24,680 (December 31, 2010- TL 31,440).

**2. Disclosures of transactions with the Bank's risk group**

**2.1. Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties**

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

**2.2. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other**

The pricing of transactions with the risk group companies is set in compliance with the market prices. As of December 31, 2011, cash loans of the risk group represented 0.3% of the Bank's total cash loans (December 31, 2010- 0.3%), the deposits represented 1.3% of the Bank's total deposits (December 31, 2010- 2.2%) and derivative transactions represented 0.3% of the Bank's total derivative transactions (December 31, 2010- 3.9%).

**2.3. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts**

The Bank enters into finance lease agreements with Finans Finansal Kiralama A.Ş. As of December 31, 2011, the Bank has net finance lease payables to Finans Finansal Kiralama A.Ş. amounting to TL 9,294 (December 31, 2010 - TL 23) relating with finance lease agreements.

The Bank places certain amount of its funds from time to time to Finans Portföy Yönetimi A.Ş.

The Bank has signed an agreement with Ibtch Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Bank participated 33.33% shareholding, provides cash transfer services to the Bank.

Information about the Bank's subordinated loans obtained from NBG S.A. is explained under Section 5, Part II., Footnote 11.

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**SECTION FIVE**

**VIII. EXPLANATIONS ON THE BANK'S DOMESTIC, FOREIGN AND OFF-SHORE BANKING  
BRANCHES AND FOREIGN REPRESENTATIVES**

**1. Information relating to the bank's domestic and foreign branch and representatives**

	Number	Employees			
Domestic Branch	521	10,829			
				<u>Country</u>	
Foreign Representation	-	-	1-		
			2-		
			3-		
				<u>Total Assets</u>	<u>Capital</u>
Foreign Branch	-	-	1-	-	-
			2-		
			3-		
Off-shore Banking and Region Branches	1	8	1- Bahrain	4,644,181	

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
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**SECTION SIX**

**OTHER EXPLANATIONS AND DISCLOSURES**

**I. OTHER EXPLANATIONS RELATED TO THE BANK'S OPERATIONS**

**1. Disclosure related to subsequent events and transactions that have not been finalized yet, and their impact on the financial statements**

In the meeting of the Board of Directors dated February 28, 2012, the Bank decided to hold the ordinary general assembly meeting on March 29, 2012.

The Bank has obtained permission to issue bank bonds with TL 2,000,000 nominal amount from the Capital Markets Board on March 2, 2012.

**2. Information about effects of significant changes in foreign exchange rates after balance sheet date that would affect decision making process of users and foreign operations of the bank**

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision making process of the readers of the financial statements.

**3. Other matters**

None.

**FINANSBANK ANONİM ŞİRKETİ**  
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**SECTION SEVEN**

**INDEPENDENT AUDITOR'S REPORT**

**I. EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT**

The unconsolidated financial statements of the Bank have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditor's report dated March 5, 2012 is presented preceding the financial statements.

**II. EXPLANATIONS ON THE NOTES PREPARED BY INDEPENDENT AUDITOR**

None (December 31, 2010 – None).



**FİNANSBANK ANONİM ŞİRKETİ  
AND ITS FINANCIAL SUBSIDIARIES**

**INDEPENDENT AUDITOR'S REPORT,  
CONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE YEAR ENDED  
DECEMBER 31, 2011**

*Translated into English from the  
Original Turkish Report*

To the Board of Directors of  
Finansbank A.Ş.  
İstanbul

## **FİNANSBANK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES**

### **INDEPENDENT AUDITOR'S REPORT FOR THE YEAR JANUARY 1 – DECEMBER 31, 2011**

We have audited the accompanying consolidated balance sheet of Finansbank A.Ş. (“the Bank”) and its financial subsidiaries (“the Group”) as of December 31, 2011, and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Board of Director's Responsibility for the Financial Statements**

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on “Procedures And Principles Regarding Banks” Accounting Practices And Maintaining Documents” published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 the regulation on “Licensing and Operations of Audit Firms in Banking” published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our 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 judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Independent Auditor's Opinion**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, and circulars in respect of accounting and financial reporting made by the Banking Regulation and Supervision Board and pronouncements made by Banking Regulation and Supervision Agency.

#### **Additional paragraph for English translation:**

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Group's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

Istanbul, March 5, 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hasan Kılıç  
Partner

**THE CONSOLIDATED FINANCIAL REPORT OF FİNANSBANK A.Ş.  
FOR THE YEAR ENDED DECEMBER 31, 2011**

The Bank's;

Address of the head office : Büyükdere Cad. No:129, 34394 Mecidiyeköy / İSTANBUL  
Phone number : (0 212) 318 50 00  
Facsimile number : (0 212) 318 58 50  
Web page : [www.finansbank.com.tr](http://www.finansbank.com.tr)  
E-mail address : name.surname@finansbank.com.tr

The year end consolidated financial report, designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

Within the context of this financial report, the consolidated subsidiaries are as follows. There are no associates or entities under common control of the Parent Bank included in the consolidation.

**Subsidiaries**

- 1- Finans Finansal Kiralama Anonim Şirketi
- 2- Finans Yatırım Menkul Değerler Anonim Şirketi
- 3- Finans Yatırım Ortaklığı Anonim Şirketi
- 4- Finans Portföy Yönetimi Anonim Şirketi
- 5- Finans Emeklilik ve Hayat Anonim Şirketi
- 6- Finans Tüketici Finansmanı Anonim Şirketi
- 7- Finans Faktoring Hizmetleri Anonim Şirketi

The consolidated financial statements and related disclosures and footnotes for the year ended that were subject to independent audit, are prepared in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **thousands of Turkish Lira (TL)**.

<b>Ömer A. Aras</b> Chairman of the Board of Directors	<b>Mustafa A. Aysan</b> Member of Board of Directors and Chairman of the Audit Committee	<b>Paul Mylonas</b> Member of the Board of Directors and of the Audit Committee	<b>Michail Oratis</b> Member of the Board of Directors and of the Audit Committee
<b>Temel Güzeloğlu</b> Managing Director and Member of the Board of Directors	<b>Adnan Menderes Yayla</b> Executive Vice President Responsible of Financial Control and Planning	<b>Gökhan Yücel</b> Senior Vice President Responsible of Financial-Legal Reporting and Treasury Control	

Information related to the responsible personnel to whom the questions about the financial report can be communicated:

Name-Surname/Title : Gökhan Yücel  
Senior Vice President Responsible of Financial Reporting and Treasury Control

Phone Number : (0 212) 318 55 65  
Facsimile Number : (0 212) 318 55 78

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**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH )**

**FİNANSBANK ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE PARENT BANK**

**I. History of the Parent Bank, including its establishment date, initial legal status and amendments to legal status, if any**

Finansbank Anonim Şirketi (“the Bank” and/or “the Parent Bank”) was incorporated in Istanbul on September 23, 1987. The Parent Bank’s shares have been listed on the Istanbul Stock Exchange since the first public offering on February 3, 1990.

**II. Explanations about the Parent Bank’s shareholding structure, shareholders who individually or jointly have power to control the management and audit directly or indirectly, changes regarding these subjects during the year, if any, and information about the controlling group of the Parent Bank**

As of December 31, 2011, 77.23% of the Parent Bank’s shares are owned by National Bank of Greece S.A. (NBG), 9.68% by NBG Finance (Dollar) PLC., 7.90% by NBGI Holdings B.V. and 5.00% by International Finance Corporation (“IFC”).

The Parent Bank is a National Bank of Greece S.A (“NBG”) Group entity. NBG was founded in 1841 and its shares have been traded on Athens Stock Exchange since 1880 and traded on the New York Stock Exchange since 1999. NBG offers financial services to its customers such as retail banking, assets management, intermediary services and investment banking.

**III. Explanations about the chairman and members of board of directors, members of audit committee, managing directors and executive vice presidents; any changes, and the information about the Parent Bank shares they hold and their responsibilities**

<b>Name</b>	<b>Title</b>	<b>Date of Appointment</b>	<b>Education</b>
Dr. Ömer A. Aras	Chairman and Executive Member	April 16, 2010	PhD
Sinan Şahinbaş	Deputy Chairman and Executive Member	April 16, 2010	Masters
Prof. Dr. Mustafa Aydın Aysan	Board Member and Head of Audit Committee	November 9, 2006	PhD
Michail Oratis	Board Member and Audit Committee Member	March 2, 2011	Masters
Dimitrios Anagnostopoulos	Board Member	September 24, 2009	Graduate
Edward Nassim	Board Member	April 17, 2007	Masters
Anthimos Thomopoulos	Board Member	November 9, 2006	Masters
Dr. Paul Mylonas	Board Member and Audit Committee Member	March 11, 2010	PhD
Christos Alexis Komninos	Board Member	February 16, 2011	Graduate
Temel Güzeloğlu	Board Member and Managing Director	April 16, 2010	Masters
Mustafa Hamdi Gürtin	Board Member	April 16, 2010	Masters
Agis Leopoulou	Board Member	April 16, 2010	Masters
Adnan Menderes Yayla	Assistant Managing Director	May 20, 2008	Masters
Metin Karabiber	Assistant Managing Director	October 8, 2010	Graduate
Hakan Şentünel	Assistant Managing Director	August 18, 2008	Graduate
Murat Şakar	Assistant Managing Director	August 18, 2008	Graduate
Köksal Çoban	Assistant Managing Director	August 18, 2008	Masters
Saruhan Doğan	Assistant Managing Director	October 9, 2009	Masters
Dr. Mehmet Kürşad Demirkol	Assistant Managing Director	October 8, 2010	PhD
Özlem Cinemre	Assistant Managing Director	July 9, 1997	Graduate
Hakan Alp	Assistant Managing Director	July 7, 2010	Graduate
Tunç Erdal	Assistant Managing Director	October 8, 2010	Graduate
Kubilay Güler	Assistant Managing Director	January 16, 2004	Graduate
Filiz Şafak	Assistant Managing Director	September 19, 2007	Graduate
Levent Yörük	Assistant Managing Director	February 1, 2010	Graduate
Bülent Yurdalan	Assistant Managing Director	March 7, 2011	Graduate
Erkin Aydın	Assistant Managing Director	May 16, 2011	Masters
Kunter Kutluay	Assistant Managing Director	May 16, 2011	Masters
Ömür Tan	Assistant Managing Director	October 28, 2011	Graduate
Şebnem Seniye Karaduman (*)	Assistant Managing Director	January 9, 2012	Graduate
Ahmet Cihat Kumuşoğlu	Statutory Auditor	March 27, 2008	Graduate
Sedat Eratalar	Statutory Auditor	April 1, 2000	Graduate

(\*) Şebnem Seniye Karaduman was appointed as Assistant Managing Director responsible for Legal Advisory as of January 9, 2012.

The top level management listed above possesses immaterial number of shares of the Parent Bank.

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH )

**FİNANSBANK ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**IV. Information about the persons and institutions that have qualified shares on the Parent Bank**

<b>Name Surname/Trade Name</b>	<b>Amount of Shares</b>	<b>Shareholding</b>	<b>Paid-up Shares</b>	<b>Unpaid Shares</b>
National Bank of Greece S.A.	1,884,369	77.23 %	1,884,369	-
NBG Finance (Dollar) PLC.	236,177	9.68%	236,177	-
NBGI Holdings B.V.	192,760	7.90%	192,760	-

The Parent Bank has 100 founder shares as stated in the Articles of Association. The profit distribution is performed according to the prevailing regulations and the Articles of Association. Accordingly, 5% of the distributable profit is appropriated as legal reserves, 5% of the paid up capital is paid out as first dividend and 10% of the remaining distributable profit might be distributed to the founder shares. In addition, 10% of dividends distributed to founder shares are provided as additional legal reserve.

**V. Summary on the Parent Bank's services and areas of activity**

The Parent Bank's activities include trade finance and corporate banking, treasury, retail banking and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of December 31, 2011, the Parent Bank operates through 520 domestic (December 31, 2010 - 501), 1 off shore banking (December 31, 2010 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2010 - 1) branches.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

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- VII. Consolidated Statement of Profit Distribution

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ  
CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2011  
(STATEMENT OF FINANCIAL POSITION)**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**I. CONSOLIDATED BALANCE SHEET – ASSETS**

		Audited 31.12.2011			Audited 31.12.2010			
		Section 5						
		Part I						
		TL	FC	Total	TL	FC	Total	
<b>I.</b>	<b>CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	<b>479,788</b>	<b>2,490,490</b>	<b>2,970,278</b>	<b>1,150,341</b>	<b>1,247,979</b>	<b>2,398,320</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(2)	<b>1,429,378</b>	<b>236,681</b>	<b>1,666,059</b>	<b>1,402,806</b>	<b>153,963</b>	<b>1,556,769</b>
2.1	Financial assets held for trading		861,766	236,681	1,098,447	351,201	153,963	505,164
2.1.1	Public sector debt securities		71,004	2,138	73,142	91,403	4,163	95,566
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		775,278	234,520	1,009,798	242,495	149,800	392,295
2.1.4	Other securities		15,484	23	15,507	17,303	-	17,303
2.2	Financial assets at fair value through profit and loss		567,612	-	567,612	1,051,605	-	1,051,605
2.2.1	Public sector debt securities		-	-	-	74,654	-	74,654
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		567,612	-	567,612	976,951	-	976,951
2.2.4	Other securities		-	-	-	-	-	-
<b>III.</b>	<b>BANKS</b>	(3)	<b>388,499</b>	<b>543,727</b>	<b>932,226</b>	<b>78,366</b>	<b>480,812</b>	<b>559,178</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>	(4)	<b>702,580</b>	<b>390,926</b>	<b>1,093,506</b>	<b>4,977</b>	<b>-</b>	<b>4,977</b>
4.1	Interbank money market placements		-	390,926	390,926	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		702,580	-	702,580	4,977	-	4,977
<b>V.</b>	<b>INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)</b>	(5)	<b>5,995,564</b>	<b>845,401</b>	<b>6,840,965</b>	<b>6,548,667</b>	<b>696,118</b>	<b>7,244,785</b>
5.1	Equity Securities		-	-	-	-	-	-
5.2	Public sector debt securities		5,869,410	770,224	6,639,634	6,427,633	602,273	7,029,906
5.3	Other securities		126,154	75,177	201,331	121,034	93,845	214,879
<b>VI.</b>	<b>LOANS AND RECEIVABLES</b>	(6)	<b>26,840,612</b>	<b>3,426,138</b>	<b>30,266,750</b>	<b>22,416,555</b>	<b>2,434,620</b>	<b>24,851,175</b>
6.1	Loans and receivables		26,437,253	3,426,138	29,863,391	22,184,232	2,434,620	24,618,852
6.1.1	Loans to risk group of the Bank		-	34,873	34,873	-	29,061	29,061
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		26,437,253	3,391,265	29,828,518	22,184,232	2,405,559	24,589,791
6.2	Non-performing loans		1,849,496	-	1,849,496	1,757,762	-	1,757,762
6.3	Specific provisions (-)		1,446,137	-	1,446,137	1,525,439	-	1,525,439
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>	(7)	<b>251,562</b>	<b>4,269</b>	<b>255,831</b>	<b>205,716</b>	<b>16,309</b>	<b>222,025</b>
<b>VIII.</b>	<b>INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	(8)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other securities		-	-	-	-	-	-
<b>IX.</b>	<b>INVESTMENT IN ASSOCIATES (Net)</b>	(9)	<b>6,769</b>	<b>-</b>	<b>6,769</b>	<b>5,769</b>	<b>-</b>	<b>5,769</b>
9.1	Equity method associates		-	-	-	-	-	-
9.2	Unconsolidated		6,769	-	6,769	5,769	-	5,769
9.2.1	Financial Investments		-	-	-	-	-	-
9.2.2	Non-financial Investments		6,769	-	6,769	5,769	-	5,769
<b>X.</b>	<b>INVESTMENT IN SUBSIDIARIES (Net)</b>	(10)	<b>14,986</b>	<b>-</b>	<b>14,986</b>	<b>14,986</b>	<b>-</b>	<b>14,986</b>
10.1	Unconsolidated financial investments		-	-	-	-	-	-
10.2	Unconsolidated non-financial investments		14,986	-	14,986	14,986	-	14,986
<b>XI.</b>	<b>ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)</b>	(11)	<b>2,800</b>	<b>-</b>	<b>2,800</b>	<b>2,800</b>	<b>-</b>	<b>2,800</b>
11.1	Equity method entities under common control		-	-	-	-	-	-
11.2	Unconsolidated		2,800	-	2,800	2,800	-	2,800
11.2.1	Financial investments		-	-	-	-	-	-
11.2.2	Non-financial Investments		2,800	-	2,800	2,800	-	2,800
<b>XII.</b>	<b>LEASE RECEIVABLES (Net)</b>	(12)	<b>213,329</b>	<b>769,214</b>	<b>982,543</b>	<b>159,940</b>	<b>658,361</b>	<b>818,301</b>
12.1	Financial lease receivables		254,491	837,542	1,092,033	187,640	720,150	907,790
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		41,162	68,328	109,490	27,700	61,789	89,489
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES</b>	(13)	<b>960,793</b>	<b>40,954</b>	<b>1,001,747</b>	<b>28,648</b>	<b>-</b>	<b>28,648</b>
13.1	Fair value hedge		960,793	40,954	1,001,747	28,648	-	28,648
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	(14)	<b>400,297</b>	<b>76</b>	<b>400,373</b>	<b>377,984</b>	<b>39</b>	<b>378,023</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	(15)	<b>146,439</b>	<b>-</b>	<b>146,439</b>	<b>110,129</b>	<b>-</b>	<b>110,129</b>
15.1	Goodwill		8,969	-	8,969	8,969	-	8,969
15.2	Others		137,470	-	137,470	101,160	-	101,160
<b>XVI.</b>	<b>INVESTMENT PROPERTIES (Net)</b>	(16)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>TAX ASSETS</b>	(17)	<b>16,489</b>	<b>-</b>	<b>16,489</b>	<b>30,022</b>	<b>-</b>	<b>30,022</b>
17.1	Current tax assets		533	-	533	614	-	614
17.2	Deferred tax assets		15,956	-	15,956	29,408	-	29,408
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(18)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	(19)	<b>529,486</b>	<b>103,586</b>	<b>633,072</b>	<b>468,919</b>	<b>559,098</b>	<b>1,028,017</b>
<b>TOTAL ASSETS</b>			<b>38,379,371</b>	<b>8,851,462</b>	<b>47,230,833</b>	<b>33,006,625</b>	<b>6,247,299</b>	<b>39,253,924</b>

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

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ  
CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2011  
(STATEMENT OF FINANCIAL POSITION)**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY**

		Audited 31.12.2011			Audited 31.12.2010			
		Section 5 Part II	TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	(1)	<b>21,107,102</b>	<b>7,886,185</b>	<b>28,993,287</b>	<b>18,018,607</b>	<b>5,991,727</b>	<b>24,010,334</b>
1.1	Deposits from risk group of the Bank		60,755	30,710	91,465	113,611	14,060	127,671
1.2	Other		21,046,347	7,855,475	28,901,822	17,904,996	5,977,667	23,882,663
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>831,948</b>	<b>215,832</b>	<b>1,047,780</b>	<b>333,765</b>	<b>141,199</b>	<b>474,964</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	(3)	<b>192,492</b>	<b>3,389,690</b>	<b>3,582,182</b>	<b>553,127</b>	<b>4,098,035</b>	<b>4,651,162</b>
<b>IV.</b>	<b>MONEY MARKET BORROWINGS</b>		<b>834,491</b>	<b>699,830</b>	<b>1,534,321</b>	<b>873,625</b>	<b>309,882</b>	<b>1,183,507</b>
4.1	Interbank money markets takings		-	147,695	147,695	-	-	-
4.2	Istanbul Stock Exchange money markets takings		17,648	-	17,648	43,280	-	43,280
4.3	Funds provided under repurchase agreements	(4)	816,843	552,135	1,368,978	830,345	309,882	1,140,227
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	(5)	<b>268,023</b>	<b>989,875</b>	<b>1,257,898</b>	-	-	-
5.1	Bills		268,023	-	268,023	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	989,875	989,875	-	-	-
<b>VI.</b>	<b>FUNDS</b>		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
<b>VII.</b>	<b>SUNDRY CREDITORS</b>		<b>968,933</b>	<b>610,204</b>	<b>1,579,137</b>	<b>867,067</b>	<b>122,979</b>	<b>990,046</b>
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	(6)	<b>496,448</b>	<b>52,365</b>	<b>548,813</b>	<b>475,718</b>	<b>21,769</b>	<b>497,487</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	(7)	-	-	-	-	-	-
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses ( - )		-	-	-	-	-	-
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(8)	<b>64,659</b>	<b>124,258</b>	<b>188,917</b>	<b>319,785</b>	<b>7,000</b>	<b>326,785</b>
11.1	Fair value hedge		30,334	124,258	154,592	250,240	7,000	257,240
11.2	Cash flow hedge		34,325	-	34,325	69,545	-	69,545
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	(9)	<b>701,985</b>	<b>43,702</b>	<b>745,687</b>	<b>546,881</b>	<b>31,215</b>	<b>578,096</b>
12.1	General provisions		356,739	43,702	400,441	234,593	31,215	265,808
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		103,242	-	103,242	83,119	-	83,119
12.4	Insurance technical provisions (Net)		78,324	-	78,324	48,609	-	48,609
12.5	Other provisions		163,680	-	163,680	180,560	-	180,560
<b>XIII.</b>	<b>TAX LIABILITY</b>	(10)	<b>98,847</b>	-	<b>98,847</b>	<b>144,693</b>	-	<b>144,693</b>
13.1	Current tax liability		77,957	-	77,957	72,834	-	72,834
13.2	Deferred tax liability		20,890	-	20,890	71,859	-	71,859
<b>XIV.</b>	<b>PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	(11)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	(12)	-	<b>1,742,641</b>	<b>1,742,641</b>	-	<b>1,010,383</b>	<b>1,010,383</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(13)	<b>6,066,107</b>	<b>(154,784)</b>	<b>5,911,323</b>	<b>5,382,374</b>	<b>4,093</b>	<b>5,386,467</b>
16.1	Paid-in capital	(13)	2,440,000	-	2,440,000	2,205,000	-	2,205,000
16.2	Capital reserves		(104,579)	(154,784)	(259,363)	99,642	4,093	103,735
16.2.1	Share premium	(14)	714	-	714	665	-	665
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	(98,932)	(154,784)	(253,716)	120,153	4,093	124,246
16.2.4	Revaluation funds on tangible assets		-	-	-	-	-	-
16.2.5	Revaluation funds on intangible assets		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)		-	-	-	-	-	-
16.2.8	Hedging funds (effective portion)		(6,361)	-	(6,361)	(21,176)	-	(21,176)
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		2,672,370	-	2,672,370	1,996,424	-	1,996,424
16.3.1	Legal reserves		269,937	-	269,937	204,185	-	204,185
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		2,402,433	-	2,402,433	1,792,239	-	1,792,239
16.3.4	Other profit reserves		-	-	-	-	-	-
<b>16.4</b>	<b>Profit or loss</b>		<b>898,412</b>	-	<b>898,412</b>	<b>937,603</b>	-	<b>937,603</b>
16.4.1	Prior years' income/ (losses)		14,681	-	14,681	14,681	-	14,681
16.4.2	Current year income/ (loss)		883,731	-	883,731	922,922	-	922,922
16.5	Minority shares		159,904	-	159,904	143,705	-	143,705
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>31,631,035</b>	<b>15,599,798</b>	<b>47,230,833</b>	<b>27,515,642</b>	<b>11,738,282</b>	<b>39,253,924</b>

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

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES AS OF DECEMBER 31, 2011**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES**

