

**FİNANSBANK ANONİM ŞİRKETİ**

**INDEPENDENT AUDITOR’S REPORT,  
UNCONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
FOR THE YEAR ENDED  
DECEMBER 31, 2012**

*Translated into English from the  
Original Turkish Report*

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

## **FINANSBANK ANONİM ŞİRKETİ**

### **INDEPENDENT AUDITOR'S REPORT FOR THE YEAR JANUARY 1 – DECEMBER 31, 2012**

We have audited the accompanying balance sheet of Finansbank A.Ş. ("the Bank") as of December 31, 2012 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, 2012 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 4, 2013

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

Müjde Şehsuvaroğlu  
Partner

**THE UNCONSOLIDATED FINANCIAL REPORT OF FİNANSBANK A.Ş.  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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 Güzelöğlu</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>Berk Uras</b> Division Manager of Financial Reporting and Treasury Control	

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

Name-Surname/Title : Berk Uras  
Division Manager of Financial Reporting and Treasury Control

Phone Number : (0 212) 318 52 97  
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, 2012**

(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, 2012, 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**

Name	Title	Date of Appointment	Education
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
António Grammatikopoulos	Board Member	June 7, 2012	Masters
Edward Nassim	Board Member	April 17, 2007	Masters
Stefanos Pantzopoulos	Board Member	October 16, 2012	Graduate
Dr. Paul Mylonas	Board Member and Audit Committee Member	March 11, 2010	PhD
Christos Alexis Komninos	Board Member	February 16, 2011	Graduate
Temel Güzeleöğlu	Board Member and Managing Director	April 16, 2010	Masters
Mustafa Hamdi Görtin	Board Member	April 16, 2010	Masters
Dimitrios Frangetis	Board Member	September 20, 2012	Masters
Adnan Menderes Yayla	Assistant Managing Director	May 20, 2008	Masters
Metin Karabiber	Assistant Managing Director	October 8, 2010	Graduate
Hakan Şenüenal <sup>(*)</sup>	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
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

<sup>(\*)</sup> Due to resignation of Hakan Şenüenal, Assistant Managing Director responsible of Subsidiary Coordination of the Bank, it was decided to withdraw his first level signature authorization as of January 24, 2013.

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

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AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH )

**FINANSBANK ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(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.	1,980,904	77.23%	1,980,904	-
NBG Finance (Dollar) PLC	248,276	9.68%	248,276	-
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 activities**

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, 2012, the Bank operates through 580 domestic (December 31, 2011 - 520), 1 off-shore banking (December 31, 2011 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2011 - 1) branches.

**VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries**

None.



## **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, 2012 (STATEMENT OF FINANCIAL POSITION)**

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

**I. BALANCE SHEET – ASSETS**

			Audited 31.12.2012			Audited 31.12.2011			
			Section 5						
			Part I	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	1,024,990	4,302,891	5,327,881	474,296	2,490,490	2,964,786	
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	781,042	135,876	916,918	1,365,366	236,618	1,601,984	
2.1	Financial assets held for trading		428,746	135,876	564,622	797,754	236,618	1,034,372	
2.1.1	Public sector debt securities		69,614	2,869	72,483	22,476	2,138	24,614	
2.1.2	Equity securities		-	-	-	-	-	-	
2.1.3	Assets on trading derivatives		359,132	133,007	492,139	775,278	234,480	1,009,758	
2.1.4	Other securities		-	-	-	-	-	-	
2.2	Financial assets at fair value through profit and loss		352,296	-	352,296	567,612	-	567,612	
2.2.1	Public sector debt securities		-	-	-	-	-	-	
2.2.2	Equity securities		-	-	-	-	-	-	
2.2.3	Loans		352,296	-	352,296	567,612	-	567,612	
2.2.4	Other securities		-	-	-	-	-	-	
III.	BANKS	(3)	3,024	107,792	110,816	290,066	539,396	829,462	
IV.	MONEY MARKET PLACEMENTS	(4)	1,785,748	-	1,785,748	700,396	390,926	1,091,322	
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		1,785,748	-	1,785,748	700,396	-	700,396	
V.	INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	(5)	5,931,038	1,306,184	7,237,222	5,995,065	929,227	6,924,292	
5.1	Equity securities		-	-	-	-	-	-	
5.2	Public sector debt securities		5,730,803	1,208,574	6,939,377	5,869,410	770,224	6,639,634	
5.3	Other securities		200,235	97,610	297,845	125,655	159,003	284,658	
VI.	LOANS AND RECEIVABLES	(6)	33,013,733	3,426,511	36,440,244	26,844,417	3,426,138	30,270,555	
6.1	Loans and receivables		32,636,211	3,426,511	36,062,722	26,441,058	3,426,138	29,867,196	
6.1.1	Loans to risk group of the Bank		65,220	-	65,220	55,015	34,873	89,888	
6.1.2	Public sector debt securities		-	-	-	-	-	-	
6.1.3	Other		32,570,991	3,426,511	35,997,502	26,386,043	3,391,265	29,777,308	
6.2	Non-performing loans		2,512,716	-	2,512,716	1,849,496	-	1,849,496	
6.3	Specific provisions (-)		2,135,194	-	2,135,194	1,446,137	-	1,446,137	
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-	
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(7)	-	-	-	-	-	-	
8.1	Public sector debt securities		-	-	-	-	-	-	
8.2	Other securities		-	-	-	-	-	-	
IX.	INVESTMENT IN ASSOCIATES (Net)	(8)	7,977	-	7,977	6,769	-	6,769	
9.1	Equity method associates		-	-	-	-	-	-	
9.2	Unconsolidated		7,977	-	7,977	6,769	-	6,769	
9.2.1	Financial Investments		-	-	-	-	-	-	
9.2.2	Non-financial Investments		7,977	-	7,977	6,769	-	6,769	
X.	INVESTMENT IN SUBSIDIARIES (Net)	(9)	491,603	-	491,603	412,395	-	412,395	
10.1	Unconsolidated financial investments		476,617	-	476,617	397,409	-	397,409	
10.2	Unconsolidated non-financial investments		14,986	-	14,986	14,986	-	14,986	
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)	(10)	197,716	-	197,716	2,800	-	2,800	
11.1	Equity method entities under common control		-	-	-	-	-	-	
11.2	Unconsolidated		197,716	-	197,716	2,800	-	2,800	
11.2.1	Financial investments		194,916	-	194,916	-	-	-	
11.2.2	Non-financial Investments		2,800	-	2,800	2,800	-	2,800	
XII.	LEASE RECEIVABLES (Net)	(11)	-	-	-	-	-	-	
12.1	Financial lease receivables		-	-	-	-	-	-	
12.2	Operational lease receivables		-	-	-	-	-	-	
12.3	Others		-	-	-	-	-	-	
12.4	Unearned income (-)		-	-	-	-	-	-	
XIII.	DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES	(12)	202,567	37,919	240,486	960,793	40,954	1,001,747	
13.1	Fair value hedge		202,567	37,919	240,486	960,793	40,954	1,001,747	
13.2	Cash flow hedge		-	-	-	-	-	-	
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-	
XIV.	TANGIBLE ASSETS (Net)	(13)	421,743	69	421,812	384,421	76	384,497	
XV.	INTANGIBLE ASSETS (Net)	(14)	169,320	-	169,320	134,472	-	134,472	
15.1	Goodwill		-	-	-	-	-	-	
15.2	Others		169,320	-	169,320	134,472	-	134,472	
XVI.	INVESTMENT PROPERTIES (Net)	(15)	-	-	-	-	-	-	
XVII.	TAX ASSETS	(16)	-	-	-	-	-	-	
17.1	Current tax assets		-	-	-	-	-	-	
17.2	Deferred tax assets		-	-	-	-	-	-	
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(17)	-	-	-	-	-	-	
18.1	Held for sale		-	-	-	-	-	-	
18.2	Discontinued operations		-	-	-	-	-	-	
XIX.	OTHER ASSETS	(18)	769,542	284,323	1,053,865	480,552	93,240	573,792	
TOTAL ASSETS			44,800,043	9,601,565	54,401,608	38,051,808	8,147,065	46,198,873	

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, 2012 (STATEMENT OF FINANCIAL POSITION)**

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

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

		Audited 31.12.2012			Audited 31.12.2011			
		Section 5 Part II	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	22,718,197	10,203,309	32,921,506	21,283,271	7,992,299	29,275,570
1.1	Deposits from risk group of the Bank		260,465	169,440	429,905	236,924	136,824	373,748
1.2	Other		22,457,732	10,033,869	32,491,601	21,046,347	7,855,475	28,901,822
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	367,620	106,299	473,919	832,672	215,343	1,048,015
III.	FUNDS BORROWED	(3)	74,487	2,464,280	2,538,767	75,321	2,545,782	2,621,103
IV.	MONEY MARKET BORROWINGS		849,126	878,081	1,727,207	814,668	699,830	1,514,498
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)	849,126	878,081	1,727,207	814,668	552,135	1,366,803
V.	SECURITIES ISSUED (Net)	(5)	2,789,390	1,288,923	4,078,313	268,023	989,875	1,257,898
5.1	Bills		2,789,390	-	2,789,390	268,023	-	268,023
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	1,288,923	1,288,923	-	989,875	989,875
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		1,140,403	113,572	1,253,975	947,020	596,930	1,543,950
VIII.	OTHER LIABILITIES	(6)	898,116	51,708	949,824	492,362	49,102	541,464
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(7)	1,920	1	1,921	9,294	-	9,294
10.1	Financial lease payables		2,244	3	2,247	10,052	55	10,107
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses ( - )		324	2	326	758	55	813
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(8)	291,541	121,330	412,871	64,659	124,258	188,917
11.1	Fair value hedge		257,139	121,330	378,469	30,334	124,258	154,592
11.2	Cash flow hedge		34,402	-	34,402	34,325	-	34,325
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
XII.	PROVISIONS	(9)	913,261	51,993	965,254	612,146	43,702	655,848
12.1	General provisions		565,691	51,993	617,684	356,739	43,702	400,441
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		148,640	-	148,640	92,866	-	92,866
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		198,930	-	198,930	162,541	-	162,541
XIII.	TAX LIABILITY	(10)	123,022	-	123,022	103,719	-	103,719
13.1	Current tax liability		85,818	-	85,818	74,850	-	74,850
13.2	Deferred tax liability		37,204	-	37,204	28,869	-	28,869
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(11)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SERMAYE BENZERİ KREDİLER	(12)	-	1,629,590	1,629,590	-	1,742,641	1,742,641
XVI.	SHAREHOLDERS' EQUITY		7,296,743	28,696	7,325,439	5,849,062	(153,106)	5,695,956
16.1	Paid-in capital	(13)	2,565,000	-	2,565,000	2,440,000	-	2,440,000
16.2	Capital reserves		595,691	28,696	624,387	50,356	(153,106)	(102,750)
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	602,314	28,696	631,010	53,314	(153,106)	(99,792)
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)		(10,026)	-	(10,026)	(6,361)	-	(6,361)
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		3,233,706	-	3,233,706	2,510,594	-	2,510,594
16.3.1	Legal reserves		283,538	-	283,538	241,133	-	241,133
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		2,950,168	-	2,950,168	2,269,461	-	2,269,461
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		902,346	-	902,346	848,112	-	848,112
16.4.1	Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2	Current year income/ (loss)		902,346	-	902,346	848,112	-	848,112
16.5	Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			37,463,826	16,937,782	54,401,608	31,352,217	14,846,656	46,198,873