		Audited 31.12.2011			Audited 31.12.2010		
Section 5 Part III		TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>	<b>54,546,443</b>	<b>48,205,280</b>	<b>102,751,723</b>	<b>40,628,183</b>	<b>32,994,251</b>	<b>73,622,434</b>
<b>I.</b>	<b>GUARANTEES (1), (2), (3),(4)</b>	<b>3,457,506</b>	<b>3,528,152</b>	<b>6,985,658</b>	<b>2,970,060</b>	<b>3,065,622</b>	<b>6,035,682</b>
1.1	Letters of guarantee	3,423,939	1,791,107	5,215,046	2,967,436	1,587,549	4,554,985
1.1.1	Guarantees subject to State Tender Law	187,409	15,510	202,919	181,832	14,443	196,275
1.1.2	Guarantees given for foreign trade operations	2,699,043	1,775,597	4,474,640	2,292,413	1,573,106	3,865,519
1.1.3	Other letters of guarantee	537,487	-	537,487	493,191	-	493,191
1.2	Bank loans	33,348	1,014,981	1,048,329	2,483	719,055	721,538
1.2.1	Import letter of acceptance	33,348	1,014,981	1,048,329	2,483	719,055	721,538
1.2.2	Other bank acceptances	-	-	-	-	-	-
1.3	Letters of credit	219	688,392	688,611	141	722,709	722,850
1.3.1	Documentary letters of credit	219	636,142	636,361	141	697,409	697,550
1.3.2	Other letters of credit	-	52,250	52,250	-	25,300	25,300
1.4	Pre-financing given as guarantee	-	-	-	-	-	-
1.5	Endorsements	-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
1.5.2	Other endorsements	-	-	-	-	-	-
1.6	Securities issue purchase guarantees	-	-	-	-	-	-
1.7	Factoring guarantees	-	-	-	-	-	-
1.8	Other guarantees	-	33,672	33,672	-	36,309	36,309
1.9	Other collaterals	-	-	-	-	-	-
<b>II.</b>	<b>COMMITMENTS (6)</b>	<b>21,972,487</b>	<b>3,450,324</b>	<b>25,422,811</b>	<b>14,535,418</b>	<b>510,390</b>	<b>15,045,808</b>
2.1	Irrevocable commitments	21,972,487	3,450,324	25,422,811	14,535,418	510,390	15,045,808
2.1.1	Forward asset purchase commitments	1,524,715	3,136,224	4,660,939	193,664	504,197	697,861
2.1.2	Forward deposit purchase and sales commitments	-	-	-	-	-	-
2.1.3	Share capital commitment to associates and subsidiaries	1,000	-	1,000	2,000	-	2,000
2.1.4	Loan granting commitments	3,229,674	-	3,229,674	1,876,601	-	1,876,601
2.1.5	Securities underwriting commitments	-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7	Payment commitment for checks	1,100,363	-	1,100,363	673,661	-	673,661
2.1.8	Tax and fund liabilities from export commitments	5,665	-	5,665	5,141	-	5,141
2.1.9	Commitments for credit card expenditure limits	15,984,413	-	15,984,413	11,705,737	-	11,705,737
2.1.10	Commitments for promotions related with credit cards and banking activities	35,807	-	35,807	25,298	-	25,298
2.1.11	Receivables from short sale commitments	-	-	-	-	-	-
2.1.12	Payables for short sale commitments	-	-	-	-	-	-
2.1.13	Other irrevocable commitments	90,850	314,100	404,950	53,316	6,193	59,509
2.2	Revocable commitments	-	-	-	-	-	-
2.2.1	Revocable loan granting commitments	-	-	-	-	-	-
2.2.2	Other revocable commitments	-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS (5)</b>	<b>29,116,450</b>	<b>41,226,804</b>	<b>70,343,254</b>	<b>23,122,705</b>	<b>29,418,239</b>	<b>52,540,944</b>
3.1	Derivative financial instruments for hedging purposes	7,725,392	10,589,390	18,314,782	6,138,670	4,126,450	10,265,120
3.1.1	Fair value hedge	6,662,917	10,589,390	17,252,307	4,828,794	4,126,450	8,955,244
3.1.2	Cash flow hedge	1,062,475	-	1,062,475	1,309,876	-	1,309,876
3.1.3	Hedge of net investment in foreign operations	-	-	-	-	-	-
3.2	Held for trading transactions	21,391,058	30,637,414	52,028,472	16,984,035	25,291,789	42,275,824
3.2.1	Forward foreign currency buy/sell transactions	1,755,826	4,349,180	6,105,006	693,384	1,139,058	1,832,442
3.2.1.1	Forward foreign currency transactions-buy	1,127,282	1,924,927	3,052,209	321,497	590,854	912,351
3.2.1.2	Forward foreign currency transactions-sell	628,544	2,424,253	3,052,797	371,887	548,204	920,091
3.2.2	Swap transactions related to foreign currency and interest rates	15,113,615	19,606,020	34,719,635	10,455,312	16,109,433	26,564,745
3.2.2.1	Foreign currency swap-buy	6,371,959	7,918,158	14,290,117	4,216,018	5,773,181	9,989,199
3.2.2.2	Foreign currency swap-sell	7,540,796	7,924,315	15,465,111	4,204,144	5,854,110	10,058,254
3.2.2.3	Interest rate swaps-buy	600,430	1,815,046	2,415,476	1,017,575	2,171,501	3,189,076
3.2.2.4	Interest rate swaps-sell	600,430	1,948,501	2,548,931	1,017,575	2,310,641	3,328,216
3.2.3	Foreign currency, interest rate and securities options	4,514,905	6,321,019	10,835,924	5,828,545	7,649,636	13,478,181
3.2.3.1	Foreign currency options-buy	2,187,494	3,246,717	5,434,211	2,977,137	3,765,395	6,742,532
3.2.3.2	Foreign currency options-sell	2,287,411	3,074,302	5,361,713	2,835,408	3,884,241	6,719,649
3.2.3.3	Interest rate options-buy	20,000	-	20,000	-	-	-
3.2.3.4	Interest rate options-sell	20,000	-	20,000	-	-	-
3.2.3.5	Securities options-buy	-	-	-	8,000	-	8,000
3.2.3.6	Securities options-sell	-	-	-	8,000	-	8,000
3.2.4	Foreign currency futures	6,712	209,429	216,141	6,794	368,280	375,074
3.2.4.1	Foreign currency futures-buy	2,667	105,391	108,058	3,397	184,140	187,537
3.2.4.2	Foreign currency futures-sell	4,045	104,038	108,083	3,397	184,140	187,537
3.2.5	Interest rate futures	-	151,766	151,766	-	25,382	25,382
3.2.5.1	Interest rate futures-buy	-	75,883	75,883	-	12,691	12,691
3.2.5.2	Interest rate futures-sell	-	75,883	75,883	-	12,691	12,691
3.2.6	Other	-	-	-	-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>	<b>93,856,211</b>	<b>22,097,329</b>	<b>115,953,540</b>	<b>72,958,841</b>	<b>17,809,282</b>	<b>90,768,123</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>	<b>4,912,046</b>	<b>1,053,084</b>	<b>5,965,130</b>	<b>3,407,108</b>	<b>1,236,661</b>	<b>4,643,769</b>
4.1	Assets under management	1,147,341	141,057	1,288,398	1,203,072	144,679	1,347,751
4.2	Investment securities held in custody	729,374	471,607	1,200,981	809,992	659,412	1,469,404
4.3	Checks received for collection	1,150,539	208,681	1,359,220	1,127,774	192,750	1,320,524
4.4	Commercial notes received for collection	356,609	111,143	467,752	266,257	233,451	499,708
4.5	Other assets received for collection	-	-	-	-	-	-
4.6	Assets received for public offering	-	-	-	-	-	-
4.7	Other items under custody	1,528,180	120,596	1,648,776	10	6,369	6,379
4.8	Custodians	3	-	3	3	-	3
<b>V.</b>	<b>PLEDGED ITEMS</b>	<b>88,944,165</b>	<b>21,044,245</b>	<b>109,988,410</b>	<b>69,551,733</b>	<b>16,572,621</b>	<b>86,124,354</b>
5.1	Marketable securities	340,489	380,744	721,233	282,255	189,201	471,456
5.2	Guarantee notes	99,211	59,196	158,407	548,633	122,585	671,218
5.3	Commodity	28,968	-	28,968	20,737	-	20,737
5.4	Warranty	-	-	-	-	-	-
5.5	Properties	34,833,664	7,669,994	42,503,658	30,517,661	6,008,242	36,525,903
5.6	Other pledged items	53,641,833	12,934,311	66,576,144	38,182,447	10,252,593	48,435,040
5.7	Pledged items-depository	-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>148,402,654</b>	<b>70,302,609</b>	<b>218,705,263</b>	<b>113,587,024</b>	<b>50,803,533</b>	<b>164,390,557</b>

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

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ**

**CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED  
DECEMBER 31, 2011 (STATEMENT OF INCOME/LOSS)**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**III. CONSOLIDATED INCOME STATEMENT**

		Section 5 Part IV	Audited 01.01-31.12.2011	Audited 01.01-31.12.2010
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	<b>4,648,373</b>	<b>3,908,931</b>
1.1	Interest on loans		4,076,915	3,337,579
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks		17,979	64,178
1.4	Interest received from money market placements		10,767	9,297
1.5	Interest received from marketable securities portfolio		439,944	407,450
1.5.1	Held-for-trading financial assets		5,995	9,108
1.5.2	Financial assets at fair value through profit and loss		618	11,794
1.5.3	Available-for-sale financial assets		433,331	386,548
1.5.4	Investments held-to-maturity		-	-
1.6	Finance lease income		73,108	75,430
1.7	Other interest income		29,660	14,997
<b>II.</b>	<b>INTEREST EXPENSE</b>	(2)	<b>2,324,308</b>	<b>1,552,022</b>
2.1	Interest on deposits		1,983,843	1,334,298
2.2	Interest on funds borrowed		181,762	163,543
2.3	Interest on money market borrowings		116,610	53,531
2.4	Interest on securities issued		36,338	-
2.5	Other interest expense		5,755	650
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>2,324,065</b>	<b>2,356,909</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>885,022</b>	<b>672,288</b>
4.1	Fees and commissions received		1,040,510	781,167
4.1.1	Non-cash loans		43,455	41,827
4.1.2	Other		997,055	739,340
4.2	Fees and commissions paid		155,488	108,879
4.2.1	Non-cash loans		853	1,204
4.2.2	Other		154,635	107,675
<b>V.</b>	<b>DIVIDEND INCOME</b>	(3)	<b>254</b>	<b>326</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	(4)	<b>(211,218)</b>	<b>(261,057)</b>
6.1	Securities trading gains/ (losses)		86,972	381,213
6.2	Gains / (losses) from financial derivative transactions		(260,289)	(678,094)
6.3	Foreign exchange gains/ (losses)		(37,901)	35,824
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5)	<b>194,219</b>	<b>155,486</b>
<b>VIII.</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>3,192,342</b>	<b>2,923,952</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	<b>325,538</b>	<b>274,739</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(7)	<b>1,684,849</b>	<b>1,473,788</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1,181,955</b>	<b>1,175,425</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>GAIN / (LOSS) ON EQUITY METHOD</b>		-	-
<b>XIV.</b>	<b>GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	(8)	<b>1,181,955</b>	<b>1,175,425</b>
<b>XVI.</b>	<b>TAX CHARGE FOR CONTINUED OPERATIONS (±)</b>	(9)	<b>(285,613)</b>	<b>(237,848)</b>
16.1	Current income tax charge		(230,729)	(256,576)
16.2	Deferred tax charge / benefit		(54,884)	18,728
<b>XVII.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	(10)	<b>896,342</b>	<b>937,577</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and entities under common control		-	-
18.3	Income on other discontinued operations		-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and entities under common control		-	-
19.3	Loss from other discontinued operations		-	-
<b>XX.</b>	<b>PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	(8)	-	-
<b>XXI.</b>	<b>TAX CHARGE FOR DISCONTINUED OPERATIONS (±)</b>	(9)	-	-
21.1	Current income tax charge		-	-
21.2	Deferred tax charge / benefit		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(10)	-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	(11)	<b>896,342</b>	<b>937,577</b>
23.1	Group's profit/loss		883,731	922,922
23.2	Minority shares		12,611	14,655
	Earnings per share		0.03662	0.03827

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

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ  
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(STATEMENT OF OTHER COMPREHENSIVE INCOME/LOSS)**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**IV. CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY**

	Audited 01 .01 - 31.12.2011	Audited 01. 01 - 31.12.2010
<b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>(240,883)</b>	<b>176,893</b>
<b>II. TANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>III. INTANGIBLE ASSETS REVALUATION DIFFERENCES</b>	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS</b>	-	-
<b>V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b>	<b>13,797</b>	<b>(26,129)</b>
<b>VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)</b>	-	-
<b>VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES</b>	-	-
<b>VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY AS PER TURKISH ACCOUNTING STANDARDS</b>	-	-
<b>IX. DEFERRED TAX OF VALUATION DIFFERENCES</b>	<b>92,401</b>	<b>(6,858)</b>
<b>X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)</b>	<b>(134,685)</b>	<b>143,906</b>
<b>XI. PROFIT/LOSS</b>	<b>(228,462)</b>	<b>(118,583)</b>
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(233,184)	(118,242)
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	4,722	(341)
11.3 Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4 Other	-	-
<b>XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)</b>	<b>(363,147)</b>	<b>25,323</b>

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



**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Audited	Section 5 Part V	Paid-in Capital	Effect of inflation Accounting on Capital and Other Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Year Net Income/ (Loss)	Prior Year Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Attributable to the Parent Shareholders	Minority Shares	Total Equity
<b>I. Current period – 01.01.-31.12.2011</b>		2,205,000	-	665	-	204,185	-	1,792,239	-	-	937,603	124,246	-	-	(21,176)	-	5,242,762	143,705	5,386,467
<b>Beginning Balance</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Increase/decrease related to merger</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Marketable securities valuation differences</b>	(1)	-	-	-	-	-	-	-	-	-	-	(377,962)	-	-	-	-	(377,962)	-	(377,962)
<b>IV. Hedging funds (effective portion)</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	14,815	-	14,815	-	14,815
4.1 Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	14,815	-	14,815	-	14,815
4.2 Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Tangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Intangible assets revaluation differences</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Bonus shares obtained from associates, subsidiaries and entities under common control</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Foreign exchange differences</b>	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Disposal of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Reclassification of assets</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Effect of change in associates' equity</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Capital increase</b>	(5)	235,000	-	-	-	-	-	(118,667)	-	-	-	-	-	-	-	-	116,333	-	116,333
12.1 Cash		116,333	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,333	-	116,333
12.2 Internal sources		118,667	-	-	-	-	-	(118,667)	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Share premium</b>		-	-	49	-	-	-	-	-	-	-	-	-	-	-	-	49	-	49
<b>XIV. Share cancellation profits</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Inflation adjustment to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Other<sup>(*)</sup></b>		-	-	-	-	-	-	1,443	-	-	-	-	-	-	-	-	1,443	3,588	5,031
<b>XVII. Period net income/(loss)</b>		-	-	-	-	-	-	-	883,731	-	-	-	-	-	-	-	883,731	12,611	896,342
<b>XVIII. Profit distribution</b>	(3)	-	-	-	-	65,752	-	727,418	-	-	(922,922)	-	-	-	-	-	(129,752)	-	(129,752)
18.1 Dividends distributed		-	-	-	-	-	-	(129,752)	-	-	-	-	-	-	-	-	(129,752)	-	(129,752)
18.2 Transfers to reserves		-	-	-	-	65,752	-	857,170	-	-	(922,922)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>																			
<b>(I+II+III+.....+XVI+XVII+XVIII)</b>		2,440,000	-	714	-	269,937	-	2,402,433	-	883,731	14,681	(253,716)	-	-	(6,361)	-	5,751,419	159,904	5,911,323

(\*) Includes the effect of change in ownership of Finans Yatırım Ortaklığı A.Ş. from 70.28% to 49.36% in the current year.

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

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**FİNANSBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED CASH FLOWS STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**VI. CONSOLIDATED CASH FLOWS STATEMENT**

	<b>Section 5 Part VI</b>	<b>Audited 01.01- 31.12.2011</b>	<b>Audited 01.01 – 31.12.2010</b>
<b>A. CASH FLOWS FROM / (TO) BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities (+)</b>		<b>828,610</b>	<b>2,230,181</b>
1.1.1 Interest received (+)		4,561,145	4,034,883
1.1.2 Interest paid (-)		(2,265,200)	(1,520,749)
1.1.3 Dividend received (+)		254	326
1.1.4 Fees and commissions received (+)		1,040,510	781,167
1.1.5 Other income (+)		160,048	124,078
1.1.6 Collections from previously written off loans (+)		356,838	504,310
1.1.7 Payments to personnel and service suppliers (-)		(1,299,716)	(1,182,770)
1.1.8 Taxes paid (-)		(318,001)	(263,705)
1.1.9 Other (+/-)	(1)	(1,407,268)	(247,359)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(2,343,138)</b>	<b>(454,147)</b>
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		22,396	(43,552)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		430,523	571,802
1.2.3 Net (increase) decrease in due from banks (+/-)		(1,971,907)	(4,322)
1.2.4 Net (increase) decrease in loans (+/-)		(5,425,537)	(7,340,227)
1.2.5 Net (increase) decrease in other assets (+/-)	(1)	291,380	(634,647)
1.2.6 Net increase (decrease) in bank deposits (+/-)		(592,560)	(640,057)
1.2.7 Net increase (decrease) in other deposits (+/-)		5,424,596	4,368,545
1.2.8 Net increase (decrease) in funds borrowed (+/-)		(1,538,267)	1,760,052
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(1)	1,016,238	1,508,259
<b>I. Net cash provided from / (used in) banking operations (+/-)</b>		<b>(1,514,528)</b>	<b>1,776,034</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from / (used in) investing activities (+/-)</b>		<b>9,456</b>	<b>(2,013,097)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		(1,000)	(22,516)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		5,027	4,071
2.3 Fixed assets purchases (-)		(112,823)	(73,728)
2.4 Fixed assets sales (+)		6,181	8,571
2.5 Cash paid for purchase of financial assets available for sale (-)		(13,063,753)	(22,515,765)
2.6 Cash obtained from disposal of financial assets available for sale (+)		13,254,662	20,652,070
2.7 Cash paid for purchase of investment securities (-)		-	-
2.8 Cash obtained from disposal of investment securities (+)		-	-
2.9 Other (+/-)	(1)	(78,838)	(65,800)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from / (used in) financing activities (+/-)</b>		<b>1,519,586</b>	<b>28,479</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		1,513,545	-
3.2 Cash used for repayment of funds borrowed and securities issued (-)		-	(495,755)
3.3 Capital increase (+)		116,333	547,143
3.4 Dividends paid (-)		(110,292)	(22,909)
3.5 Payments for finance leases (-)		-	-
3.6 Other (+/-)	(1)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)</b>		<b>48,018</b>	<b>43,088</b>
<b>V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>62,532</b>	<b>(165,496)</b>
<b>VI. Cash and cash equivalents at the beginning of the period (+)</b>	(2)	<b>2,955,697</b>	<b>3,121,193</b>
<b>VII. Cash and cash equivalents at end of the period (V+VI)</b>	(3)	<b>3,018,229</b>	<b>2,955,697</b>

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

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

**FİNANSBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED CASH FLOWS STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION (\*)**

	<b>Audited</b>	<b>Audited</b>
	<b>31.12.2011(**)</b>	<b>31.12.2010</b>
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	1,120,100	1,133,729
1.2 TAXES AND DUTIES PAYABLE (-)	271,988	219,055
1.2.1 Corporate tax (Income tax)	228,060	237,352
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	43,928	(18,297)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>848,112</b>	<b>914,674</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	45,734
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b>	<b>848,112</b>	<b>868,940</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	186,119
1.6.1 To owners of ordinary shares	-	110,250(***)
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	75,869
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	7,586
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	675,235
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	0.03793
3.2 TO OWNERS OF ORDINARY SHARES ( % )	-	3.79%
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-

(\*) Consolidated profit is not distributed by the companies according to the legislations in Turkey. Within this framework, the above table represents the stand-alone profit distribution of the Parent Bank.

(\*\*) The Parent Bank did not resolve a decision regarding profit distribution of 2011 as of the issue date of this report.

(\*\*\*) Distributed to shareholders as bonus shares.

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

**FİNANSBANK ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**SECTION THREE**  
**ACCOUNTING POLICIES**

**I. Basis of presentation**

**1. Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents**

The Turkish Banking Law No 5411 is published in the Official Gazette No 25983 dated November 1, 2005. The Parent Bank and its financial subsidiaries ("The Group") prepared the accompanying financial statements as of December 31, 2011 and the related disclosures and footnotes in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No 26333, "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated February 10, 2007 which is published in the Official Gazette No 26430, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS) and other circulars, communiqués and pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency (BRSA).

Financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified.

**2. Classifications**

None.

**3. Accounting policies and valuation principles used in the preparation of the financial statements**

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied in accordance with the requirements of TAS, TFRS, "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No 26333, "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated February 10, 2007 which is published in the Official Gazette No 26430 and the other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by BRSA.

**Explanation for Convenience Translation to English**

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS). The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements to be used and IFRS have not been quantified in the financial statements.

**FİNANSBANK ANONİM ŞİRKETİ**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

**II. Strategy for the use of financial instruments and the foreign currency transactions**

**1. Strategy for the use of financial instruments**

The major funding sources of the Parent Bank are customer deposits and funds borrowed from international markets. The customer deposits bear fixed interest rate and have an average maturity of 1-3 months. Funds borrowed from abroad generally bear floating rates and are repriced at an average period of 3-6 months. The Parent Bank diverts its placements to assets with high return and sufficient collaterals. The Parent Bank manages the liquidity structure to meet its liabilities when due by diversifying the funding sources and keeping sufficient cash and cash equivalents. The maturity of fund sources and maturity and yield of placements are considered to the extent possible within the current market conditions and higher return on long-term placements is aimed.

Among the operations of the Parent Bank, the main activities generating yields higher than the calculated average yield are credit card transactions.

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity using long term swap transactions (pay fixed TL interest rate and receive floating FC interest rate). Thus, the Parent Bank generates TL denominated resources for funding long term loans with fixed interest rates.

The Parent Bank has determined securities portfolio limits based on the market risk limitations for money, capital and commodity markets. Products included in the securities portfolio are subject to position and risk limits. Position limits restrict the maximum position based on the product. Risk limits are expressed in terms of "Value at Risk (VAR)" by taking the risk tolerance as a cap. The maximum VAR amounts are determined for the three main risk factors, which affect the securities portfolio that is subject to market risk, as well as determining the risk tolerance based on the total value at risk. The above mentioned limits are revised annually.

The strategies for hedging exchange rate risk resulting from the Group's foreign currency available-for-sale investment securities are explained in foreign currency risk section and the applications regarding the hedging of interest rate risk resulting from deposits with fixed or floating interest rates are explained in the interest rate risk section in detail.

Hedging strategies for foreign exchange rate risk resulting from other foreign currency transactions are explained in the foreign currency risk section.

**2. Foreign currency transactions**

**2.1. Foreign currency exchange rates used in converting transactions denominated in foreign currencies and presentation of them in the financial statements**

The Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of December 31, 2011 are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the Parent Bank for the year end and the resulting exchange differences are recorded as foreign exchange gains and losses. The Bank's foreign currency exchange rates for the related period ends are as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
US Dollar	TL 1.9065	TL 1.5460
Euro	TL 2.4592	TL 2.0491

**2.2. Foreign exchange gains and losses included in the income statement**

The net foreign exchange loss included in the consolidated income statement as of December 31, 2011 is TL 37,901 (December 31, 2010 - TL 35,824 net foreign exchange gain).

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**2.3. Foreign subsidiaries**

As of December 31, 2011 the Parent Bank does not have any subsidiaries established abroad.

**III. Information on associates and subsidiaries**

The accompanying consolidated financial statements are prepared in accordance with TAS 27 “Consolidated and Separate Financial Statements” and BRSA communiqué published on the Official Gazette numbered 26340 and dated November 8, 2006.

The subsidiaries included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

		Place of Incorporation	Principal Activity	Effective Shareholding and Voting Rights (%)	
				December 31, 2011	December 31, 2010
1.	Finans Yatırım Menkul Değerler A.Ş. (Finans Invest)	Turkey	Securities Brokerage Intermediary	100.00	100.00
2.	Finans Portföy Yönetimi A.Ş. (Finans Portfolio)	Turkey	Portfolio Management	100.00	100.00
3.	Finans Yatırım Ortaklığı A.Ş. (Finans Investment Trust)	Turkey	Investment Trust	49.36	70.28
4.	Finans Finansal Kiralama A.Ş. (Finans Leasing)	Turkey	Financial Leasing	64.32	64.32
5.	Finans Emeklilik ve Hayat A.Ş. (Finans Pension Fund)	Turkey	Private Pension and Insurance	99.99	99.99
6.	Finans Tüketici Finansmanı A.Ş.	Turkey	Consumer Finance	99.99	99.99
7.	Finans Faktoring Hizmetleri A.Ş.	Turkey	Factoring	99.99	99.99

Subsidiaries maintain their books of accounts and prepare their financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the accounting standards promulgated by the Turkish Commercial Code, Financial Leasing Law and Turkish Capital Markets Board regulations. Certain adjustments and reclassifications were made on the financial statements of the subsidiaries for the purpose of fair presentation in accordance with the prevailing regulations and accounting standards according to the Articles 37 and 38 of the Turkish Banking Law No 5411 and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting issued by the BRSA.

Differences between the accounting policies of the subsidiaries and the Parent Bank are adjusted, if material. The financial statements of the subsidiaries are prepared as of December 31, 2011.

**1. Subsidiaries**

As of December 31, 2011, the financial subsidiaries are fully consolidated and intercompany balances and income and expenses resulting from intercompany transactions are eliminated.

**2. Associates and entities under common control**

The Parent Bank does not have any associates or entities under common control that are consolidated in the accompanying financial statements.

**IV. Explanations on forwards, option contracts and derivative instruments**

The Group enters into forward currency purchase/sale agreements and swap transactions to reduce the foreign currency risk and interest rate risk and manage foreign currency liquidity risk. The Group also carries out currency and interest options, swaption, credit default swap and futures agreements.

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity with long term swap transactions (pay fixed TL interest rate and receive floating FC interest rate). Therefore, the Bank not only funds its long term fixed interest rate loans with TL but also hedges itself against interest rate risk.

In accordance with TAS 39 “Financial Instruments: Recognition and Measurement”, derivative instruments are categorized as “hedging purpose” or “trading purpose” transactions. Derivatives are initially recognized at cost including the transaction costs. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the “Assets on Trading

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Derivatives”, “Liabilities on Trading Derivatives”, or “Assets on Hedging Purpose Derivatives” and “Liabilities on Hedging Purpose Derivatives” items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts presented on the balance sheet, represent the fair value differences based on the valuation.

The fair value differences regarding the derivative financial instruments held for the fair value hedge purposes are accounted for under “Securities Trading Gains/Losses”, except for the foreign currency valuation differences. These foreign currency valuation differences are accounted for under “Foreign Exchange Gains/Losses” account. Information on Eurobond and loan portfolio, recognized as fair value hedged items, is presented in section 3, footnote VII, 2 and 4.

The Parent Bank implements cash flow hedge accounting by means of interest rate swaps in order to hedge itself for the changes in interest rates of deposits that have an average maturity of 1 month. The Bank implements effectiveness tests at the balance sheet dates for hedging purposes; the effective parts are accounted as defined in TAS 39, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with income statement.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term government bonds with fixed coupon held by the Parent Bank using swaps as hedging instruments. The Parent Bank performs hedge effectiveness tests at each balance sheet date.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to foreign currency bonds issued by the Parent Bank using interest rate swaps as hedging instruments. The Parent Bank performs hedge effectiveness tests at each balance sheet date.

Fair values of forward foreign currency purchase and sales contracts, currency and interest rate swap transactions are calculated by using internal pricing models based on market data. Unrealized gains and losses are reflected in the income statement in the current period.

Fair values of option contracts are calculated with option pricing models and the resulting unrealized gains and losses are reflected in the current period income statement.

Futures transactions are accounted for at settlement prices obtained from counterparties as of the balance sheet date and related unrealized gains and losses are reflected in the current period income statement.

Credit default swap transactions are accounted for at market prices as of the balance sheet date and related unrealized gains and losses are reflected in the current period income statement.

**V. Interest income and expenses**

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective interest rate method. In accordance with the related regulation, the interest receivables and accruals of non-performing loans are cancelled and not recorded as interest income until collected.

**VI. Fees and commission income and expenses**

Fees and commission income and expenses are accounted for on an accrual basis, except for certain banking transactions that income is recognized immediately. Income generated through agreements or through the sale and purchases of assets on behalf of third parties, is recorded as income when collected.

Dividend income is accrued when the subsidiaries’ and associates’ profit distribution decisions are approved. Dividend income from subsidiaries is eliminated in the accompanying financial statements by adjusting in the retained earnings as part of the consolidation principles.

**VII. Explanations on financial assets**

Financial assets comprise cash and cash equivalents and the contractual right to obtain cash or another financial asset from counterparty or to exchange financial assets with counterparty or the equity instrument transactions of the counterparty. Financial assets are classified in four categories; as “Financial Assets at Fair Value through Profit or Loss”, “Investment Securities Available-For-Sale”, “Investment Securities Held-To-Maturity”, and “Loans And Other Receivables”. The classification of the financial assets is determined at the initial inception of the related financial assets.

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**1. Financial assets at fair value through profit or loss**

**1.1. Trading securities**

The Group accounts for its trading securities at fair value. The interest income that has been gained from trading securities is presented at interest income in the income statement, while the difference between the cost and the fair value of trading securities and the gain or loss resulting from the sale of these financial assets before their maturity are realized under securities trading gains/losses.

**1.2. Financial assets at fair value through profit or loss**

The Parent Bank has classified its mortgage loans that were initiated between January 1, 2006 – December 31, 2007, as financial assets at fair value through profit or loss in compliance with TAS 39. These loans are presented under “Financial Assets at Fair Value through Profit or Loss” as loan, in order to be in compliance with the balance sheet presentation. The Parent Bank has not classified its mortgage loans that were initiated after January 1, 2008 as fair value through profit or loss. Interest on related loans is presented under “Income statement” as “Interest on Loans” and fair value differences are presented as “Securities Trading Gains (Losses)”.

Financial assets at fair value through profit or loss are initially recorded at cost and are measured at fair value in the following periods.

Fair value of loans that are classified as financial assets at fair value through profit or loss has been determined by using effective interest rates used for similar financial assets within the market. The fair values of public sector debt securities that are classified in the mentioned group have been determined by using the market prices as at the balance sheet date.

**2. Investment securities available for sale**

Available for sale assets represent financial assets other than financial assets at fair value through profit or loss, loans and other receivables and investment securities held to maturity.

Premiums and discounts on investment securities available-for-sale are considered in computing of the internal rate of return and are included in interest income in the income statement. Accrued interest income on investment securities available for sale is recognized in the income statement whereas gains and losses arising from the change in the fair values of such securities are reflected in equity under “Securities value increase fund” (Unrealized Gains/Losses on Securities). When investment securities available for sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity are transferred to the income statement.

Some portion of the Eurobond portfolio which has been recognized as available for sale securities are designated as fair value hedged items starting from March and April 2009. Those securities are disclosed under Investment Securities Available for Sale in order to be in line with balance sheet presentation. The fair value differences of hedged items are accounted for under “Securities Trading Gains/ Losses” in the income statement.

In cases where fair value hedge operations cannot be effectively performed as described in TAS 39, fair value hedge accounting is ceased. The fair value differences are amortized through equity until the maturity of related hedged securities. The fair value differences of related portfolio securities sold prior to maturity are once realized in the income statement.

**3. Investment securities held to maturity**

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability and excluding loans and receivables.

As of October 1, 2008, due to the change of the intention, the Group classified securities from trading portfolio and available for sale portfolio to held to maturity portfolio with the nominal values of TL 94,198 and TL 2,571,462, respectively. The intention of the Group for holding the held to maturity portfolio has changed in 2009. As it is stated in TAS 39, paragraph 51, “while the intention or the possibility of holding the securities until the maturity changes, or when the investments become inappropriate to be classified as held to maturity; the related investments should be classified as investment securities available for sale and should be re-measured at their fair values”; the Parent Bank classified TL 2,643,811 nominal amount of

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held to maturity portfolio to available for sale portfolio effective from March 31, 2009 based on the Board of Directors' decision dated April 16, 2009. Because of this classification, the Group will not be able to classify any financial asset as held to maturity investment in 2009 and the following two years.

**4. Loans and specific provisions**

The Group initially records loans and receivables at cost; except for the loans that are recorded with fair value through profit or loss and loans subject to fair value hedge. In the following periods, these loans are carried at amortized cost by using the effective interest rate method.

As mentioned in note "IV. Explanations on forward, option contracts and derivative instruments", the Group enters into swap transactions against TL in order to hedge the possible losses which might arise due to the changes in the fair value of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. The Parent Bank accounted for the hedged part of the loan portfolio at fair value, together with the swap transactions used as the hedging instrument and the related net gain or loss was included in the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans.

Provision is set for the loans that might be doubtful and amount is charged in the current period income statement.

In the case where there is an evidence for the possibility of uncollectibility of loans, the Parent Bank classifies related loans and receivables in non-performing loans and provides specific and general provision in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No 26333 and revised with the Communiqué dated March 6, 2010, published on the Official Gazette No 27513 and the Communiqué dated January 23, 2009, published on the Official Gazette No 27119 "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Additionally, during the current period, the Parent Bank revised its calculation for general provisions in line with the context of the regulations published in the Official Gazette No: 27968 dated June 18, 2011, No: 27947 dated May, 28 2011 and No 28158 dated December, 30 2011. The Parent Bank did not provide any specific provision for performing loans which are classified under non-performing accounts as per the communiqué requiring classifying all loans of the same borrower having non-performing loans into non-performing loans as of December 31, 2010. The Parent Bank restarted to provide specific provision for those loans stated above that are not overdue, according to the amendments on 4th article of the same communiqué as from March 1, 2011. The Parent Bank provides specific provision for the loans under follow-up regarding credit risk and other factors, in accordance with the aforementioned regulation.

The Parent Bank also provides specific provisions for the closely monitored loans as a result of risk assessment. These provisions accounted for in liabilities under other provisions as "Free Reserves for Possible Loan Losses".

Except for specific provisions and free reserves for possible loan losses within the framework of the regulation referred to above, the Parent Bank provides general loan loss provision and presents it in the liabilities as "General Provisions".

The provisions provided for loans are accounted for under "Provision for Loan Losses and Other Receivables" in the statement of income.

The collections made in relation to amounts that provision provided in the current period and the principle collections made in relation to amounts that provision provided in the prior periods are offset against the "Provision for Loan and Other Receivables" in the income statement. The principal collections made related to the loans that were written-off are recorded under "Other Operating Income" and interest collections are recorded under the "Interest on Loans" account.

**VIII. Explanations on impairment of financial assets**

If the amount computed by discounting expected future cash flows of a financial asset using the effective interest rate method or (if any) the fair value is lower than the carrying value of financial assets, impairment can be recognized. Provision is provided for impairment of the financial assets and recorded to related expense accounts.

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**IX. Explanations on netting of financial instruments**

In cases where the fair values of trading securities, securities available-for-sale, securities quoted at the stock exchanges, associates and subsidiaries are less than their carrying values, a provision for impairment is allocated, and the net value is presented on the balance sheet.

The Group provides specific allowances for loans and other receivables in accordance with “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” and offset against overdue loans in the assets.

The unearned interest income related to leasing agreements is presented by netting off with the “Lease Receivables”. Additionally, the specific provision is provided for non-performing lease receivables and net off with lease receivables.

Financial assets and liabilities other than those explained above are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities, simultaneously. Otherwise, no offsetting is made.

**X. Explanations on sales and repurchase agreements and lending of securities**

Securities sold under repurchase agreements are recorded on the balance sheet in accordance with Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Investments Subject to Repurchase Agreements” and valued based on the Group Management’s future intentions, either at market prices or using discounting method with internal rate of return. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted for on an accrual basis.

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TL 1,516,898 (December 31, 2010 - TL 1,212,757).

The Group does not have any securities that are subject to lending transactions as of December 31, 2011 (December 31, 2010 – none).

Securities purchased with a commitment to resell (reverse repurchase agreements) are recorded in a separate account under “Money Market Placements” in the balance sheet. The difference resulting from purchase and resale prices is treated as interest income and accrued over the life of the agreement.

**XI. Explanations on assets held for sale and discontinued operations**

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

The Group does not have assets held for sale.

A discontinued operation is a part of the Group’s business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

**XII. Explanations on goodwill and other intangible assets**

The Group’s intangible assets consist of software, intangible rights and goodwill.

The intangible assets are recorded at their historical cost less accumulated amortization and provision for impairment, if any. Amortization is calculated on a straight-line basis.

Software has been classified as other intangible fixed assets. The useful life of software is determined as 3 years.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with Turkish Accounting Standard on Impairment of Assets (TAS 36) and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

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**XIII. Explanations on tangible assets**

The tangible assets are recorded at their historical cost less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of tangible assets. The annual rates used are as follows:

Properties	2%
Movables purchased and acquired under finance lease contracts	7% - 25%

The depreciation of leasehold improvements acquired before December 2009, under operating lease agreements, is calculated according to their useful lives. Depreciation of leasehold improvements acquired after this date is calculated over the lease period not exceeding 5 years where the lease duration is certain; or 5 years where the lease period is not certain in accordance with “Communiqué on the Amendment of Communiqué on Uniform Chart of Accounts and Explanatory Notes” dated January 10, 2011.

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than a year as of the balance sheet date.

Net book value of the property and leased assets under financial lease contracts are compared with the fair values determined by independent appraisers as of the year end and provision for impairment is recognized in “Other Operating Expenses” in the related period income statement when the fair value is below the net book value in accordance with “Turkish Accounting Standard on Impairment of Assets” (TAS 36).

Gains or losses resulting from disposals of the tangible assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repairs are capitalized if the expenditure increases economic life of the asset; otherwise they are expensed.

There are no changes in the accounting estimates, which could have a significant impact on the current and future financial statements. There are no pledges, mortgages or other restrictions on the tangible assets. There is no purchase commitments related to the fixed assets.

**XIV. Explanations on leasing transactions**

Fixed assets acquired under finance lease contracts are recorded under “Tangible Fixed Assets” on the asset side and under “Financial Lease Payables” on the liability side at the initial date of the lease. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

Total payments made under operating leases are charged to income statement on a straight-line basis over the period of the lease.

The gross lease receivables including interest and principal amounts regarding the Group’s financial leasing activities as “Lessor” are stated under the “Finance Lease Receivables”. The difference between the total of rental payments and the cost of the related fixed assets is reflected to the “unearned income” account. The interest income is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

The provisions for lease receivables are set as per BRSA communiqué numbered 26588 and dated July 20, 2007 “Methods and Principles for the Determination of Receivables of Leasing, Factoring and Financing Companies to be Reserved for and Allocation of Reserves”. Those provisions are accounted for under “Lease Receivables” at the accompanying financial statements.

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**XV. Explanations on factoring receivables**

Factoring receivables are carried at amortized cost by using the effective interest rate method after unearned interest income is deducted and specific provisions for impairments are provided, if any. These provisions are accounted for under “Factoring Receivables” at the accompanying financial statements.

**XVI. Explanations on provisions and contingent liabilities**

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. Provisions are accounted immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Group. Whenever the amount of such obligations cannot be measured, they are regarded as “contingent”. If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be reliably measured, a provision is provided.

Provisions made during the period are recorded under “Other Operating Expenses”; provisions that were booked in the prior periods and released in the current year are recorded under “Other Operating Income”.

**XVII. Explanations on obligations of the Group concerning employee benefits**

Provision for employee severance benefits of the Group has been accounted for in accordance with TAS 19 “Employee Benefits”.

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group.

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements.

The Group does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date.

Provision for the employees’ unused vacations has been booked and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the Group employees are members.

**XVIII. Explanations on taxation**

**1. Corporate tax**

In accordance with the Corporate Tax Law No: 5520 published in the Official Gazette No. 26205 dated June 21, 2006, statutory income is subject to corporate tax at 20%. Advance corporate taxes paid are followed under “Current Tax Liability” or “Current Tax Asset” account and are deducted from the corporate taxes of the current year.

Companies file their tax returns between the 1<sup>st</sup> and the 25<sup>th</sup> day of the fourth month following the closing of the fiscal year to which they relate and the payments are made until the end of that month.

The provision for corporate and income taxes for the period is reflected as the “Current Tax Charge” in the income statement.

Undistributed profit for the period is not subject to withholding tax if it is added to capital or it is distributed to full-fledged taxpayer corporations. However, with the Council of Ministers’ decisions numbered 2009/14593 and 2009/14594; published in the Official Gazette No: 27130 dated February 3, 2009 and based on Corporate Tax Law No: 5520, 15<sup>th</sup> and 30<sup>th</sup> Articles, profit distribution for the period is subject to withholding tax by 15%, for full-fledged real person taxpayers, for those who are not responsible for corporate tax and income tax, for those exempt from corporate and income tax (except for those taxed through their businesses or permanent representatives in Turkey) and for foreign based real person taxpayers.

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**2. Deferred taxes**

In accordance with Turkish Accounting Standard on Income Taxes (TAS 12), the Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

**XIX. Additional explanations on borrowings**

The Group generates funds from domestic and foreign sources when this is necessary. The funds borrowed from foreign sources are mainly in the form of syndications and securitizations. The funds borrowed are measured at amortized cost by using the effective internal rate of return method.

The Group has not issued convertible bonds. Debt instruments directly issued by the Group are classified under “Securities Issued”, while the funds obtained through the debt instruments issued by the special purpose vehicles (SPV’s) are classified under funds borrowed.

**XX. Explanations on share issues**

During the current period, the share capital of the Bank has been increased by TL 118,667 from bonus shares, TL 110,250 from first dividends of year 2010, TL 8,417 from extraordinary reserves, and by TL 116,333 in cash. (January 1 – December 31, 2010: Increased by TL 630,000 of which TL 82,857 from extraordinary reserves and TL 547,143 in cash).

**XXI. Explanations on confirmed bills of exchange and acceptances**

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any.

There are no acceptances and confirmed bills of exchange presented as liabilities against any assets.

**XXII. Explanations on government incentives**

The Group has various numerous investment incentive certificates in relation to its investment expenditures from its leasing company. The related certificates allow the Group to use 100% and 40% of investment incentives over its investment expenditures. Tax deduction by 19.8% should be made on the amount of investment incentive deduction pursuant to investment incentive certificates obtained prior to April 24, 2003. No deduction is made on investment expenses after this date without incentive certificates.

Upon the Constitutional Court’s resolution no: 2009/144 published in the Official Gazette on January 8, 2010, the expression of “solely for the periods related to 2006, 2007 and 2008” in the Provisional Article No: 69 of Income Tax Law No: 193, and 5th Article of the Law No: 6009 that came into effect by being published in the Official Gazette No.27659 dated August 1, 2010 have been annulled. The new resolution enables to continue to benefit from investment incentive deduction that is not deducted due to insufficient earnings and that passes on next periods without period limitation, however proposes that the deduction amount will not exceed 25% of the taxable income of the period. Moreover, the effective corporate tax rate for investment incentive deduction beneficiaries will be adopted as 20%, rather than 30%.

The Constitutional Court has decided that the sentence “the amount subject to deduction as exemption of investment allowance in tax basis determination cannot exceed 25% of relevant earnings” which was added to the first clause of 69th temporary article of Income Tax Law, and 5th article of Law No: 6009 is contrary to the Constitutional Law and has decided to repeal the mentioned sentence at the meeting dated February 9, 2012. In addition, it is decided to stay of execution until the publication of the decision in the Official Gazette, to avoid the circumstances and losses that are difficult or impossible to compensate subsequently and for that the annulment decision does not remain inconclusive, due to the fact that aforementioned sentence is repealed by the decision no: E. 2010/93 K. 2012/20 as of February 9, 2012 at the same meeting.

The Company did not reflect the effects resulting from the implementation of the decision of the Constitutional Court in the financial statements as of December 31, 2011, due to the fact that the annulment decision of the Constitutional Court has not been published in the Official Gazette yet, and it is uncertain if the mentioned stay of execution decision will be taken into consideration in preparing the corporate tax declaration for the year 2011. There will be no change in the net profit for the year and but a reclassification between deferred tax and current tax in case the effects of the mentioned decision are reflected in the financial statements as of December 31, 2011, due to the fact that the Company accounts for the deferred tax asset related to the unused investment allowance.

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**XXIII. Explanations on reporting according to segmentation**

In addition to corporate banking, retail banking and commercial banking services, the Group also provides private banking, treasury operations and credit card services through branches and alternative channels. The Group serves its retail banking clients with time and demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Group provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. Other than those mentioned above, the Group also serves in trading financial instruments, treasury operations, and performs insurance, factoring, and domestic and abroad financial lease operations.

The calculations based on the income statement on corporate and commercial banking, consumer banking, plastic cards that have operational units designated as the main profit centers, have been made according to the product and customer types. During the profitability calculations, the pricing of transfers among these units and treasury unit are made by using cost/return ratios that are determined by the Parent Bank's senior management and which are updated periodically. In this pricing method, general market conditions and the Parent Bank's internal policies are considered.

The Corporate Marketing Unit provides services to firms that are institutional, big size, that have annual revenues of TL 100,000 and higher and multi-national firms operating in Turkey. The firms that have revenue between TL 2,000 and TL 100,000 are considered as "Commercial Enterprise". The Bank gives importance to the commercial segmentation in order to hedge risk and decrease the concentration of income. Moreover; the Parent Bank also offers sectoral solution packages to small and medium-size firms.

The Consumer Banking meets the needs and expectations of the retail banking customers. The Private Banking Unit has formed and started to operate to serve customers with high level income, in a more effective way. The installments, discounts and bonus advantages are provided to the users of Card Finans in the plastic cards line. The main function of Treasury Segment is managing the liquidity of the Parent Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail, and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Parent Bank.

<b>Current Period (December 31, 2011)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Group</b>
Net Interest Income	1,292,265	527,032	504,768	2,324,065
Net Fees and Commissions Income	1,271,223	115,724	(501,925)	885,022
Other Operating Income and Net Trading Income	55,661	120,077	(192,737)	(16,999)
Dividend Income	-	-	254	254
<b>Operating Income</b>	<b>2,619,149</b>	<b>762,833</b>	<b>(189,640)</b>	<b>3,192,342</b>
Other Operating Expenses	1,050,276	302,053	332,520	1,684,849
Provision for Loan Losses and Other Receivables(-)	269,229	50,618	5,691	325,538
<b>Profit Before Taxes</b>	<b>1,299,644</b>	<b>410,162</b>	<b>(527,851)</b>	<b>1,181,955</b>
<b>Tax Charge</b>	-	-	-	<b>(285,613)</b>
<b>Net Profit/Loss</b>	-	-	-	<b>896,342</b>
<b>Total Assets</b>	<b>23,301,608</b>	<b>7,784,933</b>	<b>13,412,986</b>	<b>47,230,833</b>
Segment Assets	23,301,608	7,784,933	13,412,986	44,499,527
Associates, Subsidiaries and Entities Under Common Control	-	-	-	24,555
Undistributed Assets	-	-	-	2,706,751
<b>Total Liabilities</b>	<b>20,240,321</b>	<b>8,234,010</b>	<b>9,711,761</b>	<b>47,230,833</b>
Segment Liabilities	20,240,321	8,234,010	9,711,761	38,186,092
Undistributed Liabilities	-	-	-	3,133,418
Equity	-	-	-	5,911,323
<b>Other Segment Accounts</b>	-	-	-	<b>389,195</b>
Capital Expenditures	-	-	-	259,146
Depreciation and Amortization	-	-	-	128,367
Value Decrease/ (Increase)	-	-	-	1,682

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<b>Prior Period (December 31, 2010)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Group</b>
Net Interest Income	1,154,889	410,086	791,934	2,356,909
Net Fees and Commissions Income	837,937	106,664	(272,313)	672,288
Other Operating Income and Net Trading Income	38,850	66,020	(210,441)	(105,571)
Dividend Income	-	-	326	326
<b>Operating Income</b>	<b>2,031,676</b>	<b>582,770</b>	<b>309,506</b>	<b>2,923,952</b>
Other Operating Expenses	930,304	309,275	234,209	1,473,788
Provision for Loan Losses and Other Receivables(-)	179,255	35,998	59,486	274,739
<b>Profit Before Taxes</b>	<b>922,117</b>	<b>237,497</b>	<b>15,811</b>	<b>1,175,425</b>
<b>Tax Charge</b>	-	-	-	<b>(237,848)</b>
<b>Net Profit/Loss</b>	-	-	-	<b>937,577</b>
<b>Total Assets</b>	<b>19,203,086</b>	<b>6,855,200</b>	<b>10,414,940</b>	<b>39,253,924</b>
Segment Assets	19,203,086	6,855,200	10,414,940	36,473,226
Associates, Subsidiaries and Entities Under Common Control	-	-	-	23,555
Undistributed Assets	-	-	-	2,757,143
<b>Total Liabilities</b>	<b>14,862,829</b>	<b>8,164,499</b>	<b>8,525,637</b>	<b>39,253,924</b>
Segment Liabilities	14,862,829	8,164,499	8,525,637	31,552,965
Undistributed Liabilities	-	-	-	2,314,492
Equity	-	-	-	5,386,467
<b>Other Segment Accounts</b>	-	-	-	<b>292,406</b>
Capital Expenditures	-	-	-	182,724
Depreciation and Amortization	-	-	-	108,467
Value Decrease/ (Increase)	-	-	-	1,215

**XXIV. Explanations on other matters**

None.

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**SECTION FOUR**

**INFORMATION ON GROUP'S FINANCIAL STRUCTURE**

**I. Explanations related to consolidated capital adequacy standard ratio**

As of December 31, 2011, the Group's consolidated capital adequacy ratio is 17.61% (December 31, 2010 - 17.33%).

Capital adequacy ratio is calculated in accordance with the "The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette No. 26333, dated November 1, 2006 and "The Regulation on Amendments to the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette No: 26669, 26824, 27320 and 27968, dated October 10, 2007, March 22, 2008, August 15, 2009 and June 18, 2011, respectively. For the calculation of the capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used. Moreover, market risk value is calculated in accordance with the "The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and factored into capital adequacy ratio.

The items deducted from the capital base are not included in the calculation of risk weighted assets, non-cash loans and liabilities. For the calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deductions from related assets.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted again and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

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**Consolidated and unconsolidated capital adequacy ratio:**

	Risk Weight													
	Parent Bank							Consolidated						
	0%	10%	20%	50%	100%	150%	200%	0%	10%	20%	50%	100%	150%	200%
<b>Value at Credit Risk</b>														
<b>Balance Sheet Items (Net)</b>	<b>4,912,247</b>	-	<b>813,271</b>	<b>9,515,006</b>	<b>19,315,211</b>	<b>1,211,508</b>	<b>1,188,283</b>	<b>4,935,407</b>	-	<b>917,096</b>	<b>9,667,643</b>	<b>20,073,621</b>	<b>1,211,508</b>	<b>1,188,283</b>
Cash on Hand	518,760	-	12	-	-	-	-	524,252	-	12	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with the T.R. Central Bank Domestic and Foreign Banks, Foreign Head Offices and Branches	480,213	-	-	-	-	-	-	480,213	-	-	-	-	-	-
Money Market Placements	390,833	-	-	-	-	-	-	390,926	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	700,000	-	-	-	-	-	-	700,000	-	2,184	-	-	-	-
Reserve Deposits	1,965,801	-	-	-	-	-	-	1,965,801	-	-	-	-	-	-
Loans and Receivables	855,576	-	43,718	9,093,999	17,097,983	1,211,508	1,188,283	855,576	-	43,718	9,093,999	17,094,873	1,211,508	1,188,283
Non-performing Loans (Net)	-	-	-	-	403,359	-	-	-	-	-	-	403,359	-	-
Lease Receivables	-	-	-	-	-	-	-	697	-	-	151,493	823,076	-	-
Investment Securities Available-for- Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments Held-to-Maturity Receivables from Forward Sale of Assets	-	-	-	-	24,950	-	-	-	-	-	-	24,950	-	-
Sundry Debtors	-	-	-	-	113,640	-	-	-	-	-	-	138,140	-	-
Accrued Interest and Income	489	-	598	421,007	488,963	-	-	878	-	598	422,151	494,487	-	-
Investments in Associates, Subsidiaries and Entities Under Common Control (Net)	-	-	-	-	421,964	-	-	-	-	-	-	24,555	-	-
Tangible Assets	-	-	-	-	283,827	-	-	-	-	-	-	298,394	-	-
Other Assets (*)	575	-	-	-	420,604	-	-	17,064	-	-	-	711,303	-	-
<b>Off-Balance Sheet Items</b>	<b>2,180,612</b>	-	<b>2,257,895</b>	<b>323,916</b>	<b>8,193,287</b>	-	-	<b>2,180,612</b>	-	<b>2,257,895</b>	<b>323,916</b>	<b>8,193,697</b>	-	-
Non-Cash Loans and Commitments	2,180,612	-	204,621	323,916	8,085,189	-	-	2,180,612	-	204,621	323,916	8,085,189	-	-
Derivative Financial Instruments	-	-	2,053,274	-	108,098	-	-	-	-	2,053,274	-	108,508	-	-
<b>Non-Risk-Weighted Accounts</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Value at Risk</b>	<b>7,092,859</b>	-	<b>3,071,166</b>	<b>9,838,922</b>	<b>27,508,498</b>	<b>1,211,508</b>	<b>1,188,283</b>	<b>7,116,019</b>	-	<b>3,174,991</b>	<b>9,991,559</b>	<b>28,267,318</b>	<b>1,211,508</b>	<b>1,188,283</b>
<b>Total Risk Weighted Assets</b>	-	-	<b>614,233</b>	<b>4,919,461</b>	<b>27,508,498</b>	<b>1,817,262</b>	<b>2,376,566</b>	-	-	<b>634,998</b>	<b>4,995,780</b>	<b>28,267,318</b>	<b>1,817,262</b>	<b>2,376,566</b>

(\*) Also includes factoring receivables.

**Summary information related to consolidated and unconsolidated capital adequacy ratio:**

	Parent Bank		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Value at Credit Risk	37,236,020	29,506,581	38,091,924	30,310,413
Value at Market Risk	1,639,763	1,917,300	1,739,738	1,959,813
Value at Operational Risk	4,195,358	3,805,616	4,581,039	4,195,873
Shareholders' Equity	7,399,378	5,877,201	7,820,009	6,320,171
Shareholders' Equity/(VACR+VAMR+VAOR)x100	17.18%	16.68%	17.61%	17.33%
VACR	: Value at Credit Risk			
VAMR	: Value at Market Risk			
VAOR	: Value at Operational Risk			

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**Components of consolidated shareholders' equity items:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid-in Capital	2,440,000	2,205,000
Nominal Capital	2,440,000	2,205,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	714	665
Share Cancellation Profits	-	-
Legal Reserves	269,937	204,185
I. Legal Reserve (Turkish Commercial Code 466/1)	231,445	179,723
II. Legal Reserve (Turkish Commercial Code 466/2)	38,492	24,462
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	1,883,823	1,274,609
Reserve Allocated as per the Decision Held by the General Assembly	1,883,823	1,274,609
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	898,412	937,603
Current Period Profit	883,731	922,922
Prior Periods Profit	14,681	14,681
Free Reserves for Possible Losses (up to 25% of Core Capital)	63,702	78,265
Income on Sale of Equity Shares and Real Estates to be Used up for Capital Increase	518,610	517,630
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Minority Interest	159,904	143,705
Losses Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	101,979	91,617
Prepaid Expenses (-) <sup>(*)</sup>	-	123,121
Intangible Assets (-)	137,470	101,160
Deferred Tax Asset Excess of 10% of Core Capital (-)	-	-
Limit Excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Consolidation Goodwill (Net) (-)	8,969	8,969
<b>Total Core Capital</b>	<b>5,986,684</b>	<b>5,036,795</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	400,441	265,808
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Real Estate	-	-
Bonus Shares of Associates, Subsidiaries and Entities Under Common Control	-	-
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	1,734,435	1,002,551
Securities Value Increase Fund	(253,716)	55,911
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	(253,716)	55,911
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits (Excluding Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves)	-	-
Minority Shares	-	-
<b>Total Supplementary Capital</b>	<b>1,881,160</b>	<b>1,324,270</b>
<b>TIER III CAPITAL</b>		
<b>CAPITAL</b>	<b>7,867,844</b>	<b>6,361,065</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>47,835</b>	<b>40,894</b>
Unconsolidated Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at Less than 10% Exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	34,429	28,687
Loan Granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Properties exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years After Foreclosure	13,366	12,207
Others	40	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,820,009</b>	<b>6,320,171</b>

(\*) According to the amendment on Regulation on Equity of Banks published in the Official Gazette dated March 10, 2011 and numbered 27870, prepaid expenses are not deducted from shareholders' equity but included in the 100% risk group under "Other Assets" line.