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, 2012**

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

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

		Audited 31.12.2012			Audited 31.12.2011			
		Section 5 Part III	TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS							
	(I+II+III)		59,452,638	41,323,539	100,776,177	54,502,347	48,070,517	102,572,864
I.	GUARANTEES	(1), (2), (3), (4)	3,680,031	2,679,646	6,359,677	3,457,506	3,528,152	6,985,658
1.1.	Letters of guarantee		3,677,256	1,533,101	5,210,357	3,423,939	1,791,107	5,215,046
1.1.1.	Guarantees subject to State Tender Law		172,175	14,329	186,504	187,409	15,510	202,919
1.1.2.	Guarantees given for foreign trade operations		2,535,231	1,518,772	4,054,003	2,699,043	1,775,597	4,474,640
1.1.3.	Other letters of guarantee		969,850	-	969,850	537,487	-	537,487
1.2.	Bank loans		2,771	543,143	545,914	33,348	1,014,981	1,048,329
1.2.1.	Import letter of acceptance		2,771	543,143	545,914	33,348	1,014,981	1,048,329
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		4	579,347	579,351	219	688,392	688,611
1.3.1.	Documentary letters of credit		4	539,429	539,433	219	636,142	636,361
1.3.2.	Other letters of credit		-	39,918	39,918	-	52,250	52,250
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		-	24,055	24,055	-	33,672	33,672
1.9.	Other collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(6)	25,025,838	1,309,173	26,335,011	21,972,487	3,450,324	25,422,811
2.1.	Irrevocable commitments		25,025,838	1,309,173	26,335,011	21,972,487	3,450,324	25,422,811
2.1.1.	Forward asset purchase commitments		233,925	1,302,960	1,536,885	1,524,715	3,136,224	4,660,939
2.1.2.	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries		-	-	-	1,000	-	1,000
2.1.4.	Loan granting commitments		4,512,056	-	4,512,056	3,229,674	-	3,229,674
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		1,685,568	-	1,685,568	1,100,363	-	1,100,363
2.1.8.	Tax and fund liabilities from export commitments		6,031	-	6,031	5,665	-	5,665
2.1.9.	Commitments for credit card expenditure limits		18,492,777	-	18,492,777	15,984,413	-	15,984,413
2.1.10.	Commitments for promotions related with credit cards and banking activities		43,189	-	43,189	35,807	-	35,807
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		52,292	6,213	58,505	90,850	314,100	404,950
2.2.	Revocable commitments		-	-	-	-	-	-
2.2.1.	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5)	30,746,769	37,334,720	68,081,489	29,072,354	41,092,041	70,164,395
3.1.	Derivative financial instruments for hedging purposes		8,484,346	9,596,825	18,081,171	7,725,392	10,589,390	18,314,782
3.1.1.	Fair value hedge		7,943,461	9,596,825	17,540,286	6,662,917	10,589,390	17,252,307
3.1.2.	Cash flow hedge		540,885	-	540,885	1,062,475	-	1,062,475
3.1.3.	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2.	Held for trading transactions		22,262,423	27,737,895	50,000,318	21,346,962	30,502,651	51,849,613
3.2.1.	Forward foreign currency buy/sell transactions		1,901,475	2,211,750	4,113,225	1,771,407	4,364,871	6,136,278
3.2.1.1.	Forward foreign currency transactions-buy		1,110,652	953,734	2,064,386	1,127,282	1,940,618	3,067,900
3.2.1.2.	Forward foreign currency transactions-sell		790,823	1,258,016	2,048,839	644,125	2,424,253	3,068,378
3.2.2.	Swap transactions related to foreign currency, and interest rates		15,500,561	19,049,216	34,549,777	15,053,938	19,455,566	34,509,504
3.2.2.1.	Foreign currency swap-buy		7,541,602	6,851,667	14,393,269	6,342,113	7,883,964	14,226,077
3.2.2.2.	Foreign currency swap-sell		6,344,659	8,018,111	14,362,770	7,510,965	7,890,121	15,401,086
3.2.2.3.	Interest rate swaps-buy		807,150	2,018,415	2,825,565	600,430	1,774,013	2,374,443
3.2.2.4.	Interest rate swaps-sell		807,150	2,161,023	2,968,173	600,430	1,907,468	2,507,898
3.2.3.	Foreign currency, interest rate and securities options		4,852,119	6,243,347	11,095,466	4,514,905	6,321,019	10,835,924
3.2.3.1.	Foreign currency options-buy		2,465,716	3,108,568	5,574,284	2,187,494	3,246,717	5,434,211
3.2.3.2.	Foreign currency options-sell		2,384,387	3,134,779	5,519,166	2,287,411	3,074,302	5,361,713
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		1,008	-	1,008	-	-	-
3.2.3.6.	Securities options-sell		1,008	-	1,008	-	-	-
3.2.4.	Foreign currency futures		8,268	216,992	225,260	6,712	209,429	216,141
3.2.4.1.	Foreign currency futures-buy		4,134	108,496	112,630	2,667	105,391	108,058
3.2.4.2.	Foreign currency futures-sell		4,134	108,496	112,630	4,045	104,038	108,083
3.2.5.	Interest rate futures		-	16,590	16,590	-	151,766	151,766
3.2.5.1.	Interest rate futures-buy		-	8,295	8,295	-	75,883	75,883
3.2.5.2.	Interest rate futures-sell		-	8,295	8,295	-	75,883	75,883
3.2.6.	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		138,172,771	21,682,878	159,855,649	92,024,392	21,927,529	113,951,921
IV.	ITEMS HELD IN CUSTODY		6,241,900	1,476,304	7,718,204	3,080,227	883,284	3,963,511
4.1.	Assets under management		2,342,908	103,383	2,446,291	1,014,534	130,064	1,144,598
4.2.	Investment securities held in custody		2,374,441	546,702	2,921,143	722,384	471,581	1,193,965
4.3.	Checks received for collection		1,081,538	163,715	1,245,253	999,537	172,447	1,171,984
4.4.	Commercial notes received for collection		442,977	86,981	529,958	343,769	100,390	444,159
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		33	575,523	575,556	-	8,802	8,802
4.8.	Custodians		3	-	3	3	-	3
V.	PLEDGED ITEMS		131,930,871	20,206,574	152,137,445	88,944,165	21,044,245	109,988,410
5.1.	Marketable securities		524,393	458,219	982,612	340,489	380,744	721,233
5.2.	Guarantee notes		119,772	50,678	170,450	99,211	59,196	158,407
5.3.	Commodity		21,788	-	21,788	28,968	-	28,968
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		38,013,600	6,867,934	44,881,534	34,833,664	7,669,994	42,503,658
5.6.	Other pledged items		93,251,318	12,829,743	106,081,061	53,641,833	12,934,311	66,576,144
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			197,625,409	63,006,417	260,631,826	146,526,739	69,998,046	216,524,785

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, 2012**  
**(STATEMENT OF OTHER COMPREHENSIVE INCOME / LOSS)**  
*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**III. INCOME STATEMENT**

			<b>Audited 01.01-31.12.2012</b>	<b>Audited 01.01-31.12.2011</b>
		<b>Section 5 Part IV</b>		
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>5,576,401</b>	<b>4,534,312</b>
1.1	Interest on loans		4,978,096	4,072,479
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks		1,952	8,307
1.4	Interest received from money market placements		25,146	10,229
1.5	Interest received from marketable securities portfolio		569,781	442,432
1.5.1	Held-for-trading financial assets		12,750	4,386
1.5.2	Financial assets at fair value through profit and loss		-	608
1.5.3	Available-for-sale financial assets		557,031	437,438
1.5.4	Investments held-to-maturity		-	-
1.6	Finance lease income		-	-
1.7	Other interest income		1,426	865
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>(2)</b>	<b>2,699,247</b>	<b>2,309,462</b>
2.1	Interest on deposits		2,311,556	2,012,757
2.2	Interest on funds borrowed		137,479	141,188
2.3	Interest on money market borrowings		104,430	113,459
2.4	Interest on securities issued		140,315	36,338
2.5	Other interest expense		5,467	5,720
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>2,877,154</b>	<b>2,224,850</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>1,028,813</b>	<b>801,279</b>
4.1	Fees and commissions received		1,160,263	893,958
4.1.1	Non-cash loans		42,248	43,455
4.1.2	Other		1,118,015	850,503
4.2	Fees and commissions paid		131,450	92,679
4.2.1	Non-cash loans		796	494
4.2.2	Other		130,654	92,185
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>8,787</b>	<b>8,315</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	<b>(4)</b>	<b>(348,319)</b>	<b>(212,201)</b>
6.1	Securities trading gains/ (losses)		81,512	89,527
6.2	Gains / (losses) from financial derivative transactions		(428,362)	(259,786)
6.2	Foreign exchange gains/ (losses)		(1,469)	(41,942)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>364,667</b>	<b>177,757</b>
<b>VIII.</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>3,931,102</b>	<b>3,000,000</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	<b>(6)</b>	<b>965,431</b>	<b>305,996</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>1,798,063</b>	<b>1,573,904</b>
<b>XI.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>1,167,608</b>	<b>1,120,100</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>		<b>1,167,608</b>	<b>1,120,100</b>
<b>XVI.</b>	<b>TAX CHARGE FOR CONTINUED OPERATIONS (±)</b>	<b>(8)</b>	<b>(265,262)</b>	<b>(271,988)</b>
16.1	Current income tax charge		(383,179)	(228,060)
16.2	Deferred tax charge / benefit		117,917	(43,928)
<b>XVII.</b>	<b>NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	<b>(10)</b>	<b>902,346</b>	<b>848,112</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>	<b>(8)</b>	-	-
<b>XXI.</b>	<b>TAX CHARGE FOR DISCONTINUED OPERATIONS (±)</b>	<b>(9)</b>	-	-
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>	<b>(10)</b>	-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSS (XVII+XXII)</b>	<b>(11)</b>	<b>902,346</b>	<b>848,112</b>
23.1	Group's profit/loss		902,346	848,112
23.2	Minority shares		-	-
	Earnings per share		0.03518	0.03464

**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 )

**FINANSBANK ANONİM ŞİRKETİ**  
**STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(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 01.01-31.12.2012	Audited 01.01-31.12.2011
<b>I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS</b>	<b>786,521</b>	<b>(223,344)</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>(8,273)</b>	<b>13,797</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>(126,252)</b>	<b>90,732</b>
<b>X. TOTAL NET PROFIT/LOSS ACCOUNTED FOR UNDER EQUITY (I+II+...+IX)</b>	<b>651,996</b>	<b>(118,815)</b>
<b>XI. PROFIT/LOSS</b>	<b>75,141</b>	<b>(228,462)</b>
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	71,449	(233,184)
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	3,692	4,722
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>727,137</b>	<b>(347,277)</b>

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

**FİNANSBANK ANONİM ŞİRKETİ**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

[illegible]

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(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, 2012**

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

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

				Effect of inflation Accounting on		Share Certificate Cancellation	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
	Audited	Section 5 Part V	Paid-in Capital	Capital and Other Capital Reserves	Share Premium															
I.	Current Period – 01.01.-31.12.2012																			
	Beginning Balance		2,440,000	-	714	-	241,133	-	2,269,461	-	-	848,112	(99,792)	-	2,689	(6,361)	-	5,695,956	-	5,695,956
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences	(1)	-	-	-	-	-	-	-	-	-	-	730,802	-	-	-	-	730,802	-	730,802
IV.	Hedging funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	(3,665)	-	(3,665)	-	(3,665)
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	(3,665)	-	(3,665)	-	(3,665)
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	(5)	125,000	-	-	-	-	-	(125,000)	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources		125,000	-	-	-	-	-	(125,000)	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Period net income/(loss)		-	-	-	-	-	-	-	902,346	-	-	-	-	-	-	-	902,346	-	902,346
XVIII.	Profit distribution	(3)	-	-	-	-	42,405	-	805,707	-	-	(848,112)	-	-	-	-	-	-	-	-
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	42,405	-	805,707	-	-	(848,112)	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance		2,565,000	-	714	-	283,538	-	2,950,168	-	902,346	-	631,010	-	2,689	(10,026)	-	7,325,439	-	7,325,439
	(I+II+III+.....+XVI+XVII+XVIII)																			

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, 2012**

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

**VI. CASH FLOWS STATEMENT**

	<b>Section 5 Part VI</b>	<b>Audited 01.01-31.12.2012</b>	<b>Audited 01.01-31.12.2011</b>
<b>A. CASH FLOWS FROM / (TO) BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities(+)</b>		<b>2,730,474</b>	<b>703,322</b>
1.1.1 Interest received (+)		5,692,384	4,444,393
1.1.2 Interest paid (-)		(2,695,105)	(2,250,932)
1.1.3 Dividend received (+)		8,787	8,315
1.1.4 Fees and commissions received (+)		1,160,842	893,958
1.1.5 Other income (+)		166,294	142,265
1.1.6 Collections from previously written off loans (+)		347,097	353,594
1.1.7 Payments to personnel and service suppliers (-)		(1,342,609)	(1,196,448)
1.1.8 Taxes paid (-)		(471,266)	(300,192)
1.1.9 Others (+/-)	(1)	(135,950)	(1,391,631)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(5,149,455)</b>	<b>(1,946,680)</b>
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(47,204)	(10,791)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		221,070	430,523
1.2.3 Net (increase) decrease in due from banks (+/-)		(1,733,531)	(1,971,907)
1.2.4 Net (increase) decrease in loans (+/-)		(7,172,049)	(5,432,420)
1.2.5 Net (increase) decrease in other assets (+/-)	(1)	(548,686)	376,461
1.2.6 Net increase (decrease) in bank deposits (+/-)		752,998	(592,559)
1.2.7 Net increase (decrease) in other deposits (+/-)		2,844,132	5,289,202
1.2.8 Net increase (decrease) in funds borrowed (+/-)		69,837	(1,143,424)
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(1)	463,978	1,108,235
<b>I. Net cash provided from / (used in) banking operations (+/-)</b>		<b>(2,418,981)</b>	<b>(1,243,358)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from / (used in) investing activities (+/-)</b>		<b>4,005</b>	<b>8,605</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		(7,113)	(19,187)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		196,637	5,027
2.3 Fixed assets purchases (-)		(131,003)	(96,927)
2.4 Fixed assets sales (+)		905	5,988
2.5 Cash paid for purchase of financial assets available for sale (-)		(10,295,758)	(13,063,752)
2.6 Cash obtained from disposal of financial assets available for sale (+)		10,330,036	13,254,662
2.7 Cash paid for purchase of investment securities (-)		-	-
2.8 Cash obtained from disposal of investment securities (+)		-	-
2.9 Others (+/-)	(1)	(89,699)	(77,206)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from / (used in) financing activities (+/-)</b>		<b>2,990,430</b>	<b>1,515,746</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		4,448,586	1,513,545
3.2 Cash used for repayment of funds borrowed and securities issued (-)		(1,450,000)	-
3.3 Capital increase (+)		-	116,333
3.4 Dividends paid (-)		-	(110,292)
3.5 Payments for finance leases (-)		(8,156)	(3,840)
3.6 Other (+/-)	(1)	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)</b>		<b>30,460</b>	<b>48,014</b>
<b>V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>605,914</b>	<b>329,007</b>
<b>VI. Cash and cash equivalents at beginning of the period (+)</b>	(2)	<b>2,908,743</b>	<b>2,579,736</b>
<b>VII. Cash and cash equivalents at end of the period (V+VI)</b>	(3)	<b>3,514,657</b>	<b>2,908,743</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)