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**II. Explanations related to consolidated credit risk**

Credit risk represents the risk generating from the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally. Credit Risk Management Committee and Credit Department is responsible for managing credit risk.

Total credit limit given to a risk group is determined considering the credit amount by different credit granting departments regarding legal limitations. Besides the total limit, product based limits are determined as well.

The credibility of the debtors is assessed periodically in accordance with the related regulation. The statements presenting the financial position of the borrowers are obtained in accordance with the related regulation.

Loan limits of the loan customers are revised periodically in line with the Group's procedures.

The Parent Bank analyses the credibility of the loans within the framework of its loan policies and obtains collaterals for loans and receivables.

The Parent Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with the risks resulting from market fluctuations. The Parent Bank monitors risks of forward transactions, options and other similar agreements and reduces the risk if necessary.

Indemnified non-cash loans are weighted in the same risk group with the non-performing loans.

The restructured and rescheduled loans are monitored by the Parent Bank in line with the Parent Bank's credit risk management procedures. The debtor's financial position and commercial activities are continuously analyzed and the principal and interest payments of rescheduled loans are monitored by the related departments.

The restructured and rescheduled loans are evaluated in the Parent Bank's current internal rating system besides the follow up method determined in the related regulation.

The Parent Bank created a Basel II program and realized infrastructure development and modeling for measuring default probability, amount and loss in case of default, which are also called as credit risk parameters. In this context, infrastructure and modeling works for default probability are completed and started to be used in decision processes. Infrastructure work for default amounts and losses in case of default parameters are completed and modeling will start after collection of sufficient data. On the other hand, the Parent Bank has established necessary infrastructure to calculate capital adequacy ratio in respect of Basel II Standard Method.

The receivables of the Group from its top 100 cash loan customers are 15% in the total cash loans (December 31, 2010 – 15%).

The receivables of the Group from its top 100 non-cash loan customers are 45% in the total non-cash loans (December 31, 2010 – 45%).

The share of cash and non-cash receivables of the Group from its top 100 loan customers in total cash and non-cash loans is 18% (December 31, 2010 – 18%).

The general loan loss provision related with the credit risk taken by the Group is TL 400,441 (December 31, 2010 – TL 265,808).

Provision for probable risks in the Group's loan portfolio amounted to TL 63,702 (December 31, 2010 – TL 78,265).

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The table below shows the maximum credit risk sensitivity of the financial statements.

	<b>Current Period</b>	<b>Prior Period</b>
T.R Central Bank	2,446,014	1,968,847
Financial assets held for trading	88,649	112,869
Financial assets at fair value through profit/loss	-	74,654
Assets on trading derivatives	1,009,798	392,295
Banks	932,226	559,178
Money market placements	1,093,506	4,977
Derivative financial assets hedging purposes	1,001,747	28,648
Investment securities available for sale	6,840,965	7,244,785
Factoring receivables (**)	251,927	222,025
Loans and receivables (*)	30,431,003	25,595,803
Investments in associates, subsidiaries and entities under common control (Net)	24,555	23,555
Lease receivables (**)	928,719	761,414
Other assets	242,510	650,331
<b>Total</b>	<b>45,291,619</b>	<b>37,639,381</b>
Guarantees	6,985,658	6,035,682
Commitments	25,422,811	15,045,808
<b>Total</b>	<b>32,408,469</b>	<b>21,081,490</b>
<b>Total credit risk exposure</b>	<b>77,700,088</b>	<b>58,720,871</b>

(\*) The loans and receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are presented as “Loans at Fair Value through Profit / Loss” in the financial statements. In addition, non-performing loans are not included in the loans and receivables balances.

(\*\*) Non-performing lease receivables and factoring receivables are not included.

**Credit rating system**

The Parent Bank aims to manage its loan portfolio based on international best practices. In this respect, the Parent Bank has formed internal scoring and rating systems, based on statistical methods to monitor the credibility of its clients. These systems classify the customers according to their default risk from highest to lowest score or rating. Internal scoring systems are used to improve the efficiency of the loan granting process, to monitor loan portfolio quality effectively and to assist in the determination of the actions required. The Parent Bank uses rating and scoring systems for corporate customers, application scoring systems for consumer loans in order to assess the creditworthiness of a customer applying for a loan, and behavioral scoring systems for existing customers in order to calculate the default probability in a certain period of time. These systems are revised periodically based on international best practices and methodologies and calibrated if necessary.

The table below indicates the ratings of the corporate / commercial and enterprise banking cash loans:

	<b>Current Period (%)</b>	<b>Prior Period (%)</b>
Debtor has a very strong financial structure	6	7
Debtor has a good financial structure	58	59
Debtor has a medium financial structure	23	21
Debtor has a financial structure which needs attention in medium term	9	9
Not graded	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

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Credit quality per class of financial assets is shown below;

<b>Current Period</b>	<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>	<b>Total</b>
T.R. Central Bank	2,446,014	-	2,446,014
Financial assets held for trading	88,649	-	88,649
Banks	932,226	-	932,226
Assets on trading derivatives	1,009,798	-	1,009,798
Money market placements	1,093,506	-	1,093,506
Derivative financial assets hedging purposes	1,001,747	-	1,001,747
Investment securities available for sale (Net)	6,840,965	-	6,840,965
Factoring receivables <sup>(****)</sup>	251,927	-	251,927
<b>Loans and receivables<sup>(**)</sup></b>	<b>29,064,507</b>	<b>1,366,496<sup>(*)</sup></b>	<b>30,431,003</b>
Corporate / commercial loans	11,501,950	45,318	11,547,268
Consumer loans	10,531,522	222,140	10,753,662
Credit cards	7,031,035	1,099,038	8,130,073
Investments in associates, subsidiaries and entities under common control (Net)	24,555	-	24,555
Lease receivables (Net) <sup>(***)</sup>	918,501	10,218 <sup>(***)</sup>	928,719
Other assets	242,510	-	242,510
<b>Total</b>	<b>43,914,905</b>	<b>1,376,714</b>	<b>45,291,619</b>

(\*) Balances represent the overdue installments. The principle amounts of “Corporate / Commercial Loans” and “Consumer Loans” are TL 237,158 and TL 1,224,667 respectively.

(\*\*) The loans and receivables amounting to TL 567,612 (December 31, 2010 – 976,951) are presented as “Loans at Fair Value through Profit / Loss” in the consolidated financial statements. Besides, loans and receivables do not include non-performing loans.

(\*\*\*) Balances represent the overdue installments. The total principle amount of the “Lease Receivables” is TL 52,115.

(\*\*\*\*) Non-performing lease receivables and factoring receivables are not included.

As of December 31, 2011, for the loans and receivables past due but not impaired, the Group has collaterals amounting TL 779,620 for non exceeding portion of the customer risks which are received for the total exposure to the customers including past due and not past due exposures. (December 31, 2010 – TL 820,232).

<b>Prior Period</b>	<b>Neither past due nor impaired</b>	<b>Past due but not impaired</b>	<b>Total</b>
T.R. Central Bank	1,968,847	-	1,968,847
Financial assets held for trading	112,869	-	112,869
Financial assets at fair value through profit/loss	74,654	-	74,654
Banks	559,178	-	559,178
Assets on trading derivatives	392,295	-	392,295
Money market placements	4,977	-	4,977
Derivative financial assets hedging purposes	28,648	-	28,648
Investment securities available for sale (Net)	7,244,785	-	7,244,785
Factoring receivables	222,025	-	222,025
<b>Loans and receivables<sup>(**)</sup></b>	<b>24,710,370</b>	<b>885,433<sup>(*)</sup></b>	<b>25,595,803</b>
Corporate / commercial loans	9,562,431	62,648	9,625,079
Consumer loans	9,439,674	138,993	9,578,667
Credit cards	5,708,265	683,792	6,392,057
Investments in associates, subsidiaries and entities under common control (Net)	23,555	-	23,555
Lease receivables (Net)	749,697	11,717 <sup>(***)</sup>	761,414
Other assets	650,331	-	650,331
<b>Total</b>	<b>36,742,231</b>	<b>897,150</b>	<b>37,639,381</b>

(\*) Balances represent the overdue installments. The principle amounts of “Corporate / Commercial Loans” and “Consumer Loans” are TL 260,388 and TL 919,108 respectively.

(\*\*) The loans and other receivables amounting to TL 976,951 (December 31, 2010: TL 1,572,129) are presented as “Loans at Fair Value through Profit / Loss” in the consolidated financial statements.

(\*\*\*) Balances represent the overdue installments. The principle amounts of the “Lease Receivables” are TL 48,318.

Information related to financial assets whose maturity or terms of agreement are revised is given in section 5, Part 1, footnote 6.

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**Credit risk by types of borrowers and geographical concentration:**

	Loans to Real People and Entities(*)		Loans to Banks and Other Financial Institutions		Marketable Securities		Other Loans (**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Loans according to borrowers</b>	<b>29,885,420</b>	<b>25,024,518</b>	<b>4,085,103</b>	<b>2,540,132</b>	<b>6,929,614</b>	<b>7,432,308</b>	<b>4,218,042</b>	<b>2,448,965</b>
Private Sector	11,096,681	9,060,986	1,040,710	538,791	137,880	122,656	1,193,646	963,248
Public Sector	134,129	88,515	3,009,520	1,968,847	6,728,782	7,217,928	32	168
Banks	-	-	34,873	32,494	62,952	91,724	2,874,380	1,346,753
Retail	18,654,610	15,875,017	-	-	-	-	149,984	138,796
Share Certificates	-	-	-	-	-	-	-	-
<b>Information according to geographical concentration</b>	<b>29,885,420</b>	<b>25,024,518</b>	<b>4,085,103</b>	<b>2,540,132</b>	<b>6,929,614</b>	<b>7,432,308</b>	<b>4,218,042</b>	<b>2,448,965</b>
Domestic	28,362,331	24,419,497	4,059,944	2,504,465	5,760,258	6,126,568	2,554,898	1,700,023
European Union Countries	2,474	-	-	34,549	20,438	-	4,204	9,956
OECD Countries	-	-	-	-	-	-	-	-
Off-shore Banking Regions	1,339,315	605,021	-	-	1,148,918	1,305,740	1,658,940	732,634
USA, Canada	1,733	-	-	793	-	-	-	-
Other Countries	179,567	-	25,159	325	-	-	-	6,352

(\*)The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are presented under “Loans at Fair Value through Profit / Loss” in the financial statements.

(\*\*) This column represents TL 932,226 (December 31, 2010 – TL 559,178) bank placements, TL1,009,798 (December 31, 2010 - TL 392,265) derivative financial assets held for trading, TL 1,001,747 (December 31, 2010 - TL 28,648) derivative financial assets hedging purposes, TL 251,927(December 31, 2010 – TL 222,025) factoring receivables, TL 928,719 (December 31, 2010 – TL 761,237) lease receivables, TL 24,555(December 31, 2010 - TL 23,555) investment in associates, subsidiaries and entities under common control, and TL 69,070 (December 31, 2010- TL 461,851) cash guarantees given to financial institutions.

**Information according to geographical concentration:**

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	42,623,542	37,554,619	6,909,998	-	883,731
European Union Countries	-	-	-	-	-
OECD Countries (*)	-	-	-	-	-
Off-shore Banking Regions	4,582,736	3,764,891	75,660	-	-
USA, Canada	-	-	-	-	-
Other Countries	-	-	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	24,555	-
Unallocated Assets/Liabilities	-	-	-	-	12,611
<b>Total</b>	<b>47,206,278</b>	<b>41,319,510</b>	<b>6,985,658</b>	<b>24,555</b>	<b>896,342</b>

(\*)Includes OECD countries other than EU countries, USA and Canada.

Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	36,570,142	29,136,284	6,017,122	-	922,922
European Union Countries	-	-	-	-	-
OECD Countries (*)	-	-	-	-	-
Off-shore Banking Regions	2,660,227	4,731,173	18,560	-	-
USA, Canada	-	-	-	-	-
Other Countries	-	-	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	23,555	-
Unallocated Assets/Liabilities	-	-	-	-	14,655
<b>Total</b>	<b>39,230,369</b>	<b>33,867,457</b>	<b>6,035,682</b>	<b>23,555</b>	<b>937,577</b>

(\*) Includes OECD countries other than EU countries, USA and Canada.

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**Sectoral distribution of cash loans (\*)**

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>54,962</b>	<b>0.21</b>	<b>15,374</b>	<b>0.45</b>	<b>99,941</b>	<b>0.43</b>	<b>110,086</b>	<b>4.52</b>
Farming and Raising Livestock	45,503	0.17	13,164	0.38	51,811	0.22	17,042	0.70
Forestry	2,302	0.01	173	0.01	43,604	0.19	88,323	3.63
Fishing	7,157	0.03	2,037	0.06	4,526	0.02	4,721	0.19
<b>Manufacturing</b>	<b>1,164,434</b>	<b>4.31</b>	<b>1,709,058</b>	<b>50.00</b>	<b>993,997</b>	<b>4.29</b>	<b>1,070,838</b>	<b>43.99</b>
Mining	20,205	0.07	16,583	0.49	43,538	0.19	43,142	1.78
Production	1,054,658	3.91	1,427,890	41.77	925,295	3.99	1,027,696	42.21
Electric, Gas and Water	89,571	0.33	264,585	7.74	25,164	0.11	-	0.00
<b>Construction</b>	<b>435,082</b>	<b>1.61</b>	<b>150,363</b>	<b>4.40</b>	<b>317,569</b>	<b>1.37</b>	<b>54,878</b>	<b>2.25</b>
<b>Services</b>	<b>2,284,462</b>	<b>8.46</b>	<b>1,281,314</b>	<b>37.48</b>	<b>1,951,689</b>	<b>8.43</b>	<b>1,099,682</b>	<b>45.17</b>
Wholesale and Retail Trade	1,566,127	5.80	540,689	15.81	1,216,027	5.26	412,611	16.95
Hotel, Food and Beverage Services	37,949	0.14	229,489	6.72	34,937	0.15	240,521	9.88
Transportation and Telecommunication	126,699	0.47	284,427	8.32	79,983	0.35	199,244	8.18
Financial Institutions	416,727	1.54	60,907	1.78	496,131	2.14	83,248	3.42
Real Estate and Renting Services	4,689	0.02	-	-	2,967	0.01	1,005	0.04
Self-employment Services	58,353	0.22	46,555	1.36	68,934	0.30	35,952	1.48
Education Services	9,106	0.03	10,017	0.29	14,630	0.06	9,198	0.38
Health and Social Services	64,812	0.24	109,230	3.20	38,080	0.16	117,903	4.84
<b>Other</b>	<b>23,065,925 (**)</b>	<b>85.41</b>	<b>270,029</b>	<b>7.67</b>	<b>19,797,987 (**)</b>	<b>85.48</b>	<b>99,136</b>	<b>4.07</b>
<b>Total</b>	<b>27,004,865</b>	<b>100.00</b>	<b>3,426,138</b>	<b>100.00</b>	<b>23,161,183</b>	<b>100.00</b>	<b>2,434,620</b>	<b>100.00</b>

(\*)Includes loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) which are presented under “Loans at Fair Value through Profit / Loss” in the financial statements.

(\*\*) Includes consumer loans, installment loans and credit cards amounting to TL 22,977,130 (December 31, 2010 - TL 19,339,365).

### III . Explanations related to consolidated market risk

The Group has established market risk operations and has taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with the Regulation on “Banks’ Internal Control and Risk Management Systems” and the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

Based on the proposal of High Level Risk Committee, the Board of Directors of the Parent Bank determines risk management strategies and policies for managing market risk and ensures periodic monitoring of the application of strategies. The Board of Directors of the Parent Bank determines the risk limits by considering the primary risk factors and those limits are revised as seen necessary. Additionally, the Board of Directors of the Parent Bank requires risk management group and the top management of the Group to take necessary actions in order to identify, measure, control and manage the risks that the Group is exposed to.

The market risk is measured by using an internal model developed with Value-at-Risk (VAR) methodology. VAR is calculated with ‘Historical Simulation’ method. ‘Bank Risk Tolerance’ is determined in order to manage the market risk efficiently and to keep the market risk within the desirable limits. Risk Management Group monitors the VAR balances daily for compliance with the Parent Bank Risk Tolerance.

Periodic stress tests and scenario analysis are used to support results of VAR. Furthermore, conventional risk measurement methods such as cash flow projection, duration and variation analysis are also used.

The capital required for General Market Risk and Specific Risk is calculated and reported monthly in accordance with the Standard Method defined in the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”.

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**1. Information on consolidated market risk**

	<b>Amount</b>
(I) Capital Obligation against General Market Risk - Standard Method	78,506
(II) Capital Obligation against Specific Risks - Standard Method	16,512
(III) Capital Obligation against Currency Risk - Standard Method	27,834
(IV) Capital Obligation against Commodity Risks – Standard Method	9,589
(V) Capital Obligation against Settlement Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	6,738
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI+VII)	139,179
<b>(IX) Value-At-Market Risk (12,5 x VIII) or (12,5 x VII)</b>	<b>1,739,738</b>

**2. Average market risk table calculated at the end of the months during the period**

	<b>Current Period</b>			<b>Prior Period</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Interest Rate Risk	1,092,191	1,379,688	873,150	1,201,947	1,278,200	1,143,250
Common Share Risk	279,941	308,550	238,525	238,934	283,050	189,263
Currency Risk	321,634	415,013	201,163	194,691	329,875	111,188
Commodity Risk	130,378	164,200	79,950	44,897	179,588	-
Settlement Risk	-	-	-	-	-	-
Option Risk	133,269	180,400	84,225	27,194	58,263	15,350
<b>Total Value at Risk</b>	<b>1,957,413</b>	<b>2,447,851</b>	<b>1,477,013</b>	<b>1,707,663</b>	<b>2,128,976</b>	<b>1,459,051</b>

**IV. Explanations related to operational risk**

Value at operational risk is calculated with basic indicator method by using the gross profits for the last three years (2010, 2009 and 2008) as per the “Calculation of Value at Operational Risk” of the article (4) of “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” which was published in the Official Gazette No: 26333 dated November 1, 2006 and became effective as of June 1, 2007. As of December 31, 2011, the value at operational risk is amounting to TL 4,581,039 (December 31, 2010 - TL 4,195,873).

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**V. Explanations related to consolidated foreign currency exchange rate risk**

**1. Whether the Group is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the Board of Directors of the Parent Bank sets limits for positions that are monitored daily**

As of December 31, 2011, the net foreign currency exposure of the Group is TL 455,490 short (December 31, 2010 –TL 431,810 net foreign currency short) resulting from on balance sheet short position amounting to TL 5,364,870 (December 31, 2010 – TL 4,162,400) and long off balance sheet position amounting to TL 4,908,610 (December 31, 2010 – TL 3,730,590). The long off balance sheet position amounting to TL 6,219,112 (December 31, 2010 - TL 3,747,117) is related with the FC/TL swap transactions performed with banks and customers. The Group used these transactions to manage the foreign currency liquidity risk and to hedge itself from interest rate risk.

The Group enters into foreign currency forward transactions to decrease foreign currency position risk. The Group also engages in foreign currency and Eurobond buy-sell option transactions.

Position limit related with currency risk is determined according to Foreign Currency Net Position Standard Ratio. Measurable and manageable risks are taken within legal limits.

Foreign Currency Exchange Rate Risk is monitored along with potential evaluation differences in foreign currency translations in accordance with “Regulations on Bank’s Internal Control and Risk Management Systems”. Standard method is used in measuring foreign currency exchange rate risk on a weekly basis.

**2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives**

The Group does not hedge foreign currency borrowings and net foreign currency investments by derivative instruments.

**3. The Parent Bank’s spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date**

US Dollar purchase rate in the balance sheet date	TL 1.9065
Euro purchase rate in the balance sheet date	TL 2.4592

<b><u>Date</u></b>	<b><u>US Dollar</u></b>	<b><u>Euro</u></b>
December 31, 2011	TL 1.9065	TL 2.4592
December 29, 2011	TL 1.8897	TL 2.4702
December 28, 2011	TL 1.8847	TL 2.4633
December 27, 2011	TL 1.8833	TL 2.4613
December 26, 2011	TL 1.8809	TL 2.4583
December 23, 2011	TL 1.8779	TL 2.4555

**4. The basic arithmetical average of the Parent Bank’s foreign exchange bid rate for the last thirty days**

The arithmetical average of the Parent Bank’s US Dollar and Euro purchase rates for December 2011 are TL 1.8589 and TL 2.4522, respectively.

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**5. Information on the consolidated foreign currency exchange rate risk**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	2,172,875	92,857	92	224,666	2,490,490
Due From Banks	72,836	460,777	875	9,239	543,727
Financial Assets at Fair Value through Profit/Loss <sup>(4)</sup>	40,253	135,586	-	43,662	219,501
Money Market Placements	-	390,926	-	-	390,926
Investment Securities Available-for-Sale	95,460	749,941	-	-	845,401
Loans and Receivables <sup>(2)</sup>	1,821,761	2,941,906	94,957	68,858	4,927,482
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-	-
Derivative Financial Assets Hedging Purposes	-	40,954	-	-	40,954
Tangible Assets	-	-	-	76	76
Other Assets <sup>(3)</sup>	591,503	281,962	10	1,499	874,974
<b>Total Assets</b>	<b>4,794,688</b>	<b>5,094,909</b>	<b>95,934</b>	<b>348,000</b>	<b>10,333,531</b>
<b>Liabilities</b>					
Bank Deposits	31,604	125,033	88	5,618	162,343
Foreign Currency Deposits	2,523,596	4,787,400	463	412,383	7,723,842
Money Market Borrowings	219,857	479,973	-	-	699,830
Funds Provided from Other Financial Institutions	1,626,446	3,505,885	-	-	5,132,331
Securities Issued	-	989,875	-	-	989,875
Sundry Creditors	114,899	495,082	10	213	610,204
Derivative Fin. Liabilities for Hedging Purposes	6,496	117,762	-	-	124,258
Other Liabilities <sup>(5)</sup>	47,673	163,921	-	43,355	254,949
<b>Total Liabilities</b>	<b>4,570,571</b>	<b>10,664,931</b>	<b>561</b>	<b>461,569</b>	<b>15,697,632</b>
<b>Net Balance Sheet Position</b>	<b>224,117</b>	<b>(5,570,022)</b>	<b>95,373</b>	<b>(113,569)</b>	<b>(5,364,101)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(289,244)</b>	<b>5,178,787</b>	<b>(97,272)</b>	<b>116,340</b>	<b>4,908,611</b>
Financial Derivative Assets	3,373,856	20,411,234	10,977	773,025	24,569,092
Financial Derivative Liabilities	3,663,100	15,232,447	108,249	656,685	19,660,481
Non-Cash Loans <sup>(1)</sup>	969,080	2,342,380	5,656	211,036	3,528,152
<b>Prior Period</b>					
Total Assets	<b>2,534,877</b>	<b>4,756,861</b>	<b>102,469</b>	<b>137,988</b>	<b>7,532,195</b>
Total Liabilities	<b>4,282,741</b>	<b>7,301,455</b>	<b>1,685</b>	<b>108,714</b>	<b>11,694,595</b>
<b>Net Balance Sheet Position</b>	<b>(1,747,864)</b>	<b>(2,544,594)</b>	<b>100,784</b>	<b>29,274</b>	<b>(4,162,400)</b>
<b>Net Off-Balance Sheet Position</b>	<b>1,524,949</b>	<b>2,329,951</b>	<b>(105,196)</b>	<b>(19,114)</b>	<b>3,730,590</b>
Financial Derivative Assets	3,660,565	12,267,859	31,888	796,631	16,756,943
Financial Derivative Liabilities	2,135,616	9,937,908	137,084	815,745	13,026,353
Non-Cash Loans <sup>(1)</sup>	768,047	2,055,034	1,520	241,021	3,065,622

(1) Does not affect net off balance sheet position.

(2) Includes foreign currency indexed loans amounting to TL 1,501,344 (December 31, 2010 – TL 1,245,591) that are classified as TL on the balance sheet.

(3) Does not include the prepaid expenses amounting to TL 2,095 (December 31, 2010 – TL 835) that are classified as FC on the balance sheet in accordance with the communiqué issued by BRSA and published in the Official Gazette No 26085 dated February 19, 2006, yet includes FC indexed factoring receivables amounting to TL 769 (December 31, 2010 – None).

(4) Does not include foreign exchange income accruals amounting to TL 17,180 (December 31, 2010 – TL 9,576).

(5) Foreign exchange expense accruals amounting to TL 13,248 (December 31, 2010 – TL 10,037) on derivative transactions and the general loan loss provisions amounting to TL 43,702 (December 31, 2010 – TL 31,215) computed for foreign currency loans and accounted as foreign currency amount in order to be in compliance with the Uniform Charts of Accounts are excluded.

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**6. Foreign currency sensitivity**

The Group is mainly exposed to EUR and USD currencies.

The following table details the Group's sensitivity to a 10% increase and decrease in USD and EUR. Other variables are assumed to be unchanged.

	<b>Change in Currency Rate in %</b>	<b>Net Effect on Profit or Loss (After Tax)</b>	<b>Net Effect on Equity(*)</b>	<b>Net Effect on Profit or Loss (After Tax)</b>	<b>Net Effect on Equity(*)</b>
		<b>Current Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Prior Period</b>
USD	10% increase	(18,770)	(7,236)	(6,672)	(7,349)
	10% decrease	18,770	7,236	6,672	7,349
EUR	10% increase	(5,689)	(4,974)	(43,568)	(43,430)
	10% decrease	5,689	4,974	43,568	43,430

(\*) Effect on equity also includes the effect of the change in foreign currency rates in the income statement.

**VI. Explanations related to consolidated interest rate risk**

Interest rate risk that would arise from the changes in interest rates depending on the Parent Bank's position is managed by the Asset/Liability Committee of the Parent Bank.

Interest rate sensitivity of assets, liabilities and off balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held every two weeks by taking the market developments into consideration.

The management of the Parent Bank follows the interest rates in the market on a daily basis and revises interest rates of the Parent Bank when necessary.

The assets and liabilities of the Parent Bank carry a positive interest yield, assets and liabilities are repriced within an average of 6 months. Consequently the Parent Bank carries limited interest rate risk.

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank changes the foreign currency liquidity obtained from the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Parent Bank not only funds its long term fixed interest rate loans with TL but also hedges itself from interest rate and maturity risk.