**FINANSBANK ANONİM ŞİRKETİ**  
**STATEMENT OF PROFIT DISTRIBUTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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

**VII. STATEMENT OF PROFIT DISTRIBUTION**

	Audited 31.12.2012 <sup>(*)</sup>	Audited 31.12.2011
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	1,167,608	1,120,100
1.2 TAXES AND DUTIES PAYABLE (-)	265,262	271,988
1.2.1 Corporate tax (Income tax)	383,179	228,060
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	(117,917)	43,928
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>902,346</b>	<b>848,112</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	42,405
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>	<b>902,346</b>	<b>805,707</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	122,000
1.6.1 To owners of ordinary shares	-	122,000 <sup>(**)</sup>
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
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 (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	683,707
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	0.03518	0.03464
3.2 TO OWNERS OF ORDINARY SHARES ( % )	3.52%	3.46%
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 ( % )	-	-

(\*) Decision regarding the profit distribution for the 2012 will be taken at the General Meeting.

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

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

**FINANSBANK ANONİM ŞİRKETİ**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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

**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, 2012 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 June 28, 2012 which is published in the Official Gazette No: 28337, 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 June 28, 2012 which is published in the Official Gazette No: 28337 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.

**FINANSBANK ANONİM ŞİRKETİ**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

(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 Bank are customer deposits, bond issues and funds borrowed from international markets. The customer deposits bear fixed interest rate and have an average maturity of 1-3 months in accordance with sector. Domestic bond issues are realized within the maturity of 6 months and foreign bond issues are based on long maturities with fixed interests. Funds borrowed from abroad 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, 2012 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, 2012</u></b>	<b><u>December 31, 2011</u></b>
US Dollar	TL 1.7826	TL 1.9065
Euro	TL 2.3517	TL 2.4592

**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, 2012 is TL 1,469 (December 31, 2011 – TL 41,942 net foreign exchange loss).

**FINANSBANK ANONİM ŞİRKETİ**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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

**III. Information on Associates, Subsidiaries and Entities under Common Control**

Associates, subsidiaries and entities under common control 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 “gains / (losses) from financial derivatives transactions”, 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.

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

**FINANSBANK ANONİM ŞİRKETİ  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

**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 or on effective interest rate method, except for the 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', associates' and entities under common control's 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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Real coupons of consumer price indexed government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. In addition, payments are made considering the reference index as of the issue date, as stated in the explanations of Republic of Turkey Prime Ministry Undersecretariat of Treasury. In this context, cash flows calculated in line with T.R. Central Bank's inflation expectation are taken into account in the valuation of consumer price indexed government bonds in the Bank's portfolio.

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.

**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 as explained in part IV, "explanations on forwards, option contracts and derivative instruments", 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 provision in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No: 26333 which was revised with the most recent Communiqué dated December 25, 2012, published on the Official Gazette No: 28508 "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". The Bank provides specific provision for the loans under follow-up regarding credit risk and other factors, in accordance with the aforementioned regulation. Additionally, the Bank provides general provisions in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No: 26333 which was revised with the most recent Communiqué dated September 21, 2012, published on the Official Gazette No: 28418.

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".

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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 or of asset groups 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 1,984,750 (December 31, 2011 - TL 1,514,723).

The Bank does not have any securities that are subject to lending transactions as of December 31, 2012 (December 31, 2011 – 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.

As at the balance sheet date, the Bank does not have any 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.

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**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.

**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.



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**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 provided during the period are accounted for under “Other Operating Expenses”; provisions provided in the prior periods and reversed in the current year are accounted for under “Other Operating Income”.

According to the decision of the Competition Board numbered 11-55/1438-M dated November 2, 2011, investigation on some banks and firms including the Bank allegedly violating the “Law on Preserving the Competition” continues. Considering the stage and uncertainty of the inquiry, no provision is needed as of December 31, 2012.

**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.

**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.

75% of gains on disposal of subsidiary shares and real estates held in Bank assets for more than two years are exempt from tax, according to Corporate Tax Law under the condition of adding these gains into equity or allocating into a specific fund account as liability for five years.

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.

Losses occurred due to prior year’s financial statements can be deducted from corporate income under condition that each year amounts are shown separately on Corporate Tax declaration and are not carried more than five years.

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Taxes that are not been levied or notified to tax payer in five years, starting from the beginning of the year following the calendar year that the tax asset emerged are prescribed. Therefore, the tax authority can perform tax audit up to five years backwards. Besides, in case of benefiting from the decision of the document that is subject to stamp duty, yet the tax and the penalty is prescribed, after period of limitation is expired, tax asset of aforementioned document is emerged again.

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 125,000 from bonus shares, TL 122,000, from first dividends, TL 3,000 from extraordinary reserves. (January 1 – December 31, 2011: TL 110,250, from first dividends of year 2010, TL 8,417 from extraordinary reserves, and by TL 116,333 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.

**XXI. Explanation on Government Incentives**

As of December 31, 2012, 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.

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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.

<b>Current Period (December 31, 2012)</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	1,555,277	481,612	840,265	2,877,154
Net Fees and Commissions Income	1,560,232	105,619	(637,038)	1,028,813
Other Operating Income and Net				
Trading Income	113,076	108,779	(205,507)	16,348
Dividend Income	-	-	8,787	8,787
<b>Operating Income</b>	<b>3,228,585</b>	<b>696,010</b>	<b>6,507</b>	<b>3,931,102</b>
Other Operating Expenses	1,208,070	280,407	309,586	1,798,063
Provision for Loan Losses and Other Receivables(-)	471,705	145,909	347,817	965,431
<b>Profit Before Taxes</b>	<b>1,548,810</b>	<b>269,694</b>	<b>(650,896)</b>	<b>1,167,608</b>
<b>Tax Charge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(265,262)</b>
<b>Net Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>902,346</b>
<b>Total Assets</b>	<b>29,154,171</b>	<b>6,531,574</b>	<b>14,653,095</b>	<b>54,401,608</b>
Segment Assets	29,154,171	6,531,574	14,653,095	50,338,840
Associates, Subsidiaries and Entities Under Common Control	-	-	-	697,296
Undistributed Assets	-	-	-	3,365,472
<b>Total Liabilities</b>	<b>19,964,569</b>	<b>11,682,875</b>	<b>12,007,423</b>	<b>54,401,608</b>
Segment Liabilities	19,964,569	11,682,875	12,007,423	43,654,867
Undistributed Liabilities	-	-	-	3,421,302
Equity	-	-	-	7,325,439
<b>Other Segment Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>433,565</b>
Capital Expenditures	-	-	-	281,983
Depreciation and Amortization	-	-	-	147,931
Value Decrease/(Increase)	-	-	-	3,651

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<b>Prior 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>-</b>	<b>-</b>	<b>-</b>	<b>(271,988)</b>
<b>Net Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</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>-</b>	<b>-</b>	<b>-</b>	<b>381,039</b>
Capital Expenditures	-	-	-	254,891
Depreciation and Amortization	-	-	-	124,465
Value Decrease/(Increase)	-	-	-	1,683

**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, 2012, the Bank's unconsolidated capital adequacy ratio is 18.92%.

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", "Communiqué on Credit Risk Mitigation Techniques" and "Communiqué on Calculation of Risk Weighted Amounts for Securitizations" published in the Official Gazette No: 28337 dated June 28, 2012 and the "Communiqué on Equities of Banks" published in the Official Gazette No: 26333 dated November 1, 2006.

The Bank designates balance sheet items and non-balance sheet items as "trading" and "banking book" according to capital adequacy account.

The risk weighted assets are calculated as the figures deducted from the capital base net off depreciations and provisions.

The items classified as trading book are not included in the calculation of the credit risk. However, counterparty credit risk for all transactions stated in the Article 21 of the Regulation, are calculated using the rates stated in the Appendix-2 of the Regulation.

The balance sheet items and off balance sheet items for which credit equivalent risk is calculated within the scope of the rates stated in the Article 5 of the Regulation, are included in the relevant exposure category defined in the Article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

The disclosures on credit risk mitigation techniques used under "Regulation on Credit Risk Mitigation Techniques" are presented in Section 4, Footnote X under "Explanations related to Credit Risk Mitigation Techniques".

Capital requirement for the market risk is calculated using the standard method. Market risk for the options is calculated in line with the regulation "Capital Requirement for Market Risk of Options - Standard Method" published in the Official Gazette No: 28337 dated June 28, 2012.

Capital requirement for the operational risk is calculated in line with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette No: 28337 dated June 28, 2012 by using Basic Indicator Approach.

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**Unconsolidated capital adequacy ratio**

	Risk Weightings								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
<b>Value at Credit Risk</b>	<b>10,744,997</b>	<b>-</b>	<b>805,871</b>	<b>12,038,534</b>	<b>18,548,325</b>	<b>11,448,093</b>	<b>2,770,858</b>	<b>2,901,299</b>	<b>-</b>
<b>Exposure Categories:</b>									
Conditional and unconditional receivables from central governments or central banks	10,091,979	-	-	1,177,704	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	4,200	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	90	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	801,669	286,125	-	20,312	-	-	-
Conditional and unconditional receivables from corporates	-	-	-	13,196	-	9,151,879	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	18,548,325	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	10,537,266	-	-	-	-	-
Past due receivables	-	-	-	24,243	-	309,988	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	2,770,858	2,901,299	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	182,692	-	-	-
Other receivables	653,018	-	2	-	-	1,783,132	-	-	-

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

	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	3,319,893
Capital Requirement for Market Risk (MRCR)	64,494
Capital Requirement for Operational Risk (ORCR)	359,393
Shareholders' Equity	8,856,199
Shareholders' Equity/(CRCR+MRCR+ORCR) * 12.5 * 100	18.92%
<p>CRCR : Capital Requirement for Credit Risk  MRCR : Capital Requirement for Market Risk  ORCR : Capital Requirement for Operational Risk</p>	

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**Components of shareholders' equity items:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid-in Capital	<b>2,565,000</b>	<b>2,440,000</b>
Nominal Capital	2,565,000	2,440,000
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	-	-
Share Premium	714	714
Share Cancellation Profits	-	-
Reserves	2,714,592	1,991,984
Inflation Adjustments to Reserves	-	-
Profit	902,346	848,112
Current Period's Profit	902,346	848,112
Prior Periods' Profit	-	-
Provision for Possible Losses (up to 25% of Core Capital)	99,747	63,702
Income on Sale of Equity Shares and Real Estates	519,114	518,610
Primary Subordinated Debts	-	-
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Periods' Losses	-	-
Leasehold Improvements on Operational Leases (-)	115,296	100,670
Intangible Assets (-)	169,320	134,472
Deferred Tax Asset in 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>6,516,897</b>	<b>5,627,980</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	584,966	400,441
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovable	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	2,689	2,689
Primary Subordinated Debts excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debts	1,479,952	1,599,814
45% of Securities Value Increase Fund	283,954	(183,711)
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss	-	-
<b>Total Supplementary Capital</b>	<b>2,351,561</b>	<b>1,819,233</b>
<b>CAPITAL</b>	<b>8,868,458</b>	<b>7,447,213</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>12,259</b>	<b>47,835</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
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	12,216	13,366
Securitization Positions to be Deducted from Equity	-	-
Other	43	40
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>8,856,199</b>	<b>7,399,378</b>

**Approaches for assessment of adequacy of internal capital requirements for current and future activities**

The Bank documented its strategy on the process of assessing the internal capital requirements in "Finansbank Risk Management Strategy" approved by its Board of Directors. The target capital adequacy ratio set within the scope of this process is a significant determining factor of the Bank's risk appetite.

The Bank's strategy on the process of assessing the internal capital requirements results in planning the future needs of additional capital under the effects of the stress tests of long term business plans, reflecting adverse economic conditions in addition to determination of the additional need for capital for the types of risk that are not covered or partially covered by "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

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**II. Explanations Related to Credit Risk**

Credit risk represents the risk arising due to the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

Loan strategies and policies are determined by the Policy Committees. These policies and strategies are constituted in line with the applications of the Parent, and credit risk is managed according to these policies and strategies. The quality of loan portfolio is monitored regularly with the help of metrics which are in line with the Bank's risk appetite, as specified in Risk Management Strategies.

Credit Risk Management takes place in every step of the Bank's credit process from the beginning. Loan applications are evaluated by non-profit oriented independent loan granting departments. Loan limits are determined on a product basis and in the aggregate for every individual, corporate customer and risk group. Furthermore, concentration on product, industry, region, are monitored within the frame of loan limits in line with the regulation.

The credibility of the debtors is monitored 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 loan limit revision procedures.

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

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 past due but not impaired 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 risk of banking operations abroad and credit transactions is acceptable and there is no significant credit risk density in the international banking market.

Based on "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside", the Bank considers second group loans whose principal or interest payments are not collected at the determined dates as overdue loans. Loans whose principal or interest payments are delayed for more than 90 days and loans of borrowers which the Bank believes that the borrower lost their creditworthiness are considered as impaired loans.

The Bank calculates general loan provision for overdue loans and specific loan provision for impaired loans based on "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside".

The receivables of the Bank from its top 100 cash loan customers are 14% in the total cash loans (December 31, 2011 – 15%).

The receivables of the Bank from its top 200 cash loan customers are 17% in the total cash loans.

The receivables of the Bank from its top 100 non-cash loan customers are 44% in the total non-cash loans (December 31, 2011 – 45%).

The receivables of the Bank from its top 200 non-cash loan customers are 54% in the total non-cash loans.



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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 11% (December 31, 2011 – 18%).

The share of cash and non-cash receivables of the Bank from its top 200 loan customers in total cash and non-cash loans is 13%.

The general loan loss provision related with the credit risk taken by the Bank is TL 617,684 (December 31, 2011 – TL 400,441).

Provision for probable risks in the Bank's loan portfolio amounted to TL 99,747 (December 31, 2011 – TL 63,702).

<b>Exposure Categories:</b>	<b>Current Period Risk Amount<sup>(**)</sup></b>	<b>Average Risk Amount<sup>(*)</sup></b>
Conditional and unconditional exposures to central governments or central banks	11,269,683	10,912,264
Conditional and unconditional exposures to regional governments or local authorities	4,200	4,881
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	90	1,068
Conditional and unconditional exposures to multilateral development banks	-	-
Conditional and unconditional exposures to international organizations	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,159,290	1,369,920
Conditional and unconditional exposures to corporates	9,541,293	11,295,616
Conditional and unconditional retail exposures	18,743,812	19,211,179
Conditional and unconditional exposures secured by real estate property	10,537,266	8,437,958
Past due items	334,234	397,844
Items in regulatory high-risk categories	5,715,070	5,267,311
Exposures in the form of bonds secured by mortgages	-	-
Securitization positions	-	-
Short term exposures to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	182,692	182,692
Other items	2,436,152	2,132,257

(\*)Average risk amount is determined by calculating the arithmetical average of the amounts after credit conversion for the period July-December 2012.

(\*\*)Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

### **Credit rating system**

The Bank uses internal credit rating system effectively in order to track the quality of credit portfolio and determine the actions required, based on customer groups and types of loans. The Bank uses the behavioral rating systems in order to measure the probability of default of the current customers in a determined period of time and to perform limit management. These rating systems are monitored regularly in line with generally accepted applications and methods.

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	6
Debtor has a good financial structure	59	58
Debtor has a medium financial structure	22	23
Debtor has a financial structure which needs attention in medium term	10	9
Not graded	3	4
<b>Total</b>	<b>100</b>	<b>100</b>

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**Profile of significant exposures in major regions:**

Exposure Categories <sup>(*)</sup>																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Total
Current Period																	
1. Domestic	11,269,683	4,200	90	-	-	439,666	9,233,304	18,737,141	10,536,383	334,234	5,693,589	-	-	-	182,692	1,738,856	58,169,838
2. European Union Countries	-	-	-	-	-	535,213	235,103	2,539	645	-	98	-	-	-	-	-	773,598
3. OECD Countries <sup>(**)</sup>	-	-	-	-	-	17,453	-	2	-	-	21,366	-	-	-	-	-	38,821
4. Off-Shore Banking Regions	-	-	-	-	-	11,867	31,709	-	-	-	-	-	-	-	-	-	43,576
5. USA, Canada	-	-	-	-	-	96,495	28,716	10	9	-	17	-	-	-	-	-	125,247
6. Other Countries	-	-	-	-	-	58,596	12,461	4,120	229	-	-	-	-	-	-	-	75,406
7. Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	697,296	697,296
8. Unallocated Assets/Liabilities <sup>(***)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	11,269,683	4,200	90	-	-	1,159,290	9,541,293	18,743,812	10,537,266	334,234	5,715,070	-	-	-	182,692	2,436,152	59,923,782

<sup>(\*)</sup> Exposure categories based on "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks"

<sup>(\*\*)</sup> Includes OECD countries other than EU countries, USA and Canada

<sup>(\*\*\*)</sup> Includes assets and liability items that can not be allocated on a consistent basis.

- 1- Conditional and unconditional exposures to central governments or central banks
- 2- Conditional and unconditional exposures to regional governments or local authorities
- 3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
- 4- Conditional and unconditional exposures to multilateral development banks
- 5- Conditional and unconditional exposures to international organizations
- 6- Conditional and unconditional exposures to banks and brokerage houses
- 7- Conditional and unconditional exposures to corporates
- 8- Conditional and unconditional retail exposures
- 9- Conditional and unconditional exposures secured by real estate property
- 10- Past due items
- 11- Items in regulatory high-risk categories
- 12- Exposures in the form of bonds secured by mortgages
- 13- Securitization positions
- 14- Short-term exposures to banks, brokerage houses and corporates
- 15- Exposures in the form of collective investment undertakings
- 16- Other items

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**Risk profile by sectors or counterparties:**

Exposure Categories <sup>(*)</sup>																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TP	YP	Total
<b>Agricultural</b>	-	-	-	-	-	-	150,629	80,262	93,527	3,978	2,658	-	-	-	-	-	309,244	21,810	331,054
Farming and Raising	-	-	-	-	-	-	143,013	73,432	86,961	3,640	2,617	-	-	-	-	-	294,743	14,920	309,663
Livestock	-	-	-	-	-	-	51	3,246	1,696	194	19	-	-	-	-	-	5,206	0	5,206
Forestry	-	-	-	-	-	-	7,565	3,584	4,870	144	22	-	-	-	-	-	9,295	6,890	16,185
Fishing	-	-	-	-	-	-	3,137,729	1,049,676	907,289	23,175	34,474	-	-	-	-	-	2,473,888	2,678,455	5,152,343
<b>Manufacturing</b>	-	-	-	-	-	-	40,334	23,253	15,656	273	292	-	-	-	-	-	52,002	27,806	79,808
Mining and Quarrying	-	-	-	-	-	-	2,539,004	1,022,766	886,580	22,847	34,058	-	-	-	-	-	2,329,699	2,175,556	4,505,255
Production	-	-	-	-	-	-	558,391	3,657	5,053	55	124	-	-	-	-	-	92,187	475,093	567,280
Electricity, gas and water	-	-	-	-	-	-	1,001,558	441,554	676,697	13,878	9,471	-	-	-	-	-	1,491,053	652,105	2,143,158
<b>Construction</b>	-	-	-	-	-	-	1,159,290	3,763,270	2,720,655	1,995,693	55,933	25,692	-	-	-	-	10,954,227	3,441,256	14,395,483
<b>Services</b>	4,674,860	-	90	-	-	1,159,290	3,763,270	2,720,655	1,995,693	55,933	25,692	-	-	-	-	-	10,954,227	3,441,256	14,395,483
Wholesale and Retail Trade	-	-	-	-	-	-	1,995,332	2,088,962	1,292,331	39,266	20,734	-	-	-	-	-	4,291,621	1,145,004	5,436,625
Hotel, Food and Beverage	-	-	-	-	-	-	112,078	34,284	275,867	349	96	-	-	-	-	-	104,440	318,234	422,674
Services	-	-	-	-	-	-	552,174	334,023	139,835	13,963	2,675	-	-	-	-	-	593,989	448,681	1,042,670
Transportation & Communication	-	-	-	-	-	-	19,692	16,343	75	202	-	-	-	-	-	-	5,223,875	1,053,686	6,277,561
Financial Institutions	4,674,860	-	-	-	-	1,159,290	407,099	26,265	40,056	166	210	-	-	-	-	-	64,728	294,932	359,660
Real Estate and Renting	-	-	-	-	-	-	148,099	116,568	85,467	752	661	-	-	-	-	-	254,112	97,435	351,547
Services	-	-	-	-	-	-	13,907	20,756	19,741	130	158	-	-	-	-	-	46,228	8,554	54,782
Self-Employment Services	-	-	-	-	-	-	241,618	80,105	126,053	1,232	956	-	-	-	-	-	375,234	74,730	449,964
Educational Services	-	-	90	-	-	-	2,488,107	14,451,665	6,864,060	237,270	5,642,775	-	-	-	182,692	2,436,152	36,469,598	1,432,146	37,901,744
Health and Social Services	-	-	-	-	-	-	1,488,107	14,451,665	6,864,060	237,270	5,642,775	-	-	-	182,692	2,436,152	36,469,598	1,432,146	37,901,744
<b>Other</b>	6,594,823	4,200	-	-	-	-	1,488,107	14,451,665	6,864,060	237,270	5,642,775	-	-	-	182,692	2,436,152	36,469,598	1,432,146	37,901,744
<b>Total</b>	11,269,683	4,200	90	-	-	1,159,290	9,541,293	18,743,812	10,537,266	334,234	5,715,070	-	-	-	182,692	2,436,152	51,698,010	8,225,772	59,923,782

<sup>(\*)</sup>Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

- 1- Conditional and unconditional exposures to central governments or central banks
- 2- Conditional and unconditional exposures to regional governments or local authorities
- 3- Conditional and unconditional exposures to administrative bodies and non-commercial undertakings
- 4- Conditional and unconditional exposures to multilateral development banks
- 5- Conditional and unconditional exposures to international organizations
- 6- Conditional and unconditional exposures to banks and brokerage houses
- 7- Conditional and unconditional exposures to corporates
- 8- Conditional and unconditional retail exposures
- 9- Conditional and unconditional exposures secured by real estate property
- 10- Past due items
- 11- Items in regulatory high-risk categories
- 12- Exposures in the form of bonds secured by mortgages
- 13- Securitization positions
- 14- Short-term exposures to banks, brokerage houses and corporates
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**Analysis of maturity-bearing exposures according to remaining maturities <sup>(\*)</sup>:**

Exposure Categories	Term To Maturity				
	Up to 1 month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
Conditional and unconditional exposures to central governments or central banks	40,488	-	29,954	778,187	5,746,195
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	4,200
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	46
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	344,726	80,065	102,983	18,265	258,803
Conditional and unconditional exposures to corporates	1,796,730	1,302,181	1,440,775	1,021,182	3,344,223
Conditional and unconditional retail exposures	1,138,928	2,065,374	2,647,735	1,060,680	2,419,119
Conditional and unconditional receivables secured by real estate property	147,199	284,421	544,926	546,111	8,900,376
Past due items	-	-	-	-	-
Items in regulatory high-risk categories	-	-	-	1,538,325	4,097,580
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other items	-	-	-	-	-
<b>Total</b>	<b>3,468,071</b>	<b>3,732,041</b>	<b>4,766,373</b>	<b>4,962,750</b>	<b>24,770,542</b>

<sup>(\*)</sup>Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

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**Explanations on exposure categories**

Within the scope of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", public ratings appointed to exposures to central governments of banks and exposures to foreign banks and corporations by Fitch Ratings International Rating Institution are used. Exposures and asset groups to counterparties without public ratings appointed by the mentioned institution or other rating institutions are also weighted as per Appendix-1 of the Regulation.

The below mapping between the ratings appointed by Fitch Ratings International Rating Institution and credit quality levels as per Appendix-1 of the Regulation is used.

Credit Quality Grade	Fitch Risk Rating	Exposure Categories				
		Exposures to Central Governments or Central Banks	Exposures to Administrative Bodies and Non- Commercial Undertakings	Exposures to Banks and Brokerage Houses		Exposures to Corporates
				Exposures with Remaining Maturities Less Than 3 Months	Exposures with Remaining Maturities More Than 3 Months	
1	AAA	0%	20%	20%	20%	20%
	AA+					
	AA					
	AA-					
2	A+	20%	50%	20%	50%	50%
	A					
	A-					
3	BBB+	50%	100%	20%	50%	100%
	BBB					
	BBB-					
4	BB+	100%	100%	50%	100%	100%
	BB					
	BB-					
5	B+	100%	100%	50%	100%	150%
	B					
	B-					
6	CCC+	150%	150%	150%	150%	150%
	CCC					
	CCC-					
	CC					
	C					
	D					

**Exposures by risk weights:**

Risk Weights	0%	10%	20%	50%	75%	100%	150%	200%	1250%	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	10,744,997	-	811,951	12,059,394	18,743,812	11,848,558	2,789,552	2,925,518	-	296,875
2. Exposures After Credit Risk Mitigation	10,744,997	-	805,871	12,038,534	18,548,325	11,448,093	2,770,858	2,901,299	-	296,875

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**Information by major sectors and type of counterparties:**

Information about impaired credits and past due credits and value adjustments and provisioning methods are described in Part IV Footnote 2.