The Parent Bank's sensitivity of interest income and expenses are analyzed against the changes in interest rates. In this analysis, it was assumed that the year-end balances remained same during the year.

During the interest rate sensitivity calculation, the difference between interest gains/losses calculated by using current market interest rates and interest gains/losses calculated by using shock applied interest rates is considered as the effect of the interest shock on the income accounts.

In interest rate sensitivity calculation, maturity of the fixed rate assets and liabilities and repricing terms of the variable interest rate assets and liabilities are considered.

As of the reporting date, 1% increase in interest rates would decrease the Parent Bank's net profit by TL 19,491 (December 31, 2010 – TL 85,763), 1% decrease in interest rates would increase the Parent Bank's net profit by TL 23,603 (December 31, 2010 – TL 93,983), when all the other variables are assumed to be constant.

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**Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items  
(Based on repricing dates)**

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing <sup>(*)</sup></b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	-	-	-	-	-	2,970,278	2,970,278
Due from Banks	640,419	75,300	10,427	-	-	206,080	932,226
Financial Assets at Fair Value Through Profit/Loss(**)	81,588	160,836	650,309	997,470	497,187	280,416	2,667,806
Money Market Placements	1,093,506	-	-	-	-	-	1,093,506
Investment Securities Available for Sale	1,222,212	1,398,075	1,275,305	1,928,613	897,305	119,455	6,840,965
Loans and Receivables	8,811,958	3,569,915	8,164,208	7,677,273	1,640,037	403,359	30,266,750
Other Assets (*)	199,832	132,463	450,657	506,826	8,000	1,161,524	2,459,302
<b>Total Assets</b>	<b>12,049,515</b>	<b>5,336,589</b>	<b>10,550,906</b>	<b>11,110,182</b>	<b>3,042,529</b>	<b>5,141,112</b>	<b>47,230,833</b>
<b>Liabilities</b>							
Bank Deposits	167,388	55,465	26,613	-	-	36,748	286,214
Other Deposits	15,020,524	10,023,293	974,628	28,297	-	2,660,331	28,707,073
Money Market Borrowings	1,534,253	68	-	-	-	-	1,534,321
Sundry Creditors	815	-	-	-	-	1,578,322	1,579,137
Securities Issued	-	-	268,023	989,875	-	-	1,257,898
Funds Provided from Other Financial Institutions	953,347	436,084	3,588,654	335,114	11,624	-	5,324,823
Other Liabilities (*)	280,765	476,219	188,458	30,929	7,032	7,557,964	8,541,367
<b>Total Liabilities</b>	<b>17,957,092</b>	<b>10,991,129</b>	<b>5,046,376</b>	<b>1,384,215</b>	<b>18,656</b>	<b>11,833,365</b>	<b>47,230,833</b>
On Balance Sheet Long Position	-	-	5,504,530	9,725,967	3,023,873	-	18,254,370
On Balance Sheet Short Position	(5,907,577)	(5,654,540)	-	-	-	(6,692,253)	(18,254,370)
Off-Balance Sheet Long Position	-	-	447,161	860,705	84,105	-	1,391,971
Off-Balance Sheet Short Position	(298,321)	(330,936)	-	-	-	-	(629,257)
<b>Total Position</b>	<b>(6,205,898)</b>	<b>(5,985,476)</b>	<b>5,951,691</b>	<b>10,586,672</b>	<b>3,107,978</b>	<b>(6,692,253)</b>	<b>762,714</b>

(\*) "Other Assets" in "Non Interest Bearing" column include, other assets amounting to TL 573,668, tangible assets amounting to TL 400,373, intangible assets amounting to TL 146,439, associates, subsidiaries and entities under common control amounting to TL 24,555, tax assets amounting to TL 16,489; and "Other Liabilities" in the "Non Interest Bearing" column includes shareholders' equity amounting to TL 5,911,323, other liabilities amounting to TL 548,813, provisions amounting to TL 745,687, tax liability amounting to TL 98,847 and part of trading derivative financial liabilities amounting to TL 253,294.

(\*\*) This line also includes derivative financial assets hedging purposes amounting to TL 1,001,747.

**Average interest rates applied to monetary financial instruments**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	2.42	-	10.54
Financial Assets at Fair Value Through Profit/Loss	4.21	3.23	-	9.61
Money Market Placements	-	4.28	-	9.84
Investment Securities Available for Sale	4.85	5.73	-	7.57
Loans and Receivables	6.29	5.44	5.31	18.51 <sup>(*)</sup>
Investment Securities Held for Trading	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	4.59	4.19	-	10.68
Other Deposits	4.72	5.05	0.44	11.59
Money Market Borrowings	3.90	-	-	5.84
Sundry Creditors	-	-	-	-
Securities Issued	-	5.50	-	10.84
Funds Provided from Other Financial Institutions	2.65	3.48	-	11.06

(\*) The yield of loans is 15.38% excluding credit cards.

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**Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items  
(Based on repricing dates)**

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	3,841	-	-	-	-	2,394,479	2,398,320
Due from Banks	56,851	303,244	4,322	-	-	194,761	559,178
Financial Assets at Fair Value Through Profit/Loss(**)	127,908	179,663	157,506	300,788	627,020	192,532	1,585,417
Money Market Placements	4,977	-	-	-	-	-	4,977
Investment Securities Available for Sale	1,092,085	416,653	2,128,227	2,456,528	1,030,969	120,323	7,244,785
Loans and Other Receivables	6,918,850	2,791,409	6,862,344	6,800,376	1,341,823	136,373	24,851,175
Inv. Securities Held to Maturity	-	-	-	-	-	-	-
Other Assets (*)	592,118	171,391	335,486	379,314	9,555	1,122,208	2,610,072
<b>Total Assets</b>	<b>8,796,630</b>	<b>3,862,360</b>	<b>9,487,885</b>	<b>9,937,006</b>	<b>3,009,367</b>	<b>4,160,676</b>	<b>39,253,924</b>
<b>Liabilities</b>							
Bank Deposits	765,871	89,021	2,247	-	-	21,695	878,834
Other Deposits	14,727,414	5,816,977	371,419	27,177	-	2,188,513	23,131,500
Money Market Borrowings	1,183,465	42	-	-	-	-	1,183,507
Sundry Creditors	20,297	-	-	-	-	969,749	990,046
Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1,176,044	2,270,184	1,954,092	187,766	73,285	174	5,661,545
Other Liabilities (*)	133,815	53,644	194,926	203,122	55,166	6,767,819	7,408,492
<b>Total Liabilities</b>	<b>18,006,906</b>	<b>8,229,868</b>	<b>2,522,684</b>	<b>418,065</b>	<b>128,451</b>	<b>9,947,950</b>	<b>39,253,924</b>
On Balance Sheet Long Position	-	-	6,965,201	9,518,941	2,880,916	-	19,365,058
On Balance Sheet Short Position	(9,210,276)	(4,367,508)	-	-	-	(5,787,274)	(19,365,058)
Off-Balance Sheet Long Position	34,550	79,703	-	-	-	-	114,253
Off-Balance Sheet Short Position	-	-	(147,163)	(315,453)	(45,913)	-	(508,529)
<b>Total Position</b>	<b>(9,175,726)</b>	<b>(4,287,805)</b>	<b>6,818,038</b>	<b>9,203,488</b>	<b>2,835,003</b>	<b>(5,787,274)</b>	<b>(394,276)</b>

(\*)“Other Assets” in “Non Interest Bearing” column include, other assets amounting to TL 580,479, tangible assets amounting to TL 378,023, intangible assets amounting to TL 110,129, associates and subsidiaries amounting to TL 23,555, tax asset amounting to TL 30,022 and “Other Liabilities” in the “Non Interest Bearing” column includes shareholders’ equity amounting to TL 5,386,467, other liabilities amounting to TL 497,487, provisions amounting to TL 578,096, tax liability amounting to TL 144,693 and part of trading derivative financial liabilities amounting to TL 161,076.

(\*\*)This line also includes derivative financial assets for hedging purposes amounting to TL 28,648.

**Average interest rates applied to monetary financial instruments**

Prior Period	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	3.75	3.53	-	9.27
Financial Assets at Fair Value Through Profit/Loss	5.86	7.51	-	9.63
Money Markets Placements	-	-	-	7.20
Investment Securities Available for Sale	5.05	7.51	-	9.37
Loans and Receivables	4.96	4.20	5.23	17.19 (*)
Investment Securities Held to Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	2.44	1.84	-	7.81
Other Deposits	2.96	2.94	0.90	8.87
Money Market Borrowings	-	-	-	6.57
Sundry Creditors	-	-	-	-
Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	2.07	2.88	-	10.14

(\*) The yield of loans and receivables is 12.81% excluding credit cards

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**VII. Explanations related to consolidated liquidity risk**

- 1. The sources of the current liquidity risk of the Group; whether the necessary precautions have been taken, whether the Board of Directors of the Parent Bank sets limits on the funds available to meet the urgent liquidity requirements and to be able to pay borrowings when they become due**

Liquidity risk represents risk of not having sufficient cash or cash inflows to meet the cash outflows completely and on time, as a result of instable cash flows. Liquidity risk may also result from inability to penetrate to market and to close open positions quickly at suitable prices and with sufficient amounts due to market disruptions or barriers. To mitigate liquidity risk, the Group diversifies funding sources as customer deposits and funds borrowed from abroad and keep certain level of assets as cash and cash equivalents.

The Parent Bank evaluates liquidity position on a daily basis. Cash flow projections and scenarios are analyzed every two weeks by the top management at Asset/Liability Committee meetings. Liquidity ratio, calculated monthly by the Market Risk Committee is used as preliminary indicator of the general liquidity position of the Group. List of available limits, instruments and securities which can be used as collateral to create liquidity in the event of a possible liquidity crisis is updated weekly. Alternative funding strategies to be followed in case of a liquidity problem are evaluated within the current limits and positions to be taken are determined. Moreover, in terms of “Liquidity Emergency Action Plan” early warning signals, stress levels correlated with the level of liquidity risk and actions to be taken at each stress level are defined.

- 2. Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured, if any**

Group’s payments, assets and liabilities match with the interest rates.

- 3. Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized**

In order to meet urgent liquidity needs 6% (December 31, 2010 – 6%) of the balance sheet is allocated as cash balances.

- 4. Evaluation of the Group’s cash flows and their resources**

Cash flows of the Group are mainly denominated in Turkish Lira, US Dollar and Euro.

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**5. Presentation of assets and liabilities according to their remaining maturities**

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated<sup>(*)</sup></b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	999,049	1,971,229	-	-	-	-	-	2,970,278
Due from Banks	206,080	640,419	75,300	10,427	-	-	-	932,226
Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>	-	133,693	139,876	711,241	1,107,890	575,106	-	2,667,806
Money Market Placements	-	1,093,506	-	-	-	-	-	1,093,506
Investment Securities Available for Sale	119,455	8,337	105	18,665	3,558,378	3,136,025	-	6,840,965
Loans and Receivables	-	8,609,721	3,362,486	8,018,772	7,987,310	1,885,102	403,359	30,266,750
Investment Securities Held to Maturity	-	-	-	-	-	-	-	-
Other Assets	13,080	439,768	177,017	394,279	649,130	12,949	773,079	2,459,302
<b>Total Assets</b>	<b>1,337,664</b>	<b>12,896,673</b>	<b>3,754,784</b>	<b>9,153,384</b>	<b>13,302,708</b>	<b>5,609,182</b>	<b>1,176,438</b>	<b>47,230,833</b>
<b>Liabilities</b>								
Bank Deposits	36,748	167,388	55,465	26,613	-	-	-	286,214
Other Deposits	2,660,331	15,020,524	10,023,293	974,628	28,297	-	-	28,707,073
Funds Provided from Other Financial Institutions	-	277,404	436,661	1,836,093	1,007,598	1,767,067	-	5,324,823
Money Market Borrowings	-	1,534,253	68	-	-	-	-	1,534,321
Securities Issued	-	-	-	268,023	989,875	-	-	1,257,898
Sundry Creditors	3,774	1,563,655	2,618	1,894	-	7,196	-	1,579,137
Other Liabilities <sup>(*)</sup>	4,469	429,869	74,007	604,523	609,902	112,739	6,705,858	8,541,367
<b>Total Liabilities</b>	<b>2,705,322</b>	<b>18,993,093</b>	<b>10,592,112</b>	<b>3,711,774</b>	<b>2,635,672</b>	<b>1,887,002</b>	<b>6,705,858</b>	<b>47,230,833</b>
<b>Liquidity Gap</b>	<b>(1,367,658)</b>	<b>(6,096,420)</b>	<b>(6,837,328)</b>	<b>5,441,610</b>	<b>10,667,036</b>	<b>3,722,180</b>	<b>(5,529,420)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	2,710,364	7,948,258	3,300,217	7,451,402	12,191,519	4,880,963	771,201	39,253,924
Total Liabilities	2,225,533	18,145,878	6,765,531	3,341,533	2,279,451	426,939	6,069,059	39,253,924
<b>Net Liquidity Gap</b>	<b>484,831</b>	<b>(10,197,620)</b>	<b>(3,465,314)</b>	<b>4,109,869</b>	<b>9,912,068</b>	<b>4,454,024</b>	<b>(5,297,858)</b>	<b>-</b>

(\*) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, common shares unquoted on stock exchange, office stationery, and prepaid expenses are classified under this column.

Unallocated other liabilities column includes shareholders' equity amounting to TL 5,911,323, unallocated provisions amounting to TL 695,688 and tax liability of TL 98,847.

(\*\*) This line also includes derivative financial assets for hedging purposes amounting to TL 1,001,747.

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**6. Analysis of financial liabilities by remaining contractual maturities**

The table below shows the Group's maturity distribution of certain financial liabilities other than derivatives. The tables below are prepared by considering the future cash flows expected on the earliest cash flow dates. The total interest that will be paid for these liabilities is included in the table below.

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>	<b>Carrying Amount</b>
Bank deposits	36,748	167,563	56,291	27,714	-	-	288,316	286,214
Other deposits	2,660,331	15,144,413	10,147,918	1,214,087	29,175	-	29,195,924	28,707,073
Money market borrowings	-	1,535,415	69	-	-	-	1,535,484	1,534,321
Funds provided from other financial institutions	-	325,271	454,394	1,968,303	1,214,351	1,784,605	5,746,924	5,324,823
Securities issued	-	-	-	344,744	1,129,859	-	1,474,603	1,257,898

<b>Prior Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>	<b>Carrying Amount</b>
Bank deposits	21,695	767,111	89,379	2,352	-	-	880,537	878,834
Other deposits	2,188,513	14,756,720	5,865,837	381,888	27,219	-	23,220,177	23,131,500
Money market borrowings	-	1,184,150	43	-	-	-	1,184,193	1,183,507
Funds provided from other financial institutions	-	170,618	895,351	2,830,643	1,765,664	324,608	5,986,884	5,661,545
Securities issued	-	-	-	-	-	-	-	-

The table below shows the remaining maturities of derivative financial assets and liabilities.

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forward Contracts Buy(**)	3,324,821	571,057	1,337,528	-	141,404	5,374,810
Forward Contracts Sell(**)	3,344,551	566,338	1,338,842	-	141,404	5,391,135
Swap Contracts Buy(*)	3,451,474	1,810,960	7,759,964	11,347,996	2,055,864	26,426,258
Swap Contracts Sell(*)	3,406,925	1,766,094	7,559,957	11,599,961	2,275,222	26,608,159
Futures Buy	-	65,994	117,947	-	-	183,941
Futures Sell	-	66,020	117,946	-	-	183,966
Options Buy	1,612,092	966,374	2,875,745	-	-	5,454,211
Options Sell	1,604,783	962,331	2,814,599	-	-	5,381,713
<b>Total</b>	<b>16,744,646</b>	<b>6,775,168</b>	<b>23,922,528</b>	<b>22,947,957</b>	<b>4,613,894</b>	<b>75,004,193</b>

(\*) This line also includes hedging purpose derivatives.

(\*\*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Forward Contracts Buy(**)	621,579	172,198	296,332	171,211	-	1,261,320
Forward Contracts Sell(**)	623,272	172,052	302,402	171,257	-	1,268,983
Swap Contracts Buy(*)	3,467,472	1,747,996	3,115,234	8,118,020	1,361,739	17,810,461
Swap Contracts Sell(*)	3,432,322	1,756,441	3,191,887	8,935,393	1,703,361	19,019,404
Futures Buy	-	178,297	21,931	-	-	200,228
Futures Sell	-	178,297	21,931	-	-	200,228
Options Buy	2,194,466	1,160,999	3,281,938	113,129	-	6,750,532
Options Sell	2,197,480	1,144,743	3,271,865	113,561	-	6,727,649
<b>Total</b>	<b>12,536,591</b>	<b>6,511,023</b>	<b>13,503,520</b>	<b>17,622,571</b>	<b>3,065,100</b>	<b>53,238,805</b>

(\*) This line also includes hedging purpose derivatives.

(\*\*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

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**VIII. Explanations related to presentation of financial assets and liabilities at their fair value**

The fair value of the loans and lease receivables is determined based on discounted cash flows using the current market interest rates.

The estimated fair value of the demand deposits is the amount payable on demand. The fair values of the floating rate placements and overnight deposits are considered to approximate the carrying values due to short maturities. The estimated fair value of the deposits with fixed rates is determined by calculating discounted cash flows by using the market interest rates used for other liabilities with similar quality and maturities.

The fair value of funds provided from other financial institutions, is determined based on discounted cash flows using current market interest rates.

In the table below; the fair values and the carrying values of some of the financial assets and liabilities are presented.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>33,530,856</b>	<b>26,455,656</b>	<b>33,333,211</b>	<b>26,544,796</b>
Due From Banks	932,226	559,178	932,226	559,178
Money Market Placements	1,093,506	4,977	1,093,506	4,977
Loans and Receivables	30,266,750	24,851,175	30,110,591	24,909,927
Factoring Receivables	255,831	222,025	255,831	222,025
Lease Receivables	982,543	818,301	941,057	848,689
<b>Financial Liabilities</b>	<b>38,689,466</b>	<b>31,845,432</b>	<b>38,409,044</b>	<b>31,843,182</b>
Bank Deposits	286,214	878,834	286,151	878,420
Other Deposits	28,707,073	23,131,500	28,713,140	23,129,567
Funds Provided from Other Financial Institutions	5,324,823	5,661,545	5,191,627	5,661,642
Money Market Borrowings	1,534,321	1,183,507	1,534,321	1,183,507
Securities Issued	1,257,898	-	1,104,668	-
Sundry Creditors	1,579,137	990,046	1,579,137	990,046

TFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

The classification of fair value calculation is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (market value);
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: Inputs that are not observable for the asset and liability (Fair value calculations which are not observable).

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In the table below the fair value classification of the financial instruments that are recorded at fair value at the financial statements is presented:

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>6,886,786</b>	<b>2,621,995</b>	-	<b>9,508,771</b>
Financial Assets at Fair Value through Profit/Loss	88,649	-	-	88,649
Assets on Trading Derivatives	6,742	1,003,056	-	1,009,798
Investment Securities Available for Sale	6,791,385	49,580	-	6,840,965
Loans and Receivables (*)	-	567,612	-	567,612
Derivative Financial Assets Hedging Purposes	-	1,001,747	-	1,001,747
<b>Financial Liabilities</b>	<b>2,138</b>	<b>1,234,559</b>	-	<b>1,236,697</b>
Liabilities on Trading Derivatives	2,138	1,045,642	-	1,047,780
Derivative Financial Liabilities for Hedging Purposes	-	188,917	-	188,917

(\*) Loans and Receivables are presented in "Financial Assets at Fair Value through Profit/Loss".

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>7,300,457</b>	<b>1,529,745</b>	-	<b>8,830,202</b>
Financial Assets at Fair Value through Profit/Loss	187,523	-	-	187,523
Assets on Trading Derivatives	1,488	390,807	-	392,295
Investment Securities Available for Sale	7,111,446	133,339	-	7,244,785
Loans and Receivables	-	976,951	-	976,951
Derivative Financial Assets Hedging Purposes	-	28,648	-	28,648
<b>Financial Liabilities</b>	<b>2,753</b>	<b>798,996</b>	-	<b>801,749</b>
Liabilities on Trading Derivatives	2,753	472,211	-	474,964
Derivative Financial Liabilities for Hedging Purposes	-	326,785	-	326,785

(\*) Loans and Receivables are presented in "Financial Assets at Fair Value through Profit/Loss".

**IX. Explanations related to transactions carried on behalf of others and fiduciary transactions**

The Parent Bank provides buying, selling and custody services and management and financial advisory services in the name of the third parties. The Parent Bank does not involve in fiduciary activities.

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS**

**1.a) Cash and balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	320,914	184,673	223,045	177,056
T.R. Central Bank	140,547	2,305,467	923,452	1,045,395
Others	18,327	350	3,844	25,528
<b>Total</b>	<b>479,788</b>	<b>2,490,490</b>	<b>1,150,341</b>	<b>1,247,979</b>

**b) Balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	140,547	339,666	923,452	285,108
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposit	-	1,965,801	-	760,287
<b>Total</b>	<b>140,547</b>	<b>2,305,467</b>	<b>923,452</b>	<b>1,045,395</b>

As of December 31, 2011, the reserve rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11% depending on the maturity of the deposits (December 31, 2010 – 5.5%) and the reserve rates for the foreign currency liabilities are within an interval from 9% to 11% depending on the maturity of the deposits (December 31, 2010 – 11%).

With the changes in the "Communiqué on Reserve Requirements", at most 40% of required reserves on TL liabilities could be maintained as foreign currency and at most 10% could be maintained as standard gold, required reserves on precious metal deposit accounts in FC liabilities could be maintained as standard gold, at most 10% of required reserves on FC liabilities other than precious metal deposit accounts could be maintained as standard gold in T.R. Central Bank accounts.

**2. Further information on financial assets at fair value through profit/loss (net amounts are expressed)**

**a) Trading securities given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities (*)	11,520	-	10,716	-
Other	-	-	-	-
<b>Total</b>	<b>11,520</b>	<b>-</b>	<b>10,716</b>	<b>-</b>

(\*) Government bonds given as collateral shown above are classified under Held-for-Trading Financial Assets in the financial statements.

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**b) Trading securities subject to repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds (*)	-	-	2,876	-
Treasury Bills (*)	2,175	-	13,339	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>2,175</b>	<b>-</b>	<b>16,215</b>	<b>-</b>

(\*)Government bonds and treasury bills subject to repurchase agreements shown above are classified under Held-for-Trading Financial Assets in the financial statements.

**c) Positive differences on trading derivative instruments**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	76,791	-	13,823	-
Swap Transactions	698,073	86,401	228,564	39,677
Futures Transactions	-	6,742	-	1,488
Options	414	140,680	108	105,945
Other	-	697	-	2,690
<b>Total</b>	<b>775,278</b>	<b>234,520</b>	<b>242,495</b>	<b>149,800</b>

**3. a) Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	388,479	343,154	61,172	24,149
Foreign	20	200,573	17,194	456,663
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>388,499</b>	<b>543,727</b>	<b>78,366</b>	<b>480,812</b>

**b) Information on foreign bank accounts**

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	76,168	185,116	-	-
USA and Canada	58,505	84,998	59,921	49,600
OECD Countries (*)	4,971	2,954	-	-
Off-shore Banking Regions	-	150,589	-	-
Other	1,028	600	-	-
<b>Total</b>	<b>140,672</b>	<b>424,257</b>	<b>59,921</b>	<b>49,600</b>

(\*)Includes OECD countries other than EU countries USA and Canada.

(\*\*)Includes blocked placements at foreign banks amounting to TL 59,921 (December 31, 2010 - TL 49,600) for the syndication and securitization loans received.

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**4. Information on receivables from reverse repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>702,580</b>	-	<b>4,977</b>	-
T.R Central Bank	-	-	-	-
Banks	700,409	-	152	-
Intermediary Institutions	2,171	-	4,825	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	-	-	-	-
<b>Foreign Transactions</b>	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
<b>Total</b>	<b>702,580</b>	-	<b>4,977</b>	-

**5. Information on investment securities available for sale**

**a) Investment securities available-for-sale given as collateral or blocked**

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Marketable Securities	1,175,542	-	329,900	-
Other	-	-	-	-
<b>Total</b>	<b>1,175,542</b>	-	<b>329,900</b>	-

**b) Investment securities available for sale subject to repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	811,442	703,281	824,370	372,172
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>811,442</b>	<b>703,281</b>	<b>824,370</b>	<b>372,172</b>

**c) Investment securities available for sale**

	Current Period	Prior Period
<b>Debt securities</b>	<b>6,850,104</b>	<b>7,124,105</b>
Quoted on a stock exchange(*)	6,802,782	7,032,381
Unquoted on a stock exchange	47,322	91,724
<b>Share certificates</b>	<b>126,491</b>	<b>121,333</b>
Quoted on a stock exchange(**)	126,129	120,971
Unquoted on a stock exchange	362	362
<b>Impairment provision(-)</b>	<b>(135,630)</b>	<b>(653)</b>
<b>Total</b>	<b>6,840,965</b>	<b>7,244,785</b>

(\*)The Eurobond Portfolio amounting to TL 537,063 (December 31, 2010 – TL 192,007) which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from March and April 2009 and the government bonds portfolio amounting to TL 101,261 which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from August 2011. The mentioned financial assets are accounted for as Investment Securities Available for Sale in order to be in line with balance sheet presentation.

(\*\*) Share certificates that are quoted on a stock exchange include “exchange traded mutual funds” amounting to TL 107,682 (December 31, 2010 – TL 113,339).

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**6. Information related to loans**

**a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	3,072	-	48,794
Corporate Shareholders	-	3,072	-	48,794
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	47,740	-	42,042	-
<b>Total</b>	<b>47,740</b>	<b>3,072</b>	<b>42,042</b>	<b>48,794</b>

(\*) Includes the advances given to the bank personnel.

**b) Information on the first and second group loans and other receivables including rescheduled or restructured loans**

Cash Loans(*)	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Non-specialized Loans</b>	<b>28,674,985</b>	<b>174,094</b>	<b>1,276,189</b>	<b>305,735</b>
Discount Notes	226,687	-	1,923	-
Export Loans	743,458	12,972	79,720	2,160
Import Loans	-	-	-	-
Loans Given to Financial Sector	455,696	-	-	-
International Loans	218,647	-	-	-
Retail Loans	10,086,645	-	544,389	122,628
Credit Cards	7,802,015	-	281,182	46,876
Precious Metals Loans	-	-	-	-
Other	9,141,837	161,122	368,975	134,071
<b>Specialized Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>28,674,985</b>	<b>174,094</b>	<b>1,276,189</b>	<b>305,735</b>

(\*)The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are disclosed as “Loans at Fair Value through Profit/Loss” in the financial statements.