Major Sectors / Counterparties	Credit Risks <sup>(*)</sup>			
	Impaired Loans	Past Due Loans	Value Adjustments	Provisions
<b>1. Agriculture</b>	<b>20,156</b>	<b>4,768</b>	<b>133</b>	<b>14,723</b>
1.1. Farming and Raising Livestock	19,214	4,582	128	14,186
1.2. Forestry	312	4	-	84
1.3. Fishing	630	182	5	453
<b>2. Manufacturing</b>	<b>165,054</b>	<b>42,465</b>	<b>1,054</b>	<b>120,284</b>
2.1. Mining and Quarrying	4,199	652	25	3,598
2.2. Production	160,543	41,713	1,027	116,511
2.3. Electricity, gas and water	312	100	2	175
<b>3. Construction</b>	<b>113,974</b>	<b>36,442</b>	<b>932</b>	<b>94,182</b>
<b>4. Services</b>	<b>337,399</b>	<b>171,357</b>	<b>4,303</b>	<b>258,345</b>
4.1. Wholesale and Retail Trade	229,235	102,611	2,683	170,641
4.2. Hotel, Food and Beverage Services	39,427	16,447	446	35,571
4.3. Transportation & Communication	48,108	24,628	539	35,768
4.4. Financial Institutions	6,596	2,191	61	5,982
4.5. Real Estate and Renting Services	400	11,345	230	267
4.6. Self-Employment Services	5,391	7,288	184	3,839
4.7. Educational Services	700	2,147	51	358
4.8. Health and Social Services	7,542	4,700	109	5,919
<b>5. Other</b>	<b>1,876,133</b>	<b>1,003,999</b>	<b>34,163</b>	<b>1,647,660</b>
<b>6. Total</b>	<b>2,512,716</b>	<b>1,259,031</b>	<b>40,585</b>	<b>2,135,194</b>

<sup>(\*)</sup> Represents the distribution of cash loans.

**Movements in value adjustments and provisions**

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments <sup>(*)</sup>	Closing Balance
1. Specific Provisions	1,446,137	951,457	(257,325)	(5,075)	2,135,194
2. General Provisions	400,441	217,243	-	-	617,684

<sup>(\*)</sup> Represents the provision of loans written-off.

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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 daily with historical simulation and parametric methods, whereas historical simulation is used for internal risk tracking and limit identification. Parametric VaR calculations are performed for comparison and tracking. ‘Bank Risk Tolerance’ is determined in order to manage the market risk efficiently and keep the market risk within the tolerable 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**

	Amount
(I) Capital Requirement against General Market Risk - Standard Method	19,502
(II) Capital Requirement against Specific Risks – Standard Method	15,619
Capital Requirement against Specific Risks of Securitization Positions – Standard Method	
(III) Capital Requirement against Currency Risk – Standard Method	12,675
(IV) Capital Requirement against Commodity Risks - Standard Method	3,415
(V) Capital Requirement against Settlement Risks - Standard Method	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	696
(VII) Capital Requirement against Counterparty Credit Risk - Standard Method	12,587
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Models	-
(XI) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	64,494
(X) Value-At-Market Risk (12.5 x VIII) or (12.5 x VII)	806,175

**2. Average market risk table calculated at the end of the months during the period**

	Current Period		
	Average	Maximum	Minimum
Interest Rate Risk	49,128	62,943	34,318
Common Share Risk	283	803	1
Currency Risk	14,952	23,614	6,729
Commodity Risk	9,761	21,891	3,299
Settlement Risk	-	-	-
Option Risk	4,754	11,111	230
Counterparty Credit Risk	7,809	12,587	6,407
<b>Total Value at Risk<sup>(*)</sup></b>	<b>86,687</b>	<b>132,949</b>	<b>50,984</b>

<sup>(\*)</sup>Total VaR is the sum of risk values. For the second half of 2012, maximum and minimum values of VaR are TL 121,457 and TL 59,025, respectively.

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**3. Quantitative information on counterparty risk <sup>(\*)</sup>**

	<b>Amount</b>
Interest-Rate Contracts	2,002,705
Foreign-Exchange-Rate Contracts	64,363,580
Commodity Contracts	901,889
Equity-Shares Related Contracts	12,197
Other	206,009
Gross Positive Fair Values	409,748
Netting Benefits	244,412
Net Current Exposure Amount	165,336
Collaterals Received	35,374
Net Derivative Position	129,962

<sup>(\*)</sup>Includes only the counterparty risks arising from trading book and derivative instruments.

For derivative transactions, repurchase agreements' security and commodity lending, counterparty credit risk is calculated using the fair value methodology described in the Appendix-2, Section 3 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". According to this methodology, counterparty credit risk is calculated by adding potential credit risk amounts calculated by multiplying the contract amounts with the credit conversion factors set in the appendix of the regulation, to replacement costs calculated using the fair value amounts of contracts.

**IV. Explanations related to operational risk**

Value at operational risk is calculated by the basic indicator approach using the gross profits for the last three years (2011, 2010 and 2009) in line with the "Calculation of Value at Operational Risk" of the article 3 of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" which was published in the Official Gazette No: 28337 dated June 28, 2012. As of December 31, 2012, the value at operational risk amounts to TL 4,492,416.

	<b>2 ÖD</b>	<b>1 ÖD</b>	<b>CD</b>	<b>Total/ No.</b>		
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>of</b>		
<b>Basic Indicator Approach</b>				<b>Years of</b>		
				<b>Positive</b>		
				<b>Gross</b>	<b>Rate (%)</b>	<b>Total</b>
Gross Income	2,173,542	2,249,651	2,764,673	2,395,955	15	359,393
Value at Operational Risk (Total*12,5)						4,492,416

The annual gross income is composed of net interest income and net non-interest income after deducting realized gains/losses from the sale of securities available-for-sale and held-to-maturity, extraordinary income and income derived from insurance claims at year-end.

**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, 2012, the net foreign currency exposure of the Bank is TL 437,231 foreign currency short position (December 31, 2011 –TL 380,187 net foreign currency short) resulting from on balance sheet short position amounting to TL 5,920,432 TL (December 31, 2011 – TL 5,304,487 short) and off balance sheet long position amounting to TL 5,483,201 TL (December 31, 2011 – TL 4,924,300 long). The long off balance sheet position amounting to TL 5,852,561 (December 31, 2011 – TL 6,219,112) 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.



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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 1.7826

Euro purchase rate at the date of the balance sheet TL 2.3517

<b><u>Date</u></b>	<b><u>US Dollar</u></b>	<b><u>Euro</u></b>
December 31, 2012	TL 1.7826	TL 2.3517
December 29, 2012	TL 1.7829	TL 2.3657
December 28, 2012	TL 1.7848	TL 2.3566
December 27, 2012	TL 1.7877	TL 2.3586
December 26, 2012	TL 1.7893	TL 2.3651
December 23, 2012	TL 1.7869	TL 2.3605

**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 2012 are TL 1.7791 and TL 2.3332, 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>Other</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	1,322,554	1,779,086	1,201,251	4,302,891
Due From Banks	26,746	67,980	13,066	107,792
Financial Assets at Fair Value through Profit/Loss <sup>(4)</sup>	15,503	110,175	466	126,144
Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	105,245	1,200,939	-	1,306,184
Loans and Receivables <sup>(2)</sup>	2,202,324	2,460,541	109,491	4,772,356
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-
Derivative Financial Assets Hedging Purposes	-	37,919	-	37,919
Tangible Assets	-	-	69	69
Intangible Assets	-	-	-	-
Other Assets <sup>(3)</sup>	88,896	193,485	6	282,387
<b>Total Assets</b>	<b>3,761,268</b>	<b>5,850,125</b>	<b>1,324,349</b>	<b>10,935,742</b>
<b>Liabilities</b>				
Bank Deposits	186,597	433,381	14,120	634,098
Foreign Currency Deposits	2,726,184	6,268,543	574,484	9,569,211
Money Market Borrowings	81,168	796,913	-	878,081
Funds Borrowed	1,037,976	3,054,449	1,445	4,093,870
Securities Issued	-	1,288,923	-	1,288,923
Sundry Creditors	60,564	52,351	657	113,572
Derivative Fin. Liabilities for Hedging Purposes	10,575	110,755	-	121,330
Other Liabilities <sup>(5)</sup>	29,880	126,973	236	157,089
<b>Total Liabilities</b>	<b>4,132,944</b>	<b>12,132,288</b>	<b>590,942</b>	<b>16,856,174</b>
<b>Net Balance Sheet Position</b>	<b>(371,676)</b>	<b>(6,282,163)</b>	<b>733,407</b>	<b>(5,920,432)</b>
<b>Net Off-Balance Sheet Position</b>	<b>208,991</b>	<b>6,006,712</b>	<b>(732,502)</b>	<b>5,483,201</b>
Financial Derivative Assets	1,962,825	19,706,843	166,420	21,836,088
Financial Derivative Liabilities	1,753,834	13,700,131	898,922	16,352,887
Non-Cash Loans <sup>(1)</sup>	752,944	1,769,661	157,041	2,679,646
<b>Prior Period</b>				
Total Assets	4,221,957	4,974,493	441,875	9,638,325
Total Liabilities	3,926,444	10,554,240	462,128	14,942,812
<b>Net Balance Sheet Position</b>	<b>295,513</b>	<b>(5,579,747)</b>	<b>(20,253)</b>	<b>(5,304,487)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(273,554)</b>	<b>5,178,787</b>	<b>19,067</b>	<b>4,924,300</b>
Financial Derivative Assets	3,314,319	20,411,234	784,002	24,509,555
Financial Derivative Liabilities	3,587,873	15,232,447	764,935	19,585,255
Non-Cash Loans <sup>(1)</sup>	969,080	2,342,380	216,692	3,528,152

<sup>(1)</sup> Does not affect net off balance sheet position.

<sup>(2)</sup> Includes foreign currency-indexed loans amounting to TL 1,345,845 (December 31, 2011 – TL 1,510,535) that are classified as TL on the balance sheet.

<sup>(3)</sup> Does not include the prepaid expenses amounting to TL 1,936 (December 31, 2011 – TL 2,095) 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 9,732 (December 31, 2011 – TL 17,180).

<sup>(5)</sup> Foreign exchange expense accruals amounting to TL 919 (December 31, 2011 – TL 13,248) on derivative transactions and the general loan loss provisions amounting to TL 51,993 (December 31, 2011 – TL 43,702) 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.

		Net Effect on		Net Effect on	
Change in Currency		Profit or Loss	Net Effect	Profit or Loss	Net Effect on
Rate in %		(After Tax)	on Equity <sup>(*)</sup>	(After Tax)	Equity <sup>(*)</sup>
		Current	Current	Prior	Prior
		Period	Period	Period	Period
USD	10% increase	(4,758)	(6,897)	(19,529)	(7,995)
	10% decrease	4,758	6,897	19,529	7,995
EUR	10% increase	(3,534)	(3,690)	1,320	2,034
	10% decrease	3,534	3,690	(1,320)	(2,034)

<sup>(\*)</sup> 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.

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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 <sup>(*)</sup></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	-	-	-	-	-	5,327,881	5,327,881
Due from Banks	-	2,027	-	-	-	108,789	110,816
Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>	118,010	314,428	216,383	146,925	283,119	78,539	1,157,404
Money Market Placements	1,785,748	-	-	-	-	-	1,785,748
Investment Securities Available for Sale	1,183,866	2,533,350	1,642,514	436,654	1,250,593	190,245	7,237,222
Loans and Receivables	9,832,536	4,358,662	10,588,758	9,247,299	2,035,467	377,522	36,440,244
Investment Securities Held to Maturity	-	-	-	-	-	-	-
Other Assets <sup>(*)</sup>	234,043	-	-	-	-	2,108,250	2,342,293
<b>Total Assets</b>	<b>13,154,203</b>	<b>7,208,467</b>	<b>12,447,655</b>	<b>9,830,878</b>	<b>3,569,179</b>	<b>8,191,226</b>	<b>54,401,608</b>
<b>Liabilities</b>							
Bank Deposits	841,828	126,173	58,044	-	-	21,529	1,047,574
Other Deposits	21,554,601	6,290,529	615,290	20,598	-	3,392,914	31,873,932
Funds Borrowed	175,557	914,253	3,031,277	38,021	9,249	-	4,168,357
Money Market Borrowings	1,727,134	73	-	-	-	-	1,727,207
Securities Issued	-	865,427	3,212,886	-	-	-	4,078,313
Sundry Creditors	-	-	-	-	-	1,253,975	1,253,975
Other Liabilities <sup>(*)</sup>	150,709	93,607	239,667	320,247	46,993	9,401,027	10,252,250
<b>Total Liabilities</b>	<b>24,449,829</b>	<b>8,290,062</b>	<b>7,157,164</b>	<b>378,866</b>	<b>56,242</b>	<b>14,069,445</b>	<b>54,401,608</b>
On Balance Sheet Long Position	-	-	5,290,491	9,452,012	3,512,937	-	18,255,440
On Balance Sheet Short Position	(11,295,626)	(1,081,595)	-	-	-	(5,878,219)	(18,255,440)
Off-Balance Sheet Long Position	-	205,958	-	-	-	-	205,958
Off-Balance Sheet Short Position	(50,217)	-	(97,551)	(213,374)	(40,032)	-	(401,174)
<b>Total Position</b>	<b>(11,345,843)</b>	<b>(875,637)</b>	<b>5,192,940</b>	<b>9,238,638</b>	<b>3,472,905</b>	<b>(5,878,219)</b>	<b>(195,216)</b>

<sup>(\*)</sup> "Other Assets" in "Non-Interest Bearing" column include other assets amounting to TL 819,822, tangible assets amounting to TL 421,812, intangible assets amounting to TL 169,320, associates, subsidiaries and entities under common control amounting to TL 697,296 TL. "Other Liabilities" in the "Non-Interest Bearing" column include shareholders' equity amounting to TL 7,325,439, other liabilities amounting to TL 949,824, provisions amounting to TL 965,254, tax liability amounting to TL 123,022, and trading derivative financial liabilities amounting to TL 37,488.

<sup>(\*\*)</sup> This line also includes hedging purpose derivatives amounting to TL 240,486.

**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	-	-	-	5.77
Financial Assets at Fair Value Through Profit/Loss	3.89	3.06	-	5.97
Money Market Placements	-	-	-	6.45
Investment Securities Available for Sale	4.81	5.37	-	8.24
Loans and Other Receivables	6.12	5.22	5.31	19.70 <sup>(*)</sup>
Investment Securities Held to Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	2.44	2.28	-	7.67
Other Deposits	3.10	3.30	0.38	8.30
Money Market Borrowings	-	0.97	-	5.49
Sundry Creditors	-	-	-	-
Securities Issued	-	5.36	-	8.61
Funds Borrowed	1.65	3.65	-	8.40

<sup>(\*)</sup> The yield of loans is 14.89 % excluding credit cards.

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(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 <sup>(*)</sup></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 <sup>(**)</sup>	60,491	160,836	650,309	976,542	490,399	265,154	2,603,731
Money Market Placements	1,091,322	-	-	-	-	-	1,091,322
Inv. 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
Inv. Securities Held to Maturity	-	-	-	-	-	-	-
Other Assets <sup>(*)</sup>	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
Money Market Borrowings	218,936	425,118	3,430,371	289,319	-	-	4,363,744
Sundry Creditors	1,514,430	68	-	-	-	-	1,514,498
Securities Issued	-	-	268,023	989,875	-	-	1,257,898
Funds Borrowed	-	-	-	-	-	1,543,950	1,543,950
Other Liabilities <sup>(*)</sup>	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>

<sup>(\*)</sup>“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 and “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 part of trading derivative financial liabilities amounting to TL 253,295.

<sup>(\*\*)</sup>This line also includes derivative financial assets for hedging purposes amounting to TL 1,001,747.

**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	-	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 Receivables	6.29	5.44	5.31	18.51 <sup>(*)</sup>
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

<sup>(\*)</sup> The yield of loans and receivables is 15.38% excluding credit cards.

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**Interest rate risk on banking book**

The interest rate risk resulting from banking book comprises of maturity mismatch risk, yield-curve risk, base risk and option risk. Within the scope of the interest rate risk, the Bank analyzes all these risks periodically, and considering market conditions, manages all aspects of interest rate risk on banking book effectively in accordance with the bank strategy. In order to this, within the scope of “Asset Liability Management Policy” risks are measured, monitored and limited on a regular basis.

In the calculation of the interest rate risk on banking book, income approach and the economic value approach are applied. The analysis of economic value, duration and gap analysis are calculated on a weekly basis, analysis of the standard economic value approach is supported by different scenarios. In addition, the sensitivity of the net interest income is monitored, the rates of early repayment of loans in the direction of the interest rate risk are considered.

In customer deposits, core deposits analyses are performed regularly on profit center base and the rate of core deposits in demand deposits are considered in economic value, gap and duration analyses. The interest rate risk of uncertain due credits is determined considering the nature of the credit and added to calculations.

All these analyses are reported to Asset and Liability Committee and Risk Committee and by considering market conditions and the bank strategy; the interest rate risk on banking book is managed within specified limits parallel to the Bank’s appetite of risk.

Available for sale securities included in banking book are daily monitored by being added to the scope of market risk. In this context, the risk level of this portfolio is managed considering the sensitivity of nominal, interest rate and VaR limits.

The interest rate risk on banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method” published in the Official Gazette No: 28034 dated August 23, 2011, and the legal limit as per this measurement is monitored and reported monthly to the Asset and Liability Committee, the Risk Committee and the Board of Directors.

Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity- Losses/Equity
1. TL	(+) 500	(796,161)	(8.99)%
	(-) 400	780,527	8.82%
2. EUR	(+) 200	(36,170)	(0.41)%
	(-) 200	38,936	0.44%
3. USD	(+) 200	(58,809)	(0.66)%
	(-) 200	83,065	0.94%
<b>Total (of negative shocks)</b>		<b>902,528</b>	<b>10.19%</b>
<b>Total (of positive shocks)</b>		<b>(891,140)</b>	<b>(10.06)%</b>

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**VII. Explanations related to position risk of equity securities in banking book**

Equity Securities (shares)	Carrying Value	Comparison	
		Fair Value	Market Value
1. Investment in Shares- grade A	20,630	-	20,630
Quoted Securities	20,630	-	20,630
2. Investment in Shares- grade B	357,014	-	357,014
Quoted Securities	357,014	-	357,014
3. Investment in Shares- grade C	-	-	-
Quoted Securities	-	-	-
4. Investment in Shares- grade Other <sup>(*)</sup>	323,400	194,916 <sup>(**)</sup>	-
Quoted Securities	-	-	-
<sup>(*)</sup> Associates and subsidiaries not quoted to ISE and not classified as investment in shares by CMB.			
<sup>(**)</sup> After the disposal of 51% of Finans Emeklilik ve Hayat A.Ş., the remaining 49% of the shares are accounted for at fair value, as explained in detail in Part 5, Footnote II-15.			

  

Portfolio	Gains/Losses in Current Period	Revaluation Surplus		Unrealized Gains and Losses	
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital
1. Private Equity					
Investments	-	-	-	-	-
2. Quoted Shares	(186)	-	-	2,444	-
3. Other Shares	-	-	-	-	-
4. Total	-	-	-	-	-

**VIII. 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.

In order to overcome the liquidity risk, the Bank diversifies its funding sources. Besides, in order to secure short term liquidity requirements, Bank heads for bond issuances and long term foreign borrowings.

The Bank evaluates its liquidity position on a daily basis. Liquidity reports, cash flow projections and scenarios are analyzed by the top management at Asset/Liability Committee meetings which are held monthly. Besides the legal reports of liquidity adequacy, short-term liquidity position is monitored using the liquidity ratio, calculated daily by the Market Risk Committee. Liquidity reports in the context of Basel III are monitored monthly. Simulations for probable scenarios during crises are performed by calculating the liquidity life span according to various scenarios.

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.

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**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 10% (December 31, 2011 – 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<sup>(*)</sup></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	1,618,121	3,709,760	-	-	-	-	-	5,327,881
Due from Banks	108,789	-	2,027	-	-	-	-	110,816
Financial Assets at Fair Value Through Profit/Loss (**)	-	69,391	163,480	265,897	374,357	284,279	-	1,157,404
Money Market Placements	-	1,785,748	-	-	-	-	-	1,785,748
Investment Securities Available for Sale	190,245	41,506	75,974	829,750	2,763,443	3,336,304	-	7,237,222
Loans and Receivables	-	9,503,338	4,153,828	10,502,088	9,715,370	2,188,098	377,522	36,440,244
Investment Securities Held to Maturity	-	-	-	-	-	-	-	-
Other Assets	-	895,024	-	-	158,841	-	1,288,428	2,342,293
<b>Total Assets</b>	<b>1,917,155</b>	<b>16,004,767</b>	<b>4,395,309</b>	<b>11,597,735</b>	<b>13,012,011</b>	<b>5,808,681</b>	<b>1,665,950</b>	<b>54,401,608</b>
<b>Liabilities</b>								
Bank Deposits	21,529	841,828	126,173	58,044	-	-	-	1,047,574
Other Deposits	3,392,914	21,554,601	6,290,529	615,290	20,598	-	-	31,873,932
Funds Borrowed	-	175,557	535,058	1,349,552	377,750	1,730,440	-	4,168,357
Money Market Borrowings	-	1,727,134	73	-	-	-	-	1,727,207
Securities Issued	-	-	865,427	1,923,963	1,288,923	-	-	4,078,313
Sundry Creditors	-	1,253,975	-	-	-	-	-	1,253,975
Other Liabilities <sup>(*)</sup>	-	997,721	37,139	271,005	625,276	79,684	8,241,425	10,252,250
<b>Total Liability</b>	<b>3,414,443</b>	<b>26,550,816</b>	<b>7,854,399</b>	<b>4,217,854</b>	<b>2,312,547</b>	<b>1,810,124</b>	<b>8,241,425</b>	<b>54,401,608</b>
<b>Liquidity Gap</b>	<b>(1,497,288)</b>	<b>(10,546,049)</b>	<b>(3,459,090)</b>	<b>7,379,881</b>	<b>10,699,464</b>	<b>3,998,557</b>	<b>(6,575,475)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	1,319,278	12,626,347	3,511,674	8,776,464	12,835,348	5,589,444	1,540,318	46,198,873
Total Liabilities	2,718,796	19,111,351	10,684,797	3,477,622	2,009,486	1,859,877	6,336,944	46,198,873
<b>Net 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>

<sup>(\*)</sup>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 7,325,439, unallocated provisions amounting to TL 878,782 and deferred tax liability amounting to TL 37,204.

<sup>(\*\*)</sup> This line also includes derivative financial assets for hedging purposes amounting to TL 240,486.

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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	21,529	842,770	127,381	59,541	-	-	1,051,221	1,047,574
Other deposits	3,392,914	21,602,608	6,349,522	632,293	20,611	-	31,997,948	31,873,932
Money market borrowings	-	1,727,799	73	-	-	-	1,727,872	1,727,207
Funds provided from other financial institutions	-	175,822	527,627	1,463,119	493,504	1,735,544	4,395,616	4,168,357
Securities issued	-	-	882,312	2,045,791	1,466,363	-	4,394,466	4,078,313

  

<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	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

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 <sup>(**)</sup>	1,467,029	425,031	577,990	227,514	135,223	2,832,787
Forward Contracts Sell <sup>(**)</sup>	1,461,966	420,506	574,792	224,836	135,223	2,817,323
Swap Contracts Buy <sup>(*)</sup>	3,524,964	2,270,339	6,729,253	11,478,686	1,793,950	25,797,192
Swap Contracts Sell <sup>(*)</sup>	3,501,679	2,198,850	6,642,302	12,441,683	2,049,242	26,833,756
Futures Buy	-	117,353	3,572	-	-	120,925
Futures Sell	-	117,353	3,572	-	-	120,925
Options Buy	2,841,611	1,302,027	1,431,654	-	-	5,575,292
Options Sell	2,831,112	1,292,041	1,397,021	-	-	5,520,174
<b>Total</b>	<b>15,628,361</b>	<b>8,143,500</b>	<b>17,360,156</b>	<b>24,372,719</b>	<b>4,113,638</b>	<b>69,618,374</b>

<sup>(\*)</sup> This line also includes hedging purpose derivatives.

<sup>(\*\*)</sup> 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 <sup>(**)</sup>	3,324,994	573,538	1,350,565	-	141,404	5,390,501
Forward Contracts Sell <sup>(**)</sup>	3,344,712	568,864	1,351,736	-	141,404	5,406,716
Swap Contracts Buy <sup>(*)</sup>	3,451,474	1,810,960	7,759,964	11,242,923	2,055,864	26,321,185
Swap Contracts Sell <sup>(*)</sup>	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>

<sup>(\*)</sup> This line also includes hedging purpose derivatives.

<sup>(\*\*)</sup> This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

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**IX. Explanations related to securitization positions**

As of December 31, 2012, the Bank has no securitization positions.

**X. Explanations related to credit risk mitigation techniques**

The Bank applies simple financial collateral method that includes the effects of risk mitigation calculations at fair value in compliance with the Article 33 of the “Regulation on Credit Risk Mitigation Techniques”.

Besides, the Bank applies Comprehensive Financial Collateral Method for the calculation of the counterparty credit risk in compliance with the Article 33 of the “Regulation on Credit Risk Mitigation Techniques” for transactions included in trading book. In this method, risk and collateral amounts are subjected to standard volatility adjustments.