**c) Loans according to their maturity structure**

Cash Loans (*)	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Short-term Loans</b>	<b>14,289,218</b>	-	<b>281,182</b>	<b>46,876</b>
Non-specialized Loans	14,289,218	-	281,182	46,876
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and Long-term Loans</b>	<b>14,385,767</b>	<b>174,094</b>	<b>995,007</b>	<b>258,859</b>
Non-specialized Loans	14,385,767	174,094	995,007	258,859
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>28,674,985</b>	<b>174,094</b>	<b>1,276,189</b>	<b>305,735</b>

(\*)The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are disclosed as “Loans at Fair Value through Profit/Loss” in the financial statements.

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**d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards**

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
<b>Consumer Loans-TL</b>	<b>65,339</b>	<b>9,448,728</b>	<b>9,514,067</b>	<b>377,632</b>
Housing Loans	388	5,588,668	5,589,056	337,564
Automobile Loans	345	147,996	148,341	1,976
Personal Need Loans	59,365	3,712,064	3,771,429	38,092
Other	5,241	-	5,241	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>140,599</b>	<b>140,599</b>	<b>102,329</b>
Housing Loans	-	128,863	128,863	96,448
Automobile Loans	-	408	408	173
Personal Need Loans	-	11,328	11,328	5,708
Other	-	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Individual Credit Cards-TL</b>	<b>7,585,340</b>	<b>176,428</b>	<b>7,761,768</b>	<b>111,691</b>
Installment	3,201,481	176,428	3,377,909	48,617
Non- Installment	4,383,859	-	4,383,859	63,074
<b>Individual Credit Cards-FC</b>	<b>2,678</b>	<b>-</b>	<b>2,678</b>	<b>27</b>
Installment	-	-	-	-
Non- Installment	2,678	-	2,678	27
<b>Personnel Loans-TL</b>	<b>494</b>	<b>20,835</b>	<b>21,329</b>	<b>126</b>
Housing Loans	-	701	701	2
Automobile Loans	-	150	150	-
Personal Need Loans	494	19,984	20,478	124
Other	-	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>8</b>	<b>8</b>	<b>7</b>
Housing Loans	-	8	8	7
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>24,727</b>	<b>-</b>	<b>24,727</b>	<b>-</b>
Installment	11,394	-	11,394	-
Non-Installment	13,333	-	13,333	-
<b>Personnel Credit Cards-FC</b>	<b>57</b>	<b>-</b>	<b>57</b>	<b>-</b>
Installment	-	-	-	-
Non-Installment	57	-	57	-
<b>Overdraft Accounts-TL (Real Persons)</b>	<b>541,008</b>	<b>-</b>	<b>541,008</b>	<b>56,557</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8,219,643</b>	<b>9,786,598</b>	<b>18,006,241</b>	<b>648,369</b>

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e) **Information on commercial loans with installments and corporate credit cards**

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
<b>Commercial Loans with Installment Facility – TL</b>	<b>99,514</b>	<b>3,012,913</b>	<b>3,112,427</b>	<b>39,451</b>
Real Estate Loans	-	139,241	139,241	4,335
Automobile Loans	828	279,875	280,703	3,614
Personal Need Loans	98,686	2,593,797	2,692,483	31,502
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC Indexed</b>	<b>18,149</b>	<b>582,544</b>	<b>600,693</b>	<b>112,369</b>
Real Estate Loans	-	14,640	14,640	4,577
Automobile Loans	130	64,879	65,009	9,325
Personal Need Loans	18,019	503,025	521,044	98,467
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Corporate Credit Cards –TL</b>	<b>225,276</b>	<b>216</b>	<b>225,492</b>	<b>3,234</b>
Installment	53,757	216	53,973	774
Non-Installment	171,519	-	171,519	2,460
<b>Corporate Credit Cards –FC</b>	<b>395</b>	<b>-</b>	<b>395</b>	<b>4</b>
Installment	-	-	-	-
Non-Installment	395	-	395	4
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>229,044</b>	<b>-</b>	<b>229,044</b>	<b>710</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>572,378</b>	<b>3,595,673</b>	<b>4,168,051</b>	<b>155,768</b>

f) **Loans according to borrowers** (\*)

	Current Period	Prior Period
Public	134,129	88,515
Private	30,296,874	25,507,288
<b>Total</b>	<b>30,431,003</b>	<b>25,595,803</b>

(\*) The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are presented in “Loans at Fair Value through Profit/Loss” in the financial statements.

g) **Domestic and foreign loans** (\*)

	Current Period	Prior Period
Domestic Loans	30,212,356	25,560,136
Foreign Loans	218,647	35,667
<b>Total</b>	<b>30,431,003</b>	<b>25,595,803</b>

(\*) The loans and other receivables amounting to TL 567,612 (December 31, 2010 – TL 976,951) are presented in “Loans at Fair Value through Profit/Loss” in the financial statements.

h) **Loans granted to subsidiaries and associates**

Loans granted to subsidiaries and associates are eliminated reciprocally in the accompanying consolidated financial statements.

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**i) Specific provisions for loans**

	<b>Current Period</b>	<b>Prior Period</b>
Specific Provisions		
Loans and Receivables with Limited Collectability	66,145	121,658
Loans and Receivables with Doubtful Collectability	147,153	235,475
Uncollectible Loans and Receivables	1,232,839	1,168,306
<b>Total</b>	<b>1,446,137</b>	<b>1,525,439</b>

**j) Non-performing loans (NPLs) (Net)**

**j.1) Non-performing loans and other receivables restructured or rescheduled**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period</b>			
(Gross Amounts Before the Specific Provisions)	616	9,171	65,676
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	616	9,171	65,676
<b>Prior Period</b>			
(Gross Amounts Before the Specific Provisions)	2,818	6,193	39,008
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	2,818	6,193	39,008

**j.2) Movement of non-performing loans**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Prior Period End Balance</b>	<b>218,237</b>	<b>348,387</b>	<b>1,191,138</b>
Additions (+)	763,282	19,664	33,257
Transfers from Other Categories of Non-Performing Loans (+)	-	589,796	516,078
Transfers to Other Categories of Non-Performing Loans (-)	589,796	516,078	-
Collections (-)	64,944	150,772	265,219
<b>Write-offs (-)**</b>	<b>3</b>	<b>1,116</b>	<b>242,415</b>
Corporate and Commercial Loans	-	636	180,753
Consumer Loans	-	338	56,254
Credit Cards	3	142	5,408
Others	-	-	-
<b>Current Period End Balance</b>	<b>326,776</b>	<b>289,881</b>	<b>1,232,839</b>
Specific Provision (-) <sup>(*)</sup>	66,145	147,153	1,232,839
<b>Net Balances on Balance Sheet</b>	<b>260,631</b>	<b>142,728</b>	<b>-</b>

<sup>(\*)</sup> Based on the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" ("Provisioning Decree"), the Parent Bank provides specific provisions for its non-performing loans considering the credit risk and other factors. In this context, the Parent Bank revised the provision rates and the provision amount decreased by TL 174,261 in the current period as compared to the provisioning method used in the prior period. In accordance with the provisioning decree, the Bank provided provision for the non-performing loans, not considering the guarantees received.

<sup>(\*\*)</sup> During the current period, TL 237,408 of the loans which are under legal follow-up and for which 100% provision is provided are disposed. TL 160,516 portion of aforementioned loans are disposed for TL 14,500 in cash, and the remaining portion amounting to TL 76,892 is disposed for TL 3,000 in cash and a method of sharing future collections.

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**j.3) Information on foreign currency non-performing loans and other receivables**

None (December 31, 2010 – None).

**j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups**

	<b>III. Group</b>	<b>IV. Group</b>	<b>V. Group</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period (Net)</b>	<b>260,631</b>	<b>142,728</b>	<b>-</b>
Loans to Real Persons and Legal Entities (Gross)	326,776	289,089	1,222,590
Specific provision (-)	(66,145)	(146,361)	(1,222,590)
Loans to Real Persons and Legal Entities (Net)	260,631	142,728	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	792	10,249
Specific provision (-)	-	(792)	(10,249)
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>96,579</b>	<b>112,912</b>	<b>22,832</b>
Loans to Real Persons and Legal Entities (Gross)	218,237	347,516	1,183,789
Specific provision (-)	(121,658)	(234,604)	(1,160,957)
Loans to Real Persons and Legal Entities (Net)	96,579	112,912	22,832
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	871	7,349
Specific provision (-)	-	(871)	(7,349)
Other Loans and Receivables (Net)	-	-	-

**k) Liquidation policies for uncollectible loans and other receivables**

For the unrecoverable non-performing loans under legal follow up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The Parent Bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, then the Parent Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

**l) Explanations on write-off policy**

Unrecoverable non-performing loans under legal follow-up, for which 100% provision is provided in compliance with the “Provisioning Decree” and with no collateral that are deemed as uncollectible are written off by the Board of Directors’ decision, in accordance with the laws and regulations.

**7. Information on factoring receivables**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Short-Term	251,562	4,269	196,442	16,309
Medium and Long-Term	-	-	9,274	-
<b>Total</b>	<b>251,562</b>	<b>4,269</b>	<b>205,716</b>	<b>16,309</b>

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As of December 31, 2011 and 2010, changes in provision for non-performing factoring receivables are as follows:

	Current Period	Prior Period
End of Prior Period	-	-
Provided Provision / (reversal), Net	4,060	-
Collections	-	-
Written off	-	-
<b>Provision at the end of the period</b>	<b>4,060</b>	-

**8. Information on investment securities held-to-maturity**

The Group does not have any investment securities held to maturity as of December 31, 2011 (December 31, 2010 – None)

**9. Information on investments in associates (Net)**

**9.1. Information on investments in associates**

Description	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Gelişen Bilgi Teknolojileri A.Ş. (*)	Istanbul/Turkey	5.00%	5.00%
Bankalararası Kart Merkezi (BKM) (**)	Istanbul/Turkey	9.23%	9.23%
Kredi Garanti Fonu A.Ş. (*)	Istanbul/Turkey	1.67%	1.67%

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
429	426	-	22	-	(4)	356	-
25,225	18,484	10,481	1,116	-	2,619	1,465	-
207,899	201,048	1,850	3,979	-	7,672	4,321	-

(\*) Current period information is obtained from financial statements as of September 30, 2011; prior period profit and loss information is obtained from financial statements as of December 31, 2010.

(\*\*) Current period information is obtained from financial statements as of December 31, 2011; prior period profit and loss information is obtained from financial statements as of December 31, 2010.

**9.2. Movements of investments in associates**

	Current Period	Prior Period
<b>Balance at the Beginning of Period</b>	<b>5,769</b>	<b>6,016</b>
<b>Movements During the Period</b>	<b>1,000</b>	<b>(247)</b>
Acquisitions	1,000(*)	-
Bonus Shares Received	-	-
Dividends From Current Year Profit	-	-
Sales	-	(247)**)
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at the End of the Period</b>	<b>6,769</b>	<b>5,769</b>
<b>Capital Commitments</b>	<b>1,000</b>	<b>2,000</b>
<b>Share Percentage at the End of the Period</b>	<b>-</b>	<b>-</b>

(\*) The amount represents the share capital increase amounting to TL 1,000 in Kredi Garanti Fonu A.Ş.

(\*\*) The amount represents the Parent Bank's share in the capital decrease of Gelişen Bilgi Teknolojileri A.Ş.

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**9.3. Sectoral distribution and the related carrying amounts on associates**

	<b>Current Period</b>	<b>Prior Period</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	6,769	5,769
<b>Total</b>	<b>6,769</b>	<b>5,769</b>

**9.4. Quoted associates**

None (December 31, 2010 – None).

**9.5. Valuation of investments in associates**

	<b>Current Period</b>	<b>Prior Period</b>
Valued at Cost	6,769	5,769
Valued at Fair Value	-	-
Valued at Equity Method	-	-
<b>Total</b>	<b>6,769</b>	<b>5,769</b>

**9.6. Investments in associates sold during the current period**

None (December 31, 2010 - Due to the capital decrease of Gelişen Bilgi Teknolojileri A.Ş., investment in associates has decreased, amounting to TL 247).

**9.7. Investments in associates acquired during the current period**

None (December 31, 2010 - None).

**10. Investments in subsidiaries (Net)**

**a) Information on the Parent Bank's unconsolidated subsidiaries**

<b>Subsidiary</b>	<b>Address (City/Country)</b>	<b>Bank's Share – If Different, Voting Rights (%)</b>	<b>Bank's Risk Group Share (%)</b>
Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş	Istanbul/Turkey	99.91%	99.91%

<b>(*)</b>	<b>Total Shareholder's Assets</b>	<b>Total Fixed Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
	22,715	16,148	19,460	-	-	(2,253)	1,752	-

(\*) Current period information is obtained from financial statements as of December 31, 2011.

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**b) Information on the consolidated subsidiaries**

**b.1) Information on the consolidated subsidiaries**

Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1. Finans Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99.60	100.00
2. Finans Finansal Kiralama A.Ş.	Istanbul/Turkey	51.06	64.32
3. Finans Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	49.36 (*)	49.36 (*)
4. Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	0.01	100.00
5. Finans Emeklilik ve Hayat A.Ş.	Istanbul/Turkey	99.99	99.99
6. Finans Tüketici Finansmanı A.Ş.	Istanbul/Turkey	99.99	99.99
7. Finans Faktoring Hizmetleri A.Ş.	Istanbul/Turkey	99.99	99.99

(\*)The share of the Parent Bank is 10.01% whereas the remaining 39.35% shareholding represents the purchases of publicly traded shares on the Istanbul Stock Exchange.

Information on subsidiaries in the order presented in the table above:

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (****)
1. (*)	167,287	130,502	12,901	9,500	213	15,186	15,430	-
2. (***)	1,295,862	421,544	632	103,807	-	36,352	35,807	464,600
3. (**)	18,852	18,543	49	-	-	(1,678)	223	18,464
4. (*)	18,300	16,678	439	1,636	10	6,440	7,403	-
5. (*)	154,554	56,730	2,029	6,697	1,215	10,050	9,493	-
6. (*)	1,867	1,819	191	186	-	(1,137)	(1,302)	-
7. (*)	281,337	24,451	894	28,527	-	2,532	3,252	-

(\*) Current period information represents December 31, 2011 figures, and prior period profit/loss amounts represent December 31, 2010 figures as per the financial statements prepared in accordance with BRSA regulations.

(\*\*) Current period information represents September 30, 2011 figures, and prior period profit/loss amounts represent December 31, 2010 figures prepared in accordance with CMB's Communiqué No: XI/29 accounting principles.

(\*\*\*) Current period information represents December 31, 2011 figures, and prior period profit/loss amounts represent December 31, 2010 figures prepared in accordance with CMB's Communiqué No: XI/29 accounting principles.

(\*\*\*\*)Fair values of publicly traded subsidiaries reflect their stock exchange values as of balance sheet date.

**b.2) Movement of investments in consolidated subsidiaries**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>362,058</b>	<b>222,588</b>
<b>Movements during the period</b>	<b>35,351</b>	<b>139,470</b>
Purchases	18,187 <sup>(1)</sup>	1,063 <sup>(3)</sup>
Bonus Shares Received	-	42,901 <sup>(4)</sup>
Dividends from Current Year Profit	-	-
Sales	(3,706) <sup>(2)</sup>	(1,858) <sup>(5)</sup>
Revaluation Increase	20,870	97,364
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>397,409</b>	<b>362,058</b>
<b>Capital Commitments</b>	<b>-</b>	<b>3,188</b>
<b>Share Percentage at the end of the Period (%)</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Purchases in the current period include the participation to the capital of Bank's subsidiary Finans Emeklilik ve Hayat A.Ş. amounting to TL 8,187 and the participation into the capital of Finans Faktoring Hiz. A.Ş. amounting to TL 10,000.

<sup>(2)</sup> Disposal in the current period amount represents disposal of the shares of the Bank's subsidiary Finans Yatırım Ortaklığı A.Ş. received from ISE amounting to TL 5,027. The Parent Bank had sale profit amounting TL 1,056.

<sup>(3)</sup> Purchases in the prior period include the participation to the capital of the Parent Bank's subsidiary, Finans Emeklilik ve Hayat A.Ş. amounting to TL 1,063.

<sup>(4)</sup> Purchases in the prior period include bonus shares received from the Parent Bank's subsidiaries Finans Emeklilik ve Hayat A.Ş. amounting to TL 5,750 and Finans Yatırım Menkul Değerler A.Ş. amounting to TL 37,151.

<sup>(5)</sup> Disposal in the prior period amount represents disposal of the shares of the Parent Bank's subsidiary Finans Yatırım Ortaklığı A.Ş. The Parent Bank had sales profit amounting to TL 806.

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**b.3) Sectoral distribution of the consolidated subsidiaries**

	<b>Current Period</b>	<b>Prior Period</b>
Banks	-	-
Insurance Companies	45,000	36,812
Factoring Companies	20,000	10,000
Leasing Companies	237,225	213,737
Finance Companies	5,000	5,000
Other Subsidiaries	90,184	96,509
<b>Total</b>	<b>397,409</b>	<b>362,058</b>

The balances of the subsidiaries have been eliminated as part of the consolidation principles.

**b.4) Quoted subsidiaries within the context of consolidation**

	<b>Current Period</b>	<b>Prior Period</b>
Quoted on Domestic Stock Exchanges	244,688	227,524
Quoted on International Stock Exchanges	-	-
<b>Total</b>	<b>244,688</b>	<b>227,524</b>

**11. Investments in entities under common control**

	<b>The Parent Bank's Share</b>	<b>The Group's Share</b>	<b>Current Assets</b>	<b>Fixed Assets</b>	<b>Long Term Debt</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş	33.33%	33.33%	8,400	6,626	945	1,770	2,371

(\*) Current period information represents December 31, 2011 figures.

**12. Information on financial lease receivables (Net)**

**12.1. Maturity analysis of financial lease receivables**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 year		501,635	441,275	394,205
Between 1-4 years		547,285	430,707	390,555
Over 4 years		43,113	35,808	33,541
<b>Total</b>		<b>1,092,033</b>	<b>907,790</b>	<b>818,301</b>

Financial lease receivables include non performing financial lease receivables amounting to TL 123,172 (December 31, 2010 – TL 122,552) and specific provisions amounting to TL 69,348 (December 31, 2010 – TL 65,665).

Changes in non performing financial lease receivables provision as of December 31, 2011 and 2010 are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
End of prior period	65,665	62,963
Provided provision / (Cancellation), Net	18,881	16,313
Collections	(3,244)	(3,751)
Written off (*)	(11,954)	(9,860)
<b>Provision at the end of the period</b>	<b>69,348</b>	<b>65,665</b>

(\*)Finans Finansal Kiralama A.Ş. disposed finance lease receivables of TL 22,630 as of the transaction date. TL 15,478 receivables are disposed for TL 525 in cash under the circumstances of 5% sales revenue will be paid and the remaining part amounting to TL 7,152 is disposed for TL 235 in cash, as of November 30, 2011, totaling TL 760. TL 10,325 portion of the mentioned receivables comprised of receivables written-off previously. The remaining finance lease receivables amounting to TL 12,305 and provisions for non-performing finance lease receivables amounting to TL 11,954 are written-off.

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**12.2. Information on net investments in financial leases**

	<b>Current Period</b>	<b>Prior Period</b>
Gross Financial Lease Investments	1,092,033	907,790
Unearned Finance Income (-)	109,490	89,489
Cancelled Leasing Agreements (-)	-	-
<b>Net Investment on Leases</b>	<b>982,543</b>	<b>818,301</b>

**12.3. Information of financial lease contracts of the Parent Bank**

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

**13. Information on hedging purpose derivatives**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Fair Value Hedge (*)	960,793	40,954	28,648	-
Cash Flow Hedge	-	-	-	-
Hedge of Net Investment in Foreign Operations	-	-	-	-
<b>Total</b>	<b>960,793</b>	<b>40,954</b>	<b>28,648</b>	<b>-</b>

(\*) Derivative financial instruments for hedging purposes include swaps. TL 48,183 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in securities and TL953,564 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans as of December 31, 2011; whereas TL 28,648 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans as of December 31, 2010.

**14. Explanations on tangible assets**

	<b>Land and Buildings</b>	<b>Fixed Assets under Finance Lease</b>	<b>Vehicles</b>	<b>Other Fixed Assets</b>	<b>Total</b>
<b>Prior Period End</b>					
Cost	65,920	324,404	1,418	545,029	936,771
Accumulated Depreciation (-)	5,192	211,820	985	340,751	558,748
<b>Net Book Value</b>	<b>60,728</b>	<b>112,584</b>	<b>433</b>	<b>204,278</b>	<b>378,023</b>
<b>Current Period End</b>					
<b>Cost at the Beginning of the Period</b>	<b>65,920</b>	<b>324,404</b>	<b>1,418</b>	<b>545,029</b>	<b>936,771</b>
Additions	2,073	13,111	1,087	96,552	112,823
Disposals (-)	5,362	-	309	1,536	7,207
Impairment (-) / (increase)	1,112	-	-	-	1,112
<b>Current Period Cost</b>	<b>61,519</b>	<b>337,515</b>	<b>2,196</b>	<b>640,045</b>	<b>1,041,275</b>
<b>Accumulated Depreciation at the Beginning of the Period</b>	<b>5,192</b>	<b>211,820</b>	<b>985</b>	<b>340,751</b>	<b>558,748</b>
Disposals (-)	669	-	118	1,295	2,082
Depreciation amount	1,274	21,773	266	60,923	84,236
<b>Accumulated Depreciation at the End of the Period (-)</b>	<b>5,797</b>	<b>233,593</b>	<b>1,133</b>	<b>400,379</b>	<b>640,902</b>
<b>Net Book Value at the End of the Period</b>	<b>55,722</b>	<b>103,922</b>	<b>1,063</b>	<b>239,666</b>	<b>400,373</b>

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- a) **If impairment on individual asset recorded or reversed in the current period is material for the overall financial statements:**

**Events and conditions for recording or reversing impairment and amount of recorded or reversed impairment in the financial statements:**

The fair values of the buildings are determined by the licensed expertise companies and as a result of the changes in the fair value of these buildings, the impairment loss of TL 1,594 has been booked. (December 31, 2010 - TL 566 impairment loss has been reversed). In addition, during the current year impairment amount of TL 482 is reversed due to the changes in fair values determined by licensed appraisers.

- b) **The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this:**

None (December 31, 2010 - None)

- c) **Pledges, mortgages and other restrictions (if any) on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets:**

None (December 31, 2010 - None)

**15. Explanations on intangible assets**

	<b>Rights</b>	<b>Goodwill</b>	<b>Total</b>
<b>Prior Period End</b>			
Cost	216,352	19,209	235,561
Accumulated Amortization (-)	115,192	10,240	125,432
<b>Net Book Value</b>	<b>101,160</b>	<b>8,969</b>	<b>110,129</b>
<b>Current Period End</b>			
<b>Cost at the Beginning of the Period</b>	<b>216,352</b>	<b>19,209</b>	<b>235,561</b>
Additions	78,886	-	78,886
Disposals (-)	157	-	157
<b>Current Period Cost</b>	<b>295,081</b>	<b>19,209</b>	<b>314,290</b>
<b>Acc. Amort. at the Beginning of the Period</b>	<b>115,192</b>	<b>10,240</b>	<b>125,432</b>
Disposals (-)	4	-	4
Amortization charge	42,423	-	42,423
<b>Current Period Accumulated Amortization (-)</b>	<b>157,611</b>	<b>10,240</b>	<b>167,851</b>
<b>Net Book Value-End of the Period</b>	<b>137,470</b>	<b>8,969</b>	<b>146,439</b>

- a) **Disclosures for book value, description and remaining life to be amortized for a specific intangible fixed asset that is material to the financial statements:** None (December 31, 2010 - None).
- b) **Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:** None (December 31, 2010 - None).
- c) **The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:** None (December 31, 2010 - None).
- d) **The book value of intangible fixed assets that are pledged or restricted for use:** None (December 31, 2010 - None).
- e) **Amount of purchase commitments for intangible fixed assets:** None (December 31, 2010 - None).
- f) **Information on revalued intangible assets according to their types:** None (December 31, 2010 - None).

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**g) Amount of total research and development expenses recorded in income statement within the period if any:**

Amount of total research expenses recorded in income statement within the period is TL 5,415 (December 31, 2010 – TL 4,151).

**h) Positive or negative consolidation goodwill on entity basis:**

The goodwill amounting to TL 8,969 recorded to the accompanying consolidated financial statements for the Parent Bank purchasing its subsidiary Finans Finansal Kiralama A.Ş. (December 31, 2010 – TL 8,969).

**i) Information on book value of goodwill at the beginning of the period, end of the period and movement for the period:**

The details have been disclosed at explanations and disclosures related to asset section, at disclosure 15.

**16. Explanations on investment property**

None (December 31, 2010 - None).

**17. Explanations on tax asset**

The Group has current tax asset of TL 533 (December 31, 2010 – TL 614) and deferred tax asset of TL 15,956 (December 31, 2010 – TL 29,408) calculated in line with related regulations. The information about current and deferred tax is presented in the disclosures and explanations about liability accounts in footnote number 10.1 and 10.2.

**18. Explanations on assets held for sale and discontinued operations**

None (December 31, 2010 – None).

**19. Information on other assets**

**19.1. Information on prepaid expense, tax and similar items**

	<b>Current Period</b>	<b>Prior Period</b>
Other Prepaid Expenses	178,389	99,934
Assets Held for Resale (Net)	125,432	126,914
Cheques Receivables from Other Banks	91,960	107,964
Collateral Given for Derivative Transactions	69,070	461,851
Sundry Debtors	69,073	53,350
Prepaid Rent Expenses	20,188	16,364
Advances Given on Finance Lease Transactions	10,689	96,122
Prepaid Agency Commissions	4,993	6,824
Advances Given	2,298	7,032
Other	60,980	51,662
<b>Total</b>	<b>633,072</b>	<b>1,028,017</b>

**19.2. If other assets exceed 10% of total assets excluding the off-balance sheet items, the names and the amount of the subaccounts which create at least 20% of them are:**

Details of the other assets are described in note 19.1 section of disclosure.

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**20. Information on accrued interest and income**

The details of accrued interest and income allocated to the related items on the assets side of the balance sheet are as follows.