For mitigating the credit risk, cash and cash equivalents and high-credit-quality debt instruments are used.

<b>Exposure Categories <sup>(**)</sup></b>	<b>Amount<sup>(*)</sup></b>	<b>Financial Collaterals</b>	<b>Other/Physical Collaterals</b>	<b>Guaranties and Credit Derivatives</b>
Conditional and unconditional exposures to central governments or central banks	11,269,683	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	4,200	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	431	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,256,310	51,522	-	-
Conditional and unconditional exposures to corporates	14,685,233	439,379	-	-
Conditional and unconditional retail exposures	35,869,033	248,497	-	-
Conditional and unconditional exposures secured by real estate property	10,866,233	-	-	-
Past due items	334,234	3	-	-
Items in regulatory high-risk categories	5,715,070	42,913	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-
Exposures in the form of collective investment undertakings	182,692	-	-	-
Other items	2,436,152	-	-	-
<b>Total</b>	<b>82,619,271</b>	<b>782,314</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> Includes total risk amounts before credit risk mitigation.

<sup>(\*\*)</sup>The mortgages used for the determination of the risk categories as per the article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, are excluded.

**XI. Explanations related to risk management objectives and policies**

The Bank's risk strategy is approved by the Board of Directors and implementation of this strategy is under the responsibility of the Bank's Risk Committee and senior management.

Besides the Bank's risk principles and targets, the aim of the risk strategy is to describe the Bank's current and targeted risk profile and appetite, risk management and organization and the Bank's general approach as defined by principal risk management capacities. The scope of the risk strategy includes the Bank and all of its subsidiaries in the financial sector.

The Risk Management's mission is to optimize the relationship between risk and returns, by taking into account the interests of customers and employees, creating value for shareholders in line with the Bank's business strategy, consistent with both the best practices and the Bank's risk strategy in accordance with legal obligations.

The general objectives of the Bank's Risk Management:

- In accordance with the Bank's risk management policies, in order to maximize the potential benefits and acquire the opportunities that creates value addition for shareholders, comprise the basic standards for bank-wide risk management,

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- In order to maintain the stability of the yields against unpredictable losses, to support Bank's business strategy in the manner that control the risk by carrying out the business objectives,
- To improve the use and distribution of the capital and to increase the risk adjusted returns by adding risk to the measurement of the business performance,
- To support decision making process by providing the essential risk-related perspective,
- To comply with legal, qualitative and quantitative requirements and consistency with the best practices,
- Contribute to the continued position of ethics standards and strong corporate governance of the Bank, which is one of the leading and reputable financial institutions in Turkey,
- To promote risk awareness and risk management culture throughout the Bank.

**XII. 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>38,336,808</b>	<b>32,191,339</b>	<b>38,452,104</b>	<b>32,035,180</b>
Money Market Placements	1,785,748	1,091,322	1,785,748	1,091,322
Due From Banks	110,816	829,462	110,816	829,462
Loans and Receivables	36,440,244	30,270,555	36,555,540	30,114,396
<b>Financial Liabilities</b>	<b>44,149,358</b>	<b>37,955,660</b>	<b>44,077,992</b>	<b>37,707,359</b>
Bank Deposits	1,047,573	286,214	1,047,669	286,151
Other Deposits	31,873,933	28,989,356	31,880,619	28,995,423
Funds Borrowed from Other Financial Institutions	4,168,357	4,363,744	4,112,154	4,262,669
Money Market Borrowings	1,727,207	1,514,498	1,727,207	1,514,498
Securities Issued	4,078,313	1,257,898	4,056,368	1,104,668
Sundry Creditors	1,253,975	1,543,950	1,253,975	1,543,950

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:

- a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (market value);
- b) 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);
- c) 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>7,592,100</b>	<b>1,176,422</b>	<b>194,916</b>	<b>8,963,438</b>
Financial Assets at Fair Value through Profit/Loss	72,483	-	-	72,483
Assets on Trading Derivatives	6,109	486,030	-	492,139
Investment Securities Available for Sale	7,139,612	97,610	-	7,237,222
Loans and Receivables <sup>(*)</sup>	-	352,296	-	352,296
Subsidiaries, Associates and Entities Under Common Control <sup>(**)</sup>	373,896	-	194,916	568,812
Derivative Financial Assets Hedging Purposes	-	240,486	-	240,486
<b>Financial Liabilities</b>	<b>100</b>	<b>886,690</b>	<b>-</b>	<b>886,790</b>
Liabilities on Trading Derivatives	100	473,819	-	473,919
Derivative Financial Liabilities for Hedging Purposes	-	412,871	-	412,871

<sup>(\*)</sup> Loans and Receivables are presented in "Financial Assets at Fair Value through Profit/Loss".

<sup>(\*\*)</sup> Does not include subsidiaries, associates and entities under common control amounting to TL 128,484, which has been accounted for at cost value in the financial statements.

Confirmation for fair value of financial assets under Level 3 is as below:

<b>December 31, 2012</b>	<b>Entities Under Common Control</b>
Opening Balance <sup>(*)</sup>	45,000
Change in total gain/loss	172,866
Accounted in income statement	-
Accounted in other comprehensive income	172,866
Purchases	-
Disposals <sup>(*)</sup>	(22,950)
Sales from Level 3	-
<b>Closing Balance</b>	<b>194,016</b>

<sup>(\*)</sup> After the disposal of 51% of Finans Emeklilik ve Hayat A.Ş., the remaining 49% of the shares are accounted for at fair value, as explained in detail in Part 5, Footnote II-15.

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>7,066,931</b>	<b>2,705,780</b>	<b>-</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 <sup>(*)</sup>	-	567,612	-	567,612
Subsidiaries <sup>(**)</sup>	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>-</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

<sup>(\*)</sup> Loans and Receivables are presented in "Financial Assets at Fair Value through Profit/Loss".

<sup>(\*\*)</sup> Does not include subsidiaries amounting to TL 177,276, which has been accounted for at cost value in the financial statements.

**XIII. 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	439,754	212,803	320,851	184,673
T.R. Central Bank	584,776	4,090,086	140,547	2,305,467
Others	460	2	12,898	350
<b>Total</b>	<b>1,024,990</b>	<b>4,302,891</b>	<b>474,296</b>	<b>2,490,490</b>

**b) Balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	584,776	380,326	140,547	339,666
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	3,709,760	-	1,965,801
<b>Total</b>	<b>584,776</b>	<b>4,090,086</b>	<b>140,547</b>	<b>2,305,467</b>

As of December 31, 2012, 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, 2011 – 5% to 11%) and the reserve rates for the foreign currency liabilities are within an interval from 9.5% to 11.5% depending on the maturity of deposits (December 31, 2011 – 9% to 11%).

**2. Further information on financial assets at fair value through profit/loss**

**a) Trading securities given as collateral or blocked**

None (December 31, 2011 – None).

**b) Trading securities subject to repurchase agreements**

None (December 31, 2011 – None).

**c) Positive differences on trading derivative instruments**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	20,007	-	76,791	-
Swap Transactions	338,376	96,083	698,073	86,361
Futures Transactions	-	6,109	-	6,742
Options	749	30,815	414	140,680
Other	-	-	-	697
<b>Total</b>	<b>359,132</b>	<b>133,007</b>	<b>775,278</b>	<b>234,480</b>

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**3. a) Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	3,024	59	290,047	342,054
Foreign	-	107,733	19	197,342
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>3,024</b>	<b>107,792</b>	<b>290,066</b>	<b>539,396</b>

**b) Information on foreign bank accounts**

	Unrestricted Amount		Restricted Amount <sup>(**)</sup>	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	41,532	72,946	-	-
USA and Canada	60,881	58,505	778	59,921
OECD Countries <sup>(*)</sup>	2,864	4,962	-	-
Off-shore Banking Regions	-	-	-	-
Other	1,678	1,027	-	-
<b>Total</b>	<b>106,955</b>	<b>137,440</b>	<b>778</b>	<b>59,921</b>

<sup>(\*)</sup>Includes OECD countries other than EU countries, USA and Canada.

<sup>(\*\*)</sup>Includes blocked placements at foreign banks amounting to TL 778 (December 31, 2011 - TL 59,921) 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>1,785,748</b>	-	<b>700,396</b>	-
T.R. Central Bank	-	-	-	-
Banks	1,785,748	-	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>1,785,748</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	421,314	-	1,175,542	-
Other	-	-	-	-
<b>Total</b>	<b>421,314</b>	-	<b>1,175,542</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	859,279	1,125,471	811,442	703,281
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>859,279</b>	<b>1,125,471</b>	<b>811,442</b>	<b>703,281</b>

**c) Investment securities available for sale**

	Current Period	Prior Period
<b>Debt securities</b>	<b>7,050,106</b>	<b>6,933,793</b>
Quoted on a stock exchange <sup>(*)</sup>	6,952,496	6,798,130
Unquoted on a stock exchange	97,610	135,663
<b>Share certificates</b>	<b>190,353</b>	<b>126,129</b>
Quoted on a stock exchange <sup>(**)</sup>	190,353	126,129
Unquoted on a stock exchange	-	-
<b>Impairment provision(-)</b>	<b>(3,237)</b>	<b>(135,630)</b>
<b>Total</b>	<b>7,237,222</b>	<b>6,924,292</b>

<sup>(\*)</sup>The Eurobond Portfolio amounting to TL 878,943 (December 31, 2011 – TL 537,063) 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 198,512 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.

<sup>(\*\*)</sup> Share certificates that are quoted on a stock exchange include “exchange traded mutual funds” amounting to TL 181,995 (December 31, 2011 – TL 107,682).

**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	-	29,498	-	3,072
Corporate Shareholders	-	29,498	-	3,072
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees <sup>(*)</sup>	58,761	-	47,740	-
<b>Total</b>	<b>58,761</b>	<b>29,498</b>	<b>47,740</b>	<b>3,072</b>

<sup>(\*)</sup>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**

	<b>Standard Loans and Other Receivables</b>			<b>Loans and Other Receivables Under Close Monitoring</b>		
	<b>Loans and Other Receivables</b>	<b>Loans and Receivables with Revised Contract Terms</b>		<b>Loans and Other Receivables</b>	<b>Loans and Receivables with Revised Contract Terms</b>	
<b>Cash Loans<sup>(*)</sup></b>		<b>Extension of Repayment Plan</b>	<b>Other</b>		<b>Extension of Repayment Plan</b>	<b>Other</b>
<b>Non-specialized Loans</b>	<b>33,355,121</b>	<b>944,449</b>	<b>-</b>	<b>1,703,474</b>	<b>411,974</b>	<b>-</b>
Discount Notes	288,499	-	-	3,882	-	-
Export Loans	619,434	-	-	88,127	45,359	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	440,940	-	-	-	-	-
Retail Loans	11,328,801	297,457	-	652,770	91,468	-
Credit Cards	10,027,929	482,671	-	255,672	98,822	-
Other	10,649,518	164,321	-	703,023	176,325	-
<b>Specialized Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>33,355,121</b>	<b>944,449</b>	<b>-</b>	<b>1,703,474</b>	<b>411,974</b>	<b>-</b>

<sup>(\*)</sup>The loans and other receivables amounting to TL 352,296 (December 31, 2011 – TL 567,612) are disclosed as “Loans at Fair Value Through Profit / Loss” in the financial statements.

	<b>Performing Loans and Other Receivables</b>	<b>Loans and Other Receivables under Follow-up</b>
<b>No. of Extensions</b>		
1 or 2 times	936,657	323,017
3, 4 or 5 times	7,792	20,399
Over 5 times	-	68,558

	<b>Performing Loans and Other Receivables<sup>(*)</sup></b>	<b>Loans and Other Receivables under Follow-up<sup>(*)</sup></b>
<b>Extension Periods</b>		
0 - 6 months	202,829	121,342
6 -12 months	77,307	26,159
1 - 2 years	318,578	93,172
2 - 5 years	305,406	159,344
5 years and over	40,329	11,957

<sup>(\*)</sup> Credit balances based on fourth article, a and b clauses, fourth paragraph of the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” dated May 28, 2011 published in the Official Gazette No: 27947

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**c) Loans according to their maturity structure**

<b>Cash Loans (*)</b>	<b>Standard Loans and Other Receivables</b>		<b>Loans and Other Receivables Under Close Monitoring</b>	
	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>	<b>Loans and Other Receivables</b>	<b>Restructured or Rescheduled</b>
<b>Short-term Loans</b>	<b>18,328,096</b>	<b>-</b>	<b>255,672</b>	<b>98,822</b>
Non-specialized Loans	18,328,096	-	255,672	98,822
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and Long-term Loans</b>	<b>15,027,025</b>	<b>944,449</b>	<b>1,447,802</b>	<b>313,152</b>
Non-specialized Loans	15,027,025	944,449	1,447,802	313,152
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>33,355,121</b>	<b>944,449</b>	<b>1,703,474</b>	<b>411,974</b>

(\*) The loans and other receivables amounting to TL 352,296 (December 31, 2011 – TL 567,612) 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>166,971</b>	<b>10,733,405</b>	<b>10,900,376</b>	<b>562,166</b>
Housing Loans	1,850	6,084,904	6,086,754	505,168
Automobile Loans	988	101,135	102,123	871
Personal Need Loans	158,651	4,547,366	4,706,017	56,127
Other	5,482	-	5,482	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>98,068</b>	<b>98,068</b>	<b>57,175</b>
Housing Loans	-	90,842	90,842	54,261
Automobile Loans	-	56	56	21
Personal Need Loans	-	7,170	7,170	2,893
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>9,463,053</b>	<b>713,676</b>	<b>10,176,729</b>	<b>108,209</b>
Installment	5,170,659	713,676	5,884,335	62,570
Non- Installment	4,292,394	-	4,292,394	45,639
<b>Individual Credit Cards-FC</b>	<b>3,075</b>	<b>-</b>	<b>3,075</b>	<b>23</b>
Installment	-	-	-	-
Non- Installment	3,075	-	3,075	23
<b>Personnel Loans-TL</b>	<b>2,976</b>	<b>22,717</b>	<b>25,693</b>	<b>159</b>
Housing Loans	-	416	416	1
Automobile Loans	-	224	224	1
Personal Need Loans	2,976	22,077	25,053	157
Other	-	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
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>29,611</b>	<b>-</b>	<b>29,611</b>	<b>-</b>
Installment	17,307	-	17,307	-
Non-Installment	12,304	-	12,304	-
<b>Personnel Credit Cards-FC</b>	<b>49</b>	<b>-</b>	<b>49</b>	<b>-</b>
Installment	-	-	-	-
Non-Installment	49	-	49	-
<b>Overdraft Accounts-TL (Real Persons)</b>	<b>648,094</b>	<b>-</b>	<b>648,094</b>	<b>78,765</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>10,313,829</b>	<b>11,567,866</b>	<b>21,881,695</b>	<b>806,497</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>385,291</b>	<b>3,549,816</b>	<b>3,935,107</b>	<b>48,587</b>
Real Estate Loans	22	111,210	111,232	6,018
Automobile Loans	6,421	296,679	303,100	3,744
Personal Need Loans	378,848	3,141,927	3,520,775	38,825
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC</b>				
<b>Indexed</b>	<b>30,657</b>	<b>534,498</b>	<b>565,155</b>	<b>39,834</b>
Real Estate Loans	-	12,413	12,413	1,463
Automobile Loans	695	62,615	63,310	3,382
Personal Need Loans	29,962	459,470	489,432	34,989
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>540,118</b>	<b>1,192</b>	<b>541,310</b>	<b>5,739</b>
Installment	244,187	1,192	245,379	2,602
Non-Installment	295,931	-	295,931	3,137
<b>Corporate Credit Cards –FC</b>	<b>347</b>	<b>-</b>	<b>347</b>	<b>2</b>
With Installment	-	-	-	-
Without Installment	347	-	347	2
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>403,574</b>	<b>-</b>	<b>403,574</b>	<b>603</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,359,987</b>	<b>4,085,506</b>	<b>5,445,493</b>	<b>94,765</b>

**f) Loans according to borrowers (\*)**

	<b>Current Period</b>	<b>Prior Period</b>
Public	125,458	134,129
Private	36,289,560	30,300,679
<b>Total</b>	<b>36,415,018</b>	<b>30,434,808</b>

(\*) The loans and other receivables amounting to TL 352,296 (December 31, 2011 – TL 567,612) 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	36,246,287	30,216,161
Foreign Loans	168,731	218,647
<b>Total</b>	<b>36,415,018</b>	<b>30,434,808</b>

(\*) The loans and other receivables amounting to TL 352,296 (December 31, 2011 – TL 567,612) 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	65,220	55,015
Indirect Loans Granted to Subsidiaries and Associates	-	-
<b>Total</b>	<b>65,220</b>	<b>55,015</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	217,150	66,145
Loans and Receivables with Doubtful Collectability	340,379	147,153
Uncollectible Loans and Receivables	1,577,665	1,232,839
<b>Total</b>	<b>2,135,194</b>	<b>1,446,137</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)	8,516	3,171	58,461
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	8,516	3,171	58,461
<b>Prior 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

**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>326,776</b>	<b>289,881</b>	<b>1,232,839</b>
Additions (+)	1,131,186	28,382	21,894
Transfers from Other Categories of Non-Performing Loans (+)	-	917,448	568,932
Transfers to Other Categories of Non-Performing Loans (-)	917,448	568,932	-
Collections (-)	99,831	172,411	240,925
<b>Write-offs (-)</b>	<b>-</b>	<b>-</b>	<b>5,075</b>
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	2,121
Credit Cards	-	-	2,954
Others	-	-	-
<b>Current Period End Balance</b>	<b>440,683</b>	<b>494,368</b>	<b>1,577,665</b>
Specific Provision (-)(*)	217,150	340,379	1,577,665
<b>Net Balances on Balance Sheet</b>	<b>223,533</b>	<b>153,989</b>	<b>-</b>

(\*) 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", the Bank provided specific provisions in the prior period using the minimum provision ratios specified in the regulation for its non-performing consumer and commercial loans, whereas again in accordance with the regulation in the current period the Bank provided specific provision for its 3rd and 4th group consumer loans with 100% provision rate and for its 3rd group commercial loans with 50% provision rate. After the stated change, the provision amount increased by TL 218,639 in the current period as compared to the provisioning method used in the prior period.

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**j.3) Information on foreign currency non-performing loans and other receivables**

None. (December 31, 2011 - 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>223,533</b>	<b>153,989</b>	<b>-</b>
Loans to Real Persons and Legal Entities (Gross)	440,683	494,368	1,568,817
Specific provision (-)	(217,150)	(340,379)	(1,568,817)
Loans to Real Persons and Legal Entities (Net)	223,533	153,989	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	8,848
Specific provision (-)	-	-	(8,848)
Other Loans and Receivables (Net)	-	-	-
<b>Prior 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)	-	-	-

**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, 2012 (December 31, 2011 – 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>
Bankalararası Kart Merkezi (BKM) <sup>(**)</sup>	Istanbul/Turkey	9.23%	9.23%
Kredi Garanti Fonu A.Ş. <sup>(*)</sup>	Istanbul/Turkey	1.67%	2.00%

<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>
32,354	19,628	15,445	718	-	1,144	2,619	-
247,800	242,307	2,168	8,322	1	6,695	997	-

<sup>(\*)</sup> Current period information is obtained from financial statements as of September 30, 2012; prior period profit and loss information is obtained from financial statements as of December 31, 2011.

<sup>(\*\*)</sup> Current period information is obtained from financial statements as of December 31, 2012; prior period profit and loss information is obtained from financial statements as of December 31, 2011.

**8.2. Movements of investments in associates**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of Period</b>	<b>6,769</b>	<b>5,769</b>
<b>Movements During the Period</b>	<b>1,208</b>	<b>1,000</b>
Acquisitions	1,211 <sup>(**)</sup>	1,000 <sup>(*)</sup>
Bonus Shares Received	-	-
Dividends From Current Year Profit	-	-
Sales	(3) <sup>(***)</sup>	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign	-	-
Impairment Losses (-)	-	-
<b>Balance at the End of the Period</b>	<b>7,977</b>	<b>6,769</b>
<b>Capital Commitments</b>	<b>-</b>	<b>1,000</b>
<b>Share Percentage at the End of the Period (%)</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> The amount represents the share capital increase amounting to TL 1,000 in Kredi Garanti Fonu A.Ş.

<sup>(\*\*)</sup> The amount represents the share capital increase amounting to TL 1,000 in Kredi Garanti Fonu A.Ş and distribution of shares to shareholder banks amounting to TL 211 due to the fact that shares of Fortis Bank transferred to TEB infringe the joint venture principle.

<sup>(\*\*\*)</sup> 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	7,977	6,769
<b>Total</b>	<b>7,977</b>	<b>6,769</b>

**8.4. Quoted Associates**

None (December 31, 2011 - None).

**8.5. Valuation of investments in associates**

	Current Period	Prior Period
Valued at Cost	7,977	6,769
Valued at Fair Value	-	-
Valued at Equity Method	-	-
<b>Total</b>	<b>7,977</b>	<b>6,769</b>

**8.6. Investments in associates sold during the current period**

None (December 31, 2011 – None).

**8.7. Investments in associates acquired during the current period**

None.

**9. Investments in subsidiaries (Net)**

**a) Information on the unconsolidated subsidiaries**

						Bank's Share – If		
Title				Address		Different, Voting	Bank's Risk Group	
				(City/Country)		Rights (%)	Share (%)	
Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş				Istanbul/Turkey		99.91%	99.91%	
(*)	Total	Shareholders'	Total Fixed	Interest	Securities	Current	Prior	Company's
	Assets	Equity	Asset	Income	Income	Period	Period	
						Profit/Loss	Profit/Loss	Fair Value
	23,859	19,928	19,020	-	-	3,782	(2,253)	-

(\*) Current period information is obtained from financial statements as of December 31, 2012.



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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	68.94
3. Finans Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	83.75 <sup>(*)</sup>	83.78 <sup>(*)</sup>
4. Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	0.01	99.58
5. Finans Faktoring Hizmetleri A.Ş.	Istanbul/Turkey	99.99	100.00

<sup>(\*)</sup> The share of the Bank is 10.01% whereas the remaining 73.74% (December 31, 2011 - %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 <sup>(**)</sup>
1. (*)	272,002	178,407	13,008	10,272	567	10,231	15,430	-
2. (*)	1,315,753	468,528	348	-	-	46,984	36,352	699,200
3. (***)	21,698	21,437	38	-	-	3,352	(2,136)	21,240
4. (*)	13,027	11,796	948	1,471	11	1,050	7,403	-
5. (*)	375,417	26,901	812	39,986	-	3,521	3,252	-

<sup>(\*)</sup> Current period information represents December 31, 2012 figures, and prior period profit/loss amounts represent December 31, 2011 figures as per the financial statements prepared in accordance with BRSA regulations.

<sup>(\*\*)</sup> Fair values of publicly traded subsidiaries reflect their stock exchange values as of balance sheet date.

<sup>(\*\*\*)</sup> Current period information represents September 30, 2012 figures, and prior period profit/loss amounts represent December 31, 2011 figures as per the financial statements prepared in accordance with BRSA regulations.

**b.2) Movement of investments in consolidated subsidiaries**

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>397,409</b>	<b>362,058</b>
<b>Movements during the period</b>	<b>79,208</b>	<b>35,351</b>
Purchases	5,902 <sup>(1)</sup>	18,187 <sup>(4)</sup>
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	(27,950) <sup>(2)</sup>	(3,706) <sup>(5)</sup>
Changes due to Reclassification	(22,050) <sup>(3)</sup>	-
Revaluation Increase	123,306	20,870
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>476,617</b>	<b>397,409</b>
<b>Capital Commitments</b>	<b>-</b>	<b>-</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 Yatırım Ortaklığı A.Ş. amounting to TL 5,902.

<sup>(2)</sup> Disposals in the current period include the disposal of 51% shares of Finans Emeklilik ve Hayat A.Ş. to Cigna Nederland Gamma B.V. amounting to TL 22,950 and disposal of Finans Tüketici Finansmanı A.Ş. amounting to TL 5,000.

<sup>(3)</sup> Changes due to reclassification in the current period include the transfer of the book value of Finans Emeklilik ve Hayat A.Ş. from consolidated subsidiaries to the entities under common control.

<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 8,187 and Finans Faktoring Hiz. A.Ş. amounting to TL 10,000.

<sup>(5)</sup> Disposal in the prior 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 recognized profit on sale amounting to TL 1,321.

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**b.3) Sectoral distribution of consolidated subsidiaries**

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	45,000
Factoring Companies	20,000	20,000
Leasing Companies	357,012	237,225
Finance Companies	-	5,000
Other Subsidiaries	99,605	90,184
<b>Total</b>	<b>476,617</b>	<b>397,409</b>

**b.4) Quoted subsidiaries within the context of consolidation**

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	373,896	244,688
Quoted on International Stock Exchanges	-	-
<b>Total</b>	<b>373,896</b>	<b>244,688</b>

**b.5) Explanation to capital adequacy of major subsidiaries**

The Bank does not have any major subsidiaries.

**10. Investments in entities under common control**

	The Parent Bank's Share	The Group's Share	Current Assets	Fixed Assets	Long Term Debt	Current Period Profit/Loss	Prior Period Profit/Loss
Finans Emeklilik ve Hayat A.Ş. <sup>(*)</sup>	49.00%	49.00%	413,859	4,010	48,776	29,031	9,493
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33.33%	33.33%	11,082	7,625	787	2,145	1,972

<sup>(\*)</sup> Current period information represents December 31, 2011 figures.

Information about Finans Emeklilik ve Hayat A.Ş., one of the entities under common control of the Bank, is explained in Part 5 Footnote IV-5.

**11. Information on financial lease receivables (Net)**

None (December 31, 2011 - None