	Current Period		Prior Period	
	TL	FC	TL	FC
Assets on Trading Derivatives	775,278	234,520	242,495	149,800
Derivative Financial Instruments Held for Hedging	960,793	40,954	28,648	-
Loans and Receivables	557,874	31,273	384,252	11,643
Investment Securities Available for Sale	54,821	5,959	212,089	29,116
Lease Receivables	1,933	5,344	2,322	6,554
Investment Securities Held for Trading	1,349	53	3,205	21
Banks	1,152	6	471	479
Other Rediscount	965	93	-	-
Factoring Receivables	324	59	88	69
T.R. Central Bank	-	-	1,506	-
Financial Assets at Fair Value through Profit or Loss	-	-	4,763	-
<b>Total</b>	<b>2,354,489</b>	<b>318,261</b>	<b>879,839</b>	<b>197,682</b>

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**SECTION FIVE**

**II. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES**

**1. Information on maturity structure of deposits**

**Current Period**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>541,194</b>	-	<b>692,737</b>	<b>12,136,105</b>	<b>1,731,329</b>	<b>244,484</b>	<b>16,529</b>	<b>15,900</b>	<b>15,378,278</b>
<b>Foreign Currency Deposits</b>	<b>816,888</b>	-	<b>925,350</b>	<b>4,574,504</b>	<b>594,057</b>	<b>399,517</b>	<b>53,146</b>	<b>5,533</b>	<b>7,368,995</b>
Residents in Turkey	792,069	-	912,102	4,472,326	564,043	257,225	53,146	5,533	7,056,444
Residents Abroad	24,819	-	13,248	102,178	30,014	142,292	-	-	312,551
<b>Public Sector Deposits</b>	<b>42,342</b>	-	<b>14,276</b>	<b>17,755</b>	<b>400</b>	-	-	-	<b>74,773</b>
<b>Commercial Deposits</b>	<b>986,320</b>	-	<b>754,436</b>	<b>1,974,661</b>	<b>708,499</b>	<b>181,485</b>	<b>63,178</b>	-	<b>4,668,579</b>
<b>Other Ins. Deposits</b>	<b>15,380</b>	-	<b>77,931</b>	<b>677,110</b>	<b>77,923</b>	<b>2,594</b>	<b>10,663</b>	-	<b>861,601</b>
<b>Precious Metal Deposits</b>	<b>258,207</b>	-	<b>96,640</b>	-	-	-	-	-	<b>354,847</b>
<b>Bank Deposits</b>	<b>36,748</b>	-	<b>167,388</b>	<b>55,465</b>	<b>7,190</b>	<b>19,423</b>	-	-	<b>286,214</b>
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	2,306	-	11,174	1,718	4,176	4,139	-	-	23,513
Foreign Banks	30,950	-	156,214	53,747	3,014	15,284	-	-	259,209
Participation Banks	3,492	-	-	-	-	-	-	-	3,492
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,697,079</b>	-	<b>2,728,758</b>	<b>19,435,600</b>	<b>3,119,398</b>	<b>847,503</b>	<b>143,516</b>	<b>21,433</b>	<b>28,993,287</b>

**Prior Period**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>536,016</b>	-	<b>2,364,956</b>	<b>7,187,597</b>	<b>391,409</b>	<b>76,414</b>	<b>578</b>	<b>17,464</b>	<b>10,574,434</b>
<b>Foreign Currency Deposits</b>	<b>741,976</b>	-	<b>1,519,425</b>	<b>2,866,598</b>	<b>323,061</b>	<b>97,259</b>	<b>27,704</b>	<b>6,274</b>	<b>5,582,297</b>
Residents in Turkey	718,885	-	1,477,898	2,736,609	312,103	61,016	27,704	6,241	5,340,456
Residents Abroad	23,091	-	41,527	129,989	10,958	36,243	-	33	241,841
<b>Public Sector Deposits</b>	<b>95,468</b>	-	<b>4,119</b>	<b>156,406</b>	<b>76</b>	-	-	-	<b>256,069</b>
<b>Commercial Deposits</b>	<b>790,122</b>	-	<b>1,286,099</b>	<b>3,357,562</b>	<b>464,583</b>	<b>89,611</b>	-	-	<b>5,987,977</b>
<b>Other Ins. Deposits</b>	<b>12,807</b>	-	<b>32,172</b>	<b>558,049</b>	<b>101,454</b>	<b>1,810</b>	-	-	<b>706,292</b>
<b>Precious Metal Deposits</b>	<b>12,124</b>	-	<b>12,307</b>	-	-	-	-	-	<b>24,431</b>
<b>Bank Deposits</b>	<b>21,695</b>	-	<b>245,036</b>	<b>436,324</b>	<b>171,673</b>	<b>4,106</b>	-	-	<b>878,834</b>
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	1,622	-	68,212	20,065	57,854	-	-	-	147,753
Foreign Banks	14,257	-	176,824	416,259	113,819	4,106	-	-	725,265
Participation Banks	5,816	-	-	-	-	-	-	-	5,816
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,210,208</b>	-	<b>5,464,114</b>	<b>14,562,536</b>	<b>1,452,256</b>	<b>269,200</b>	<b>28,282</b>	<b>23,738</b>	<b>24,010,334</b>

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**1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit**

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	4,398,629	3,428,021	10,973,995	7,143,571
Foreign Currency Savings Deposits	779,577	629,713	3,612,679	2,815,867
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>5,178,206</b>	<b>4,057,734</b>	<b>14,586,674</b>	<b>9,959,438</b>

**1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarters of the Group is not located abroad.**

**1.3. Savings deposits that are not covered under the guarantee of deposit insurance fund**

	Current Period	Prior Period
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	-	-
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	18,979	11,423
<b>Total</b>	<b>18,979</b>	<b>11,423</b>

**2. Information on trading purpose derivatives**

**a) Negative value of trading purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	95,651	-	22,897	-
Swaps	736,219	104,091	310,760	37,032
Futures	-	2,138	-	2,753
Options	78	108,978	108	98,978
Other	-	625	-	2,436
<b>Total</b>	<b>831,948</b>	<b>215,832</b>	<b>333,765</b>	<b>141,199</b>

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**3. a) Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Bank and Institutions	128,851	121,886	215,553	95,546
Foreign Bank, Institutions and Funds	63,641	3,267,804	337,574	4,002,489
<b>Total</b>	<b>192,492</b>	<b>3,389,690</b>	<b>553,127</b>	<b>4,098,035</b>

**b) Maturity information on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	192,492	2,029,154	253,111	1,076,120
Medium and Long-Term	-	1,360,536	300,016	3,021,915
<b>Total</b>	<b>192,492</b>	<b>3,389,690</b>	<b>553,127</b>	<b>4,098,035</b>

In accordance with the Board of Directors' decision dated February 23, 2005 numbered 41, the Parent Bank obtained a securitization loan amounting to USD 500 million with seven years maturity, quarterly floating interest payment and no principal payment for three years from abroad on March 15, 2005 via special purpose entities (SPE's).

As of March 24, 2006, in accordance with the Board of Directors' decision dated March 20, 2006 numbered 59, the Parent Bank obtained a loan amounting to USD 220 million with 5 years and 7 years maturities and semi-annually floating interest rate via SPE's. The loan amounting to USD 110 million with 5 years maturity has been paid back on March 24, 2011.

The Parent Bank extended the maturity of USD 200.5 million and EUR 210.8 million portion of the syndicated loan in line with the Board of Directors' decision no: 240 dated November 25, 2010, for one year as of December 1, 2011.

**c) Additional information on concentrations of the Group's liabilities**

As of December 31, 2011, the Group's liabilities comprise; 61% deposits (December 31, 2010 – 61%), 11% funds borrowed (December 31, 2010 – 14%) and 3% funds provided under repurchase agreements (December 31, 2010 – 3%).

**4. Information on funds provided under repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From domestic transactions</b>	<b>816,309</b>	-	<b>823,642</b>	-
Financial institutions and organizations	789,989	-	790,284	-
Other institutions and organizations	9,099	-	5,736	-
Real persons	17,221	-	27,622	-
<b>From foreign transactions</b>	<b>534</b>	<b>552,135</b>	<b>6,703</b>	<b>309,882</b>
Financial institutions and organizations	-	552,135	-	309,882
Other institutions and organizations	333	-	6,703	-
Real persons	201	-	-	-
<b>Total</b>	<b>816,843</b>	<b>552,135</b>	<b>830,345</b>	<b>309,882</b>

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**5. Information on securities issued (Net)**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	268,023	-	-	-
Bills	-	989,875	-	-
<b>Total</b>	<b>268,023</b>	<b>989,875</b>	<b>-</b>	<b>-</b>

The Parent Bank has issued bonds with USD 500 million nominal value, 5 years maturity and 5.5% fixed interest rate in foreign markets on May 11, 2011. The Parent Bank has issued bonds with TL 150,000 nominal value, 6 months maturity and 10.66% interest rate on November 2, 2011 and issued bonds with TL 200,000 nominal value, 6 months maturity and 10.45% interest rate on November 30, 2011.

**6. If other liabilities account exceeds 10% of total liabilities excluding the off-balance sheet items, information given about components of other liabilities account that exceed 20% of the individual liability item in the consolidated balance sheet**

Other liabilities account does not exceed 10% of total liabilities excluding the off-balance sheet items (December 31, 2010 – does not exceed).

**7. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts**

Interest rate and cash flows of the Group are the main criteria which are taken into consideration for the determination of payment plans in the leasing contracts.

**7.1. Explanations on changes in agreements and further commitments arising**

No changes have been made to the leasing agreements in the current period (December 31, 2010 – None).

**7.2. Explanations on financial lease payables**

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

**7.3. Explanations and footnotes on operational lease**

Operational lease payments are recognized as an expense in the income statement on a straight-line basis over the lease terms.

**7.4. Explanations on “Sale -and- lease back” agreements**

The Group does not have any sale and lease back transactions in the current period (December 31, 2010 – None).

**8. Information on liabilities arising from hedging purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge <sup>(*)</sup>	30,334	124,258	250,240	7,000
Cash Flow Hedge <sup>(**)</sup>	34,325	-	69,545	-
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>64,659</b>	<b>124,258</b>	<b>319,785</b>	<b>7,000</b>

(\*)Derivative financial instruments for hedging purposes include swaps. As of December 31, 2011, TL 30,334 (December 31, 2010 – TL 250,240) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio. TL 124,258 (December 31, 2010 – TL 7,000) represents the fair value of loans which are the hedging instruments of hedged investment securities available for sale portfolio.

(\*\*)Represents the fair value of derivatives which are the hedging instruments of deposits' cash flow risk.

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**9. Explanations on provisions**

**9.1. Information on general provisions**

	<b>Current Period</b>	<b>Prior Period</b>
Provisions for Loans and Receivables in Group I	286,073	187,721
Provisions for Loans and Receivables in Group II	34,212	20,179
Provisions for Non - Cash Loans	50,771	31,959
Other	29,385	25,949
<b>Total</b>	<b>400,441</b>	<b>265,808</b>

In accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published in the Official Gazette No: 27947 dated May 28, 2011, No: 27968 dated June 18, 2011, and No: 28158 dated December 30, 2011 general provision amounts provided on rescheduled loans without considering the reason are changed. As of December 31, 2011 loans and receivables amounting to TL 150,447 is extended up to 1 year and TL 256,045 is extended for 1 year and longer and rescheduled. As a result of mentioned changes above, an additional general provision amounting to TL 69,725 is provided as of December 31, 2011.

**9.2. Provision for currency exchange gain/loss on foreign currency indexed loans**

	<b>Current Period</b>	<b>Prior Period</b>
Foreign Exchange Provision for Foreign Currency Indexed Loans (*)	1,647	8,859

(\*) The foreign exchange provision for foreign currency indexed loans netted against “Loans and Receivables” in asset.

**9.3. Specific provisions for non cash loans that are not indemnified and converted into cash**

The specific provision for non cash loans which are related with the non-performing cash loans in arrears or the loans which were written off from balance sheet is TL 59,210 (December 31, 2010 - TL 67,931).

**9.4 Information on employee termination benefits and unused vacation accrual**

The Group has calculated reserve for employee termination benefits by using actuarial valuations as set out in TAS 19 and reflected these accompanying financial statements.

As of December 31, 2011, TL 32,870 (December 31, 2010 - TL 26,826) reserve for employee termination benefits was provided in the accompanying financial statements.

As of December 31, 2011, the Group accrued TL 18,779 (December 31, 2010 - TL 16,096) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of December 31, 2011, TL 51,593 (December 31, 2010 – TL 40,197) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying financial statements.

**9.4.1 Movement of employee termination benefits**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>01.01–31.12.2011</b>	<b>01.01-31.12.2010</b>
As of January 1	26,826	21,210
Service cost	7,234	4,911
Interest cost	4,039	2,969
Settlement/ curtailment/ termination loss	8,474	5,081
Paid during the period	(13,703)	(7,345)
<b>Total</b>	<b>32,870</b>	<b>26,826</b>

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**9.5. Information on other provisions**

**9.5.1. Information on free reserves for possible loan losses**

	<b>Current Period</b>	<b>Prior Period</b>
Free Reserves for Possible Loan Losses	63,702	78,265

As of December 31, 2011 the Group has provided TL 63,702 provision (December 31, 2010 – TL 78,265) for possible losses that could arise for loans in the watch list, considering their recovery rates.

**9.5.2 Information on other provisions**

Apart from the information provided in 9.3 and 9.5.1, other provisions are presented as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Provision for Promotion Expenses of Credit Cards	13,832	15,147
Other Provisions	26,936	19,217
<b>Total</b>	<b>40,768</b>	<b>34,364</b>

**10. Information on tax liability**

**10.1. Information on current tax liability**

**10.1.1. Information on tax provision**

As of December 31, 2011, the Group has current tax liability of TL 226,159 (December 31, 2010 - TL 256,573) and advance taxes of TL 148,735 (December 31, 2010 - TL 184,353).

The current tax liability and the advance taxes of the consolidated subsidiaries have been offset separately in their financial statements. As of December 31, 2011, after the offsetting, the current tax liability amounting TL 77,957 (December 31, 2010 – TL 72,834) is disclosed and the current tax asset amounting TL 533 (December 31, 2010 – TL 614) is disclosed in the accompanying consolidated financial statements.

**10.1.2. Information on taxes payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate taxes payable	77,957	72,834
Banking and Insurance Transaction Tax (BITT)	30,496	21,645
Taxation on Securities Income	32,463	17,363
Taxation on Real Estates Income	1,210	1,028
Other	19,997	13,205
<b>Total</b>	<b>162,123</b>	<b>126,075</b>

**10.1.3 Information on premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums - Employee Share	9,387	4,724
Social Security Premiums – Employer Share	9,922	5,112
Unemployment Insurance - Employee Share	659	331
Unemployment Insurance - Employer Share	1,325	671
<b>Total</b>	<b>21,293</b>	<b>10,838</b>

**10.2. Information on deferred tax liabilities**

According to TAS 12, the deferred tax assets and liabilities are netted off separately in the accompanying financial statements.

Deferred tax asset is TL 15,956 (December 31, 2010 – TL 29,408) and deferred tax liability is TL 20,890 (December 31, 2010- TL 71,859) after deferred tax asset and liability balances in the financial statements of the consolidated subsidiaries are netted off separately.

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In cases whereby such differences are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax assets amounting to TL 66,106 are netted under equity. (December 31, 2010 – TL 26,295 deferred tax liability).

	Temporary Differences		Deferred Tax Asset/(Liability)	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Reserve for employee benefits	103,242	83,119	20,648	16,624
The differences between carrying and taxable amounts of financial assets	347,075	181,851	69,415	36,370
Unused investment incentive certificates	38,671	112,435	7,734	22,487
Other	27,091	20,825	5,419	4,165
<b>Deferred Tax Assets</b>			<b>103,216</b>	<b>79,646</b>
The differences between carrying and taxable amounts of tangible assets	(105,565)	(85,998)	(21,113)	(17,200)
The differences between carrying and taxable amounts of financial assets	(380,220)	(457,254)	(76,044)	(91,451)
Other	(54,962)	(67,230)	(10,993)	(13,446)
<b>Deferred Tax Liability</b>			<b>(108,150)</b>	<b>(122,097)</b>
<b>Deferred Tax Asset/(Liability), Net</b>			<b>(4,934)</b>	<b>(42,451)</b>
			<b>Current Period</b>	<b>Prior Period</b>
Deferred Tax Asset/(Liability) as of January 1 (Net)			(42,451)	(54,321)
Deferred Tax (Charge)/Benefit			(54,884)	18,728
Deferred Tax Accounted for under the Equity			92,401	(6,858)
The effect of subsidiary's consolidation			-	-
<b>Deferred Tax Asset/(Liability) as of December 31, 2011 (Net)</b>			<b>(4,934)</b>	<b>(42,451)</b>

**11. Information on payables related to assets held for sale**

None (December 31, 2010 – None).

**12. Information on subordinated loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1,742,641	-	1,010,383
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,742,641</b>	<b>-</b>	<b>1,010,383</b>

The Parent Bank received USD 650 million of subordinated loan during 2008 and USD 325 million of subordinated loan during 2009 from its main shareholder, National Bank of Greece S.A. The maturity of the loan is 10 years with semi-annual interest payments and principle payment at maturity. There is a repayment option at the end of the 5<sup>th</sup> year. In addition, interest is paid every six months and principal payment will be realized at maturity. The loan amounting to USD 325 million which was received in 2008 is closed in the prior period to be used in capital increase. In addition, the Parent Bank received USD 260 million of subordinated loan in the current period from National Bank of Greece S.A.

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**13. Information on shareholder's equity**

**13.1. Paid-in capital**

	<b>Current Period</b>	<b>Prior Period</b>
Common Stock	2,440,000	2,205,000
Preferred Stock	-	-

**13.2. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital**

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling</b>
Registered Capital System	2,440,000	6,000,000

**13.3. Information on share capital increases and their sources; other information on any increase in capital shares during the current period**

<b>Date of Increase</b>	<b>Amount of Increase</b>	<b>Cash</b>	<b>Profit Reserves Subject to Increase</b>	<b>Capital Reserves Subject to Increase</b>
June 20, 2011	115,000	-	115,000	-
December 12, 2011	120,000 (*)	116,333	-	3,667

(\*)As of January 16, 2012, the registration procedures for the increase in the issued share capital from TL 2,320,000 to TL 2,440,000 are completed by the Capital Markets Board's permission dated January 13, 2012 and numbered 71.

**13.4. Information on share capital increases from revaluation funds**

None (December 31, 2010 - None).

**13.5. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments**

The Group does not have any capital commitment; the capital is fully paid-in.

**13.6. Prior periods' indicators related with the Parent Bank's income, profit and liquidity and the possible effects of the uncertainties in these indicators on the Parent Bank's equity**

None (December 31, 2010 – None).

**13.7. Information on the privileges given to stocks representing the capital**

The Parent Bank has 100 founder shares stated in the Articles of Association. The profit distribution of the Parent Bank is calculated in accordance with prevailing statutory regulations and its Article of Association. According to these regulations, after deducting the statutory and fiscal obligations of the Parent Bank, 5% of the remaining net income is appropriated as legal reserves, 5% of the paid in capital might be distributed to shareholders as first dividend and 10% of the remaining net profit might be distributed to founder shares. Moreover, additional 10% legal reserve is provided from the dividends distributed to founder shares.

**14. Common stock issue premiums, shares and equity instruments**

	<b>Current Period</b>	<b>Prior Period</b>
Number of Stocks (Thousands)	24,400,000	22,050,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums (*)	714	665
Common Stock Withdrawal Profits	-	-

(\*)Due to the Parent Bank's capital increase as of December 13, 2010 and December 12, 2011, common stock issue premiums accounted amounting to TL 665 and TL 49, respectively.

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**15. Information on marketable securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Associates, Subsidiaries and Entities under Common Control</b>	-	-	-	-
Valuation Difference	-	-	-	-
Foreign Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>(98,932)</b>	<b>(154,784)</b>	<b>120,153</b>	<b>4,093</b>
Valuation Difference	(98,932)	(154,784)	120,153	4,093
Foreign Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>(98,932)</b>	<b>(154,784)</b>	<b>120,153</b>	<b>4,093</b>

**16. Information on accrued interest and expenses**

The details of accrued interest and expenses allocated to the related items on the liabilities side of the balance sheet are as follows:

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	135,902	26,499	96,877	11,080
Derivative Financial Liabilities Held for Trading	831,948	215,832	333,765	141,199
Funds Borrowed	1,424	27,212	1,347	23,044
Money Market Borrowings	642	587	505	182
Derivative Financial Liabilities for Hedging Purposes	64,659	124,258	319,785	7,000
Other Accruals	23,971	47,546	32,160	16
<b>Total</b>	<b>1,058,546</b>	<b>441,934</b>	<b>784,439</b>	<b>182,521</b>

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**SECTION FIVE**

**III. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS**

**1. Information related to consolidated off-balance sheet contingencies**

**1.1. Type and amount of irrevocable commitments**

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Guarantee in FC	1,791,107	1,587,549
Letters of Guarantee in TL	3,423,939	2,967,436
Letters of Credit	688,611	722,850
Bank Loans	1,048,329	721,538
Other Guarantees	33,672	36,309
<b>Total</b>	<b>6,985,658</b>	<b>6,035,682</b>

**1.2. Type and amount of possible losses from off-balance sheet items included below**

Specific provision is provided for the non-cash loans amounting to TL 59,210 (December 31, 2010 – TL 67,931) followed in the off-balance sheet accounts that are not indemnified and not liquidated yet.

**1.3. Final guarantees, provisional guarantees, sureties and similar transactions**

	<b>Current Period</b>	<b>Prior Period</b>
Provisional Letters of Guarantee	395,780	288,152
Final Letters of Guarantee	3,826,420	3,282,473
Advance Letters of Guarantee	172,828	168,008
Letters of Guarantee Given to Customs Offices	202,919	196,275
Other Letters of Guarantee	617,099	620,077
<b>Total</b>	<b>5,215,046</b>	<b>4,554,985</b>

**2. Total amount of non-cash loans**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Non-Cash Loans granted for Obtaining Cash Loans</b>	<b>383,661</b>	<b>360,270</b>
Less Than or Equal to One Year with Original Maturity	23,877	33,954
More Than One Year with Original Maturity	359,784	326,316
<b>Other Non-Cash Loans</b>	<b>6,601,997</b>	<b>5,675,412</b>
<b>Total</b>	<b>6,985,658</b>	<b>6,035,682</b>

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**3. Information on risk concentration in sector terms in non-cash loans**

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>11,480</b>	<b>0.33</b>	<b>4,632</b>	<b>0.13</b>	<b>40,653</b>	<b>1.37</b>	<b>40,086</b>	<b>1.32</b>
Farming and Raising Livestock	10,074	0.29	1,454	0.04	8,038	0.27	17,072	0.56
Forestry	624	0.02	-	-	32,136	1.08	21,906	0.72
Fishing	782	0.02	3,178	0.09	479	0.02	1,108	0.04
<b>Manufacturing</b>	<b>628,915</b>	<b>18.19</b>	<b>1,624,198</b>	<b>46.47</b>	<b>532,675</b>	<b>17.94</b>	<b>1,510,731</b>	<b>49.87</b>
Mining and Quarrying	20,112	0.58	492	0.01	29,259	0.99	29,691	0.98
Production	531,089	15.36	1,509,406	43.19	493,786	16.63	1,440,143	47.54
Electricity, gas and water	77,714	2.25	114,300	3.27	9,630	0.32	40,897	1.35
<b>Construction</b>	<b>848,019</b>	<b>24.53</b>	<b>572,361</b>	<b>16.38</b>	<b>609,769</b>	<b>20.53</b>	<b>428,401</b>	<b>14.14</b>
<b>Services</b>	<b>1,918,313</b>	<b>55.48</b>	<b>1,276,181</b>	<b>36.53</b>	<b>1,504,363</b>	<b>50.65</b>	<b>952,094</b>	<b>31.43</b>
Wholesale and Retail Trade	1,185,470	34.29	721,489	20.65	947,724	31.91	517,521	17.08
Hotel, Food and Beverage Services	24,926	0.72	4,368	0.12	19,334	0.65	7,703	0.25
Transportation & Communication	68,698	1.99	150,092	4.30	59,724	2.01	65,323	2.16
Financial Institutions	373,121	10.79	312,094	8.93	310,366	10.45	315,626	10.42
Real Estate and Renting Services	5,719	0.17	2,138	0.06	8,492	0.29	603	0.02
Self Employment Services	80,738	2.34	11,707	0.34	148,569	5.00	43,239	1.43
Educational Services	1,606	0.05	-	-	2,667	0.09	92	-
Health and Social Services	178,035	5.15	74,293	2.13	7,487	0.25	1,987	0.07
<b>Other (*)</b>	<b>50,779</b>	<b>1.47</b>	<b>17,108</b>	<b>0.49</b>	<b>282,600</b>	<b>9.51</b>	<b>98,001</b>	<b>3.24</b>
<b>Total</b>	<b>3,457,506</b>	<b>100.00</b>	<b>3,494,480</b>	<b>100.00</b>	<b>2,970,060</b>	<b>100.00</b>	<b>3,029,313</b>	<b>100.00</b>

(\*)Does not include "Other Guarantees" amounting to TL 33,672 (December 31, 2010 - TL 36,309).

**4. Information on non-cash loans classified in first and second groups (\*)**

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	3,284,128	1,678,536	114,023	79,313
Bills of Exchange and Acceptances	33,348	1,010,699	-	4,118
Letters of Credit	219	685,501	-	2,891
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	33,672	-	-
<b>Non-cash Loans</b>	<b>3,317,695</b>	<b>3,408,408</b>	<b>114,023</b>	<b>86,322</b>

(\*)Does not include non-cash loans amounting to TL 59,210 for which provision is provided, but that are not indemnified and not liquidated yet.

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**5. Information related to derivative financial instruments**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Types of trading transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>51,533,238</b>	<b>36,431,011</b>
Forward transactions (*)	10,765,945	2,530,303
Swap transactions	29,755,228	20,047,453
Futures transactions	216,141	375,074
Option transactions	10,795,924	13,478,181
<b>Interest Related Derivative Transactions (II)</b>	<b>5,156,173</b>	<b>6,542,674</b>
Forward rate transactions	-	-
Interest rate swap transactions	4,964,407	6,517,292
Interest option transactions	40,000	-
Futures interest transactions	151,766	25,382
<b>Other trading derivative transactions (III)</b>	<b>-</b>	<b>-</b>
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>56,689,411</b>	<b>42,973,685</b>
<b>Types of hedging transactions</b>	<b>18,314,782</b>	<b>10,265,120</b>
Fair value hedges	17,252,307	8,955,244
Cash flow hedges	1,062,475	1,309,876
Net investment hedges	-	-
<b>B. Total Hedging Related Derivatives</b>	<b>18,314,782</b>	<b>10,265,120</b>
<b>Total Derivative Transactions (A+B)</b>	<b>75,004,193</b>	<b>53,238,805</b>

(\*)This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

**5.1 Fair value hedge accounting**

**a) Loans**

The Bank enters into swap transactions in order to hedge itself from the changes in the fair value due to the changes in market interest rates of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. As of December 31, 2011; the mortgage loans amounting to TL 4,357,337 (December 31, 2010 – TL 4,343,805) were subject to hedge accounting by swaps with the nominal values of TL 6,528,617 (December 31, 2010 – TL 4,828,794). The net market valuation difference gain amounting to TL 8,680 due to the gains from loans amounting to TL 86,122 (December 31, 2010 – TL 165,766) and losses from swaps amounting to TL 77,442 (December 31, 2010 – TL 197,441) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TL 87,592 (December 31, 2010 – 111,197) related to the loans that are ineffective for hedge accounting under “securities trading gains/losses” as loss during the current period.

**b) Investment securities available for sale**

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Bank using swaps as hedging instruments. As at the balance sheet date; Eurobonds with the nominal values of USD 214,000 and EUR 26,000 (December 31, 2010 – USD 77,193 and EUR 6,672) were subject to hedge accounting by interest rate swaps with the same nominal values. The net market valuation difference gain amounting to TL 115 due to gains from Eurobonds amounting to TL 111,316 (December 31, 2010 – TL 4,649) and losses from swaps amounting to TL 111,201 (December 31, 2010 – TL 4,650) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon held by the Bank using swaps as hedging instruments. As at the balance sheet date; the government bonds with the nominal values of TL 102,030 (December 31, 2010 – none) were subject to hedge accounting by swaps with the same nominal value. The

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net market valuation difference loss amounting to TL 237 due to gains from government bonds amounting to TL 994 (December 31, 2010 – none) and losses from swaps amounting to TL 1,231 (December 31, 2010 - none) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

**c) Bonds issued**

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to foreign currency bonds issued by the Bank using interest rate swaps as hedging instruments. As at the balance sheet date; bonds with TL 497,000 nominal value (December 31, 2010 – none) were subject to hedge accounting by swaps with the same nominal value. Net market valuation difference loss amounting to TL 235 due to loss from government bonds amounting to TL 40,131 (December 31, 2010 – none) and gain from swaps amounting to TL 40,366 (December 31, 2010 - none) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

**5.2 Cash flow hedge accounting**

**a) Deposit**

To avoid from the interest rate changes of deposits that have an average maturity of 1 month, the Parent Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at income statement as defined in TAS 39. The swaps amounting to TL 531,238 are subject to hedge accounting as hedging instruments (December 31, 2010 – TL 654,938). As a result of the mentioned hedge accounting, the fair value gains before taxes amounting to TL 13,797 are accounted for under equity during the current period (December 31, 2010 – TL 26,129). The losses amounting to TL 18 for the ineffective portions are accounted for at the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. Effective parts classified under equity due to hedge accounting are amortized through income statement until the maturity of swaps in case of ineffectiveness. The Parent Bank transferred losses amounting to TL 4,722 from the equity to the income statement due to the swaps that are matured or whose effectiveness deteriorated during the current period (December 31, 2010 – TL 341 gain).

As of December 31, 2011 breakdown of the Group’s foreign currency forward and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

	<b>Forward Buy(**)</b>	<b>Forward Sell(**)</b>	<b>Swap Buy (*)</b>	<b>Swap Sell (*)</b>	<b>Option Buy</b>	<b>Option Sell</b>	<b>Future Buy</b>	<b>Future Sell</b>
<b>Current Period</b>								
TL	2,374,243	906,298	8,285,726	14,553,282	2,207,494	2,307,411	2,667	4,045
USD	1,595,058	2,783,388	16,864,863	10,533,469	1,771,968	1,869,700	179,345	179,344
EURO	1,174,180	1,471,895	1,094,213	1,340,533	1,103,534	850,095	1,929	577
Other	231,329	229,554	181,456	180,875	371,215	354,507	-	-
<b>Total</b>	<b>5,374,810</b>	<b>5,391,135</b>	<b>26,426,258</b>	<b>26,608,159</b>	<b>5,454,211</b>	<b>5,381,713</b>	<b>183,941</b>	<b>183,966</b>

(\*) This column also includes hedging purpose derivatives.

(\*\*)This column also includes Forward Asset Purchase Commitments accounted for under Commitments

	<b>Forward Buy(**)</b>	<b>Forward Sell(**)</b>	<b>Swap Buy (*)</b>	<b>Swap Sell (*)</b>	<b>Option Buy</b>	<b>Option Sell</b>	<b>Future Buy</b>	<b>Future Sell</b>
<b>Prior Period</b>								
TL	388,533	498,515	5,888,531	10,705,451	2,985,137	2,843,408	3,397	3,397
USD	368,915	482,100	9,633,611	7,328,889	2,069,610	2,070,336	195,723	195,723
EURO	350,882	150,472	2,199,221	751,451	1,109,354	1,232,585	1,108	1,108
Other	152,990	137,896	89,098	233,613	586,431	581,320	-	-
<b>Total</b>	<b>1,261,320</b>	<b>1,268,983</b>	<b>17,810,461</b>	<b>19,019,404</b>	<b>6,750,532</b>	<b>6,727,649</b>	<b>200,228</b>	<b>200,228</b>

(\*) This column also includes hedging purpose derivatives.

(\*\*)This column also includes Forward Asset Purchase Commitments accounted for under Commitments

As of December 31, 2011, the Group has no derivatives transactions for hedge of net investment.

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**6. Information on contingent liabilities and assets**

None (December 31, 2010 – None).

**7. Information on the services in the name and account of third parties**

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

**8. Information on the Parent Bank's rating by international rating institutions**

<b>MOODY'S April 2011</b>		<b>FITCH April 2011</b>		<b>CI September 2011</b>	
Long-Term Deposit Rating (FC)	Ba3	Long-Term Foreign Curr.	BBB-	Long-Term Foreign Curr.	BB
Long-Term Deposit Rating (TL)	Baa2	Short-Term Foreign Curr.	F3	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (TL)	Prime-2	Long-Term TL	BBB-	Financial Strength	BBB+
Financial Strength	C-	Short-Term TL	F3	Support	3
		Long-Term National	AAA(tur)		
		Support	3		
		Viability	BBB-		

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**IV. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED INCOME STATEMENT**

**1. a) Information on interest income received from loans**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans				
Short-Term Loans	2,220,107	52,173	1,758,857	49,551
Medium and Long-Term Loans	1,604,607	103,187	1,389,886	57,198
Non-Performing Loans	96,841	-	82,087	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>3,921,555</b>	<b>155,360</b>	<b>3,230,830</b>	<b>106,749</b>

**b) Information on interest income from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank	-	-	29,059	-
Domestic Banks	11,889	265	11,530	123
Foreign Banks	1,940	3,885	18,476	4,990
Foreign Headquarters and Branches	-	-	-	-
<b>Total</b>	<b>13,829</b>	<b>4,150</b>	<b>59,065</b>	<b>5,113</b>

**c) Information on interest income from securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	5,751	244	8,872	236
Financial Assets at FVTPL	618	-	11,794	-
Investment Securities Available for Sale	385,609	47,722	349,702	36,846
Investment Securities Held to Maturity	-	-	-	-
<b>Total</b>	<b>391,978</b>	<b>47,966</b>	<b>370,368</b>	<b>37,082</b>

**d) Information on interest income received from associates and subsidiaries**

None (December 31, 2010 – None).

**2. a) Information on interest expense related to funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
T.R. Central Bank	-	-	-	-
Domestic Banks	14,462	3,276	10,763	1,818
Foreign Banks	16,313	147,711	43,149	107,813
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>30,775</b>	<b>150,987</b>	<b>53,912</b>	<b>109,631</b>

**b) Information on interest expense paid to associates and subsidiaries**

None (December 31, 2010 – None).

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**c) Information on interest expense paid to securities issued**

The Parent Bank has issued bonds with USD 500 million nominal value, 5 years maturity and 5.5% fixed interest rate in foreign markets on May 11, 2011. The Parent Bank has issued bonds with TL 150 million nominal value, 6 months maturity and 10.66% interest rate on November 2, 2011 and issued bonds with TL 200 million nominal value, 6 months maturity and 10.45% interest rate on November 30, 2011. As of December 31, 2011, the interest expense amounting to TL 36,338 is booked for the bonds issued. (December 31, 2010 – None).

**d) Information on maturity structure of interest expenses on deposits (Current Period)**

Account Name	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	440	11,581	2,217	306	1,225	-	15,769
Saving Deposits	4	81,897	928,790	139,553	17,000	1,450	-	1,168,694
Public Sector Deposits	-	496	9,042	449	2	-	-	9,989
Commercial Deposits	3	80,476	301,521	52,829	26,934	3,242	-	465,005
Other Deposits	-	1,809	70,103	8,148	765	663	-	81,488
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7</b>	<b>165,118</b>	<b>1,321,037</b>	<b>203,196</b>	<b>45,007</b>	<b>6,580</b>	<b>-</b>	<b>1,740,945</b>
<b>Foreign Currency</b>								
Foreign Currency								
Deposits	-	26,028	175,714	19,231	11,250	2,007	209	234,439
Bank Deposits	115	8	5,626	1,280	-	813	-	7,842
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	617	-	-	-	-	-	617
<b>Total</b>	<b>115</b>	<b>26,653</b>	<b>181,340</b>	<b>20,511</b>	<b>11,250</b>	<b>2,820</b>	<b>209</b>	<b>242,898</b>
<b>Grand Total</b>	<b>122</b>	<b>191,771</b>	<b>1,502,377</b>	<b>223,707</b>	<b>56,257</b>	<b>9,400</b>	<b>209</b>	<b>1,983,843</b>

**Information on maturity structure of interest expense on deposits (Prior Period)**

Account Name	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	22,265	2,807	1,412	68	-	-	26,552
Saving Deposits	4	206,040	550,590	15,407	4,461	1,115	-	777,617
Public Sector Deposits	-	319	3,858	9	-	-	-	4,186
Commercial Deposits	20	71,390	226,954	16,581	2,499	-	-	317,444
Other Deposits	-	4,897	39,899	11,472	282	-	-	56,550
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>24</b>	<b>304,911</b>	<b>824,108</b>	<b>44,881</b>	<b>7,310</b>	<b>1,115</b>	<b>-</b>	<b>1,182,349</b>
<b>Foreign Currency</b>								
Foreign Currency								
Deposits	29	44,172	76,065	6,987	4,131	826	187	132,397
Bank Deposits	137	729	16,176	2,440	-	-	-	19,482
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	70	-	-	-	-	-	70
<b>Total</b>	<b>166</b>	<b>44,971</b>	<b>92,241</b>	<b>9,427</b>	<b>4,131</b>	<b>826</b>	<b>187</b>	<b>151,949</b>
<b>Grand Total</b>	<b>190</b>	<b>349,882</b>	<b>916,349</b>	<b>54,308</b>	<b>11,441</b>	<b>1,941</b>	<b>187</b>	<b>1,334,298</b>

**e) Information on interest expenses on repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Repurchase Agreements(*)	107,824	5,892	50,610	378

(\*) Disclosed in "Interest on Money Market Transactions".

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**f) Information on finance lease expenses**

None (December 31, 2010 – None).

**g) Information on interest expenses on factoring payables**

None (December 31, 2010 – None).

**3. Information on dividend income**

	<b>Current Period</b>	<b>Prior Period</b>
Financial Assets Held for Trading	141	169
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	113	157
Other	-	-
<b>Total</b>	<b>254</b>	<b>326</b>

**4. Information on trading income/loss**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Trading Income</b>	<b>7,747,109</b>	<b>5,855,041</b>
Gains on Capital Market Operations	172,727	425,723
Derivative Financial Instruments	2,362,183	1,376,211
Foreign Exchange Gains	5,212,199	4,053,107
<b>Trading Loss (-)</b>	<b>7,958,327</b>	<b>6,116,098</b>
Losses on Capital Market Operations	85,755	44,510
Derivative Financial Instruments	2,622,472	2,054,305
Foreign Exchange Losses	5,250,100	4,017,283
<b>Net Trading Income/Loss</b>	<b>(211,218)</b>	<b>(261,057)</b>

**5. Information on other operating income**

The Group recorded the current year collections from loans written off in the previous periods, portfolio management fees and commissions and expense accruals in “Other Operating Income” account.

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**6. Provision for losses on loans and other receivables**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Specific Provisions For Loans and Other Receivables</b>	<b>164,232</b>	<b>181,537</b>
Loans and Receivables in Group III	(55,510)	14,478
Loans and Receivables in Group IV	(87,206)	28,023
Loans and Receivables in Group V	306,948	139,036
<b>Doubtful Fee, Commission and Other Receivables</b>	<b>-</b>	<b>-</b>
<b>General Provisions</b>	<b>134,633</b>	<b>66,357</b>
<b>Provision Expenses for Possible Losses</b>	<b>-</b>	<b>-</b>
<b>Impairment Losses on Securities</b>	<b>164</b>	<b>73</b>
Financial assets at fair value through profit or loss	164	73
Investment securities available for sale	-	-
<b>Impairment Losses on Associates, Subsidiaries and Investment Securities Held-to-Maturity</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held-to-maturity	-	-
<b>Other</b>	<b>26,509</b>	<b>26,772</b>
<b>Total</b>	<b>325,538</b>	<b>274,739</b>

**7. Information on other operating expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel costs	752,015	646,971
Reserve for employee termination benefits	6,044	5,616
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	1,594	-
Depreciation charge of tangible assets	84,236	76,184
Impairment losses of intangible assets	-	-
Impairment losses of goodwill	-	-
Amortization charge of intangible assets	42,423	30,366
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed	89	1,215
Depreciation on assets to be disposed	1,708	1,917
Impairment charge of assets held for sale and discontinued operations	-	-
<b>Other operating expenses</b>	<b>567,825</b>	<b>544,798</b>
Operational lease related expenses	121,592	99,436
Repair and maintenance expenses	47,318	45,225
Advertisement expenses	52,791	74,707
Other expenses	346,124	325,430
Losses on sales of assets	699	1,110
Other	228,212	165,611
<b>Total</b>	<b>1,684,849</b>	<b>1,473,788</b>

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**8. Information on profit/loss from continued and discontinued operations before taxes**

For the period ended December 31, 2011, net interest income of TL 2,324,065 (December 31, 2010 – TL 2,356,909), net fees and commission income of TL 885,022 (December 31, 2010 – TL 672,288) and other operating income of TL 194,219 (December 31, 2010 – TL 155,486) constitute an important part of the income.

**9. Explanations on tax provision for continued and discontinued operations**

**9.1. Current period taxation benefit or charge and deferred tax benefit or charge**

As of December 31, 2011, the Group recorded tax charge of TL 230,729 (December 31, 2010 – TL 256,576) and a deferred tax charge of TL 54,884 (December 31, 2010 – TL 18,728 benefit).

	Current Period	Prior Period
Current Tax Provision	(226,159)	(256,576)
Adjustment concerning the prior period's corporate tax (*)	(4,570)	-
Deferred Tax Income Income/(Expense)	(54,884)	18,728
<b>Total</b>	<b>(285,613)</b>	<b>(237,848)</b>

(\*)The Parent Bank has increased the corporate tax base concerning prior periods within the scope of "Law on the Restructuring of Some of the Receivables, and on the amendment of Social Insurances and General Health Insurance Law, and that of Other Several Laws and Legislative Decrees", No: 6111 and accrued a liability amounting to TL 17,907.

Also, the lawsuit files against Finans Finansal Kiralama A.Ş., one of the subsidiaries, in regards to investment incentives are finalized and Finans Finansal Kiralama A.Ş., has entitled for a refund of the corporate taxes paid in prior periods. Accordingly, TL 13,337 of corporate tax attributable to year 2009 refunded to Finans Finansal Kiralama A.Ş. on July 6, 2011 and August 11, 2011. In the accompanying financial statements as of December 31, 2011 the said amount is recognized in other assets and as income in "current income tax charge" in the income statement.

**9.2. Explanations on operating profit/loss after taxes**

None (December 31, 2010 – None).

**10. Explanations on net profit/(loss) from continued and discontinued operations**

In the current period, there is no profit of the Group from discontinued operations (December 31, 2010 – TL - None), whereas the net profit of the Group from continued operations is TL 896,342 (December 31, 2010 – TL 937,577).

**11. Explanations on net income/loss for the period**

**11.1. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance for the period**

None (December 31, 2010 – None).

**11.2. There is no material effect of changes in accounting estimates by the Group on income statement for the current and, for subsequent periods.**

**11.3. Profit or loss attributable to minority shares**

	Current Period	Prior Period
Profit / Loss Attributable to Minority Shares	12,611	14,655

**11.4. There are no changes in the accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods.**

**12. Information on the components of other items in the income statement exceeding 10% of the total, or items that comprise at least 20% of the income statement**

Fees and commissions from credit cards, transfers and insurance intermediaries are recorded in the "Others" line under "Fees and Commissions Received" account and fees and commissions given to credit cards are recorded to the "Others" line under "Fees and Commissions Paid" account by the Parent Bank.

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**V. EXPLANATIONS AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**1. Changes resulting from valuation of available for sale securities**

Net decrease of TL 377,962 (December 31, 2010 – TL 46,499 net increase) after tax effect resulting from valuation of available for sale securities at fair values is included in “Securities Value Increase Fund” account under shareholders’ equity.

**2. Explanations on foreign exchange differences**

None.

**3. Explanations on dividend**

**3.1. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements**

There is no announcement of dividend distribution before the release of the accompanying financial statements. At the General Assembly dated April 19, 2011, it was decided to distribute the 2010 profit as follow:

**2010 profit distribution table:**

<b>Current year profit</b>	<b>914,674</b>
A - I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	45,734
B - The First Dividend for Shareholders(*)	110,250
C – Profit from Disposal of Associates	75,869
D II. Legal Reserves	7,586
E- Gains on Real Estate Sales Fund	980
F- Extraordinary Reserves	674,255

(\*) Distributed as bonus shares.

**3.2. Dividends per share proposed subsequent to the balance sheet date**

No decision is taken concerning the profit distribution by the General Assembly, as of the balance sheet date (December 31, 2010 - Profit distribution for 2010 is detailed in footnote 3.1).

**3.3. Transfers to legal reserves**

	<b>Current Period</b>	<b>Prior Period</b>
Amount Transferred to Reserves from Retained Earnings	65,752	36,134

**4. Information on issuance of share certificates**

**4.1. The rights, priorities and restrictions regarding the share capital including distribution of income and repayment of the capital**

None (December 31, 2010 - None).

**5. Information on the other capital increase items in the statement of changes in shareholders’ equity**

Capital increase amounting to TL 235,000 that is stated in Statement of Changes in Shareholder’s Equity for 2011 is provided by TL 116,333 from cash and TL 118,667 from extraordinary reserves. Capital increase that is stated in Statement of Changes in Shareholder’s Equity for 2010 amounting to TL 630,000 is provided by TL 547,143 from cash and TL 82,857 from extraordinary reserves.

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**SECTION FIVE**

**VI. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED CASH FLOWS STATEMENT**

**1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents**

“Other items” amounting to TL 1,407,268 (December 31, 2010 – TL 247,359) in “Operating profit before changes in operating assets and liabilities” consist of commissions paid amounting to TL 159,722 (December 31, 2010 – TL 108,879), net trading income/loss amounting to TL 1,188,883 (December 31, 2010 – TL 462,085 net trading income/loss) and other operating expenses amounting to TL 58,663 (December 31, 2010 – TL 600,565).

“Other items” in changes in operating assets amounting to TL 291,380 (December 31, 2010 - TL 634,647) consist of the decrease in collaterals given amounting to TL 392,781 (December 31, 2010 - TL 370,041 increase), the decrease in lease receivables amounting to TL 186,367 (December 31, 2010 – TL 56,322 decrease), the decrease in factoring receivables amounting to TL 33,806 (December 31, 2010 – TL 184,979 increase) and the increase in other assets amounting to TL 904,334 (December 31, 2010 - TL 135,949 increase).

“Other items” in changes in operating liabilities amounting to TL 1,016,238 (December 31, 2010 - TL 1,508,259) consist of the increase in money market borrowings by TL 350,272 (December 31, 2010 - TL 1,146,331 increase) and the increase in sundry debtors and other liabilities by TL 665,966 (December 31, 2010 - TL 361,928 increase).

“Other items” in net cash provided from / (used in) investing activities amounting to TL 78,886 (December 31, 2010 – TL 65,800) includes increase in intangible assets.

**2. Information regarding the balances of cash and cash equivalents at the beginning of the period**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>January 1, 2011</b>	<b>January 1, 2010</b>
<b>Cash</b>	<b>429,473</b>	<b>299,848</b>
Cash	223,045	168,939
Cash in Foreign Currencies	177,056	126,865
Other	29,372	4,044
<b>Cash Equivalents</b>	<b>2,526,224</b>	<b>2,821,345</b>
Balances with the T.R. Central Bank	1,968,847	1,494,358
Banks and Other Financial Institutions	559,178	1,321,487
Money Market Placements	4,977	14,351
Less: Placements with Banks with Maturities		
Longer than 3 Months	(4,322)	-
Less: Accruals	(2,456)	(8,851)
<b>Cash and Cash Equivalents</b>	<b>2,955,697</b>	<b>3,121,193</b>

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**3. Information regarding the balances of cash and cash equivalents at the end of the period**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>Cash</b>	<b>524,265</b>	<b>429,473</b>
Cash	320,914	223,045
Cash in Foreign Currencies	184,674	177,056
Other	18,677	29,372
<b>Cash Equivalents</b>	<b>2,493,964</b>	<b>2,526,224</b>
Balances with the T.R. Central Bank	480,213	1,968,847
Banks and Other Financial Institutions	932,227	559,178
Money Market Placements	1,093,505	4,977
Less: Placements with Banks with Maturities		
Longer than 3 Months	(10,428)	(4,322)
Less: Accruals	(1,553)	(2,456)
<b>Cash and Cash Equivalents</b>	<b>3,018,229</b>	<b>2,955,697</b>

**4. Restricted cash and cash equivalents due to legal requirements or other reasons**

Foreign bank balances include TL 59,921 (December 31, 2010 - TL 49,600) of cash blocked at foreign banks held for transactions made for foreign money markets and capital markets and borrowings from foreign markets.

**5. Additional information**

**5.1. Restrictions on the Parent Bank's potential borrowings that can be used for ordinary operations or capital commitment**

None (December 31, 2010 – None).

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**SECTION FIVE**

**VII. EXPLANATIONS AND DISCLOSURES RELATED TO THE PARENT BANK'S RISK GROUP**

**1. Information on the volume of transactions with the Parent Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period**

- 1.1.** As of December 31, 2011, the Parent Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to TL 91,465 (December 31, 2010 - TL 127,671), TL 34,873 (December 31, 2010 - TL 29,061) and TL 3,074 (December 31, 2010 - TL 49,066), respectively.

**Current Period**

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	270	-	48,794	29,061	2
Balance at the End of the Period	-	-	-	3,072	34,873	2
Interest and Commission Income	-	1	-	9	2,360	-

**Prior Period**

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	385	-	11,745	30,632	22,740
Balance at the End of the Period	-	270	-	48,794	29,061	2
Interest and Commission Income	-	6	30	55	1,962	-

(\*) As described in the Article 49 of Banking Law No 5411.

**1.2. Information on deposits held by the Parent Bank's risk group**

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Balance at the Beginning of the Period	27,579	10,199	1,707	1,116,699	98,385	57,561
Balance at the End of the Period	58,340	27,579	31,009	1,707	2,116	98,385
Interest on deposits	467	16,446	102	14,327	679	3,045

(\*) As described in the Article 49 of Banking Law No 5411.

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

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**1.3. Information on forward and option agreements and similar agreements made with the Parent Bank's risk group**

Parent Bank's Risk Group <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes</b>						
Beginning of the Period	-	-	817,073	105,265	246,599	273,419
End of the Period	-	-	34,165	817,073	28,702	246,599
Total Income/Loss <sup>(**)</sup>	-	-	-	-	-	-
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period						
End of the Period	-	-	-	-	-	-
Total Income/Loss <sup>(**)</sup>	-	-	-	-	-	-

(\*) As described in the Article 49 of Banking Law No 5411.

(\*\*) Profit and loss amounts of transactions for trading purposes made with own Group cannot be differentiated in total profit and loss accounts.

**1.4.** As of December 31, 2011 the total amount of remuneration and bonuses paid to the top management of the Group is TL 33,879 (December 31, 2010 – TL 40,979).

**2. Disclosures of transactions with the Parent Bank's risk group**

**2.1. Relations with entities in the risk group of / or controlled by the Parent Bank regardless of the nature of relationship among the parties**

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

**2.2. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other**

The pricing of transactions with the risk group companies is set in compliance with the market prices. As of December 31, 2011, cash loans of the risk group represented 0.1% of the Parent Bank's total cash loans (December 31, 2010 - 0.1%), the deposits represented 0.3% of the Parent Bank's total deposits (December 31, 2010 – 0.5%) and derivative transactions with the risk group represented 0.2% of the Parent Bank's total derivative transactions (December 31, 2010 – 3.9%).

**2.3. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts**

The Parent Bank enters into finance lease agreements with Finans Finansal Kiralama A.Ş. As of December 31, 2011 the Bank has net finance lease payables to Finans Finansal Kiralama A.Ş. amounting to TL 9,294 (December 31, 2010 – TL 23) related to these finance lease agreements, which are eliminated in the financial statements within the context of consolidation.

The Parent Bank places certain amount of its funds from time through time to Finans Portföy Yönetimi A.Ş.

The Parent Bank has signed an agreement with Ibtch Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Parent Bank participated with 33.33% shareholding, provides cash transfer services to the Parent Bank.

Information about the Parent Bank's subordinated loans obtained from NBG S.A. is explained under Section 5, Part II, Footnote 11.

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

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**SECTION FIVE**

**VIII. EXPLANATIONS ON THE BANK'S DOMESTIC, FOREIGN AND OFF-SHORE BANKING BRANCHES AND FOREIGN REPRESENTATIVES OF THE GROUP**

**1. Information relating to the bank's domestic and foreign branch and representatives**

	Number	Employees			
Domestic Branch	521	10,829			
				<u>Country</u>	
Foreign Representation	-	-	1-		
			2-		
			3-		
				<u>Total Assets</u>	<u>Capital</u>
Foreign Branch	-	-	1-	-	-
			2-		
			3-		
Off-shore Banking and Region Branches	1	8	1- Bahrain	4,664,181	

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**SECTION SIX**

**OTHER EXPLANATIONS AND DISCLOSURES**

**I. OTHER EXPLANATIONS RELATED TO THE GROUP'S OPERATIONS**

**1. Disclosure related to subsequent events and transactions that have not been finalized yet, and their impact on the financial statements**

In the meeting of the Board of Directors dated February 28, 2012, the Bank decided to hold the ordinary general assembly meeting on March 29, 2012.

The Bank has obtained permission to issue bank bonds with TL 2,000,000 nominal amount from the Capital Markets Board on March 2, 2012.

The details concerning the investment allowance issues after the balance sheet date is described in Section 3 note XXII.

**2. Information about effects of significant changes in foreign exchange rates after balance sheet date that would affect decision making process of users and foreign operations of the bank**

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision making process of the readers of the financial statements.

**3. Other matters**

None.

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**SECTION SEVEN**

**INDEPENDENT AUDITOR'S REPORT**

**I. EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT**

The consolidated financial statements of the Group have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditor's report dated March 5, 2012 is presented preceding the financial statements.

**II. EXPLANATIONS ON THE NOTES PREPARED BY INDEPENDENT AUDITOR**

None. (December 31, 2010 – None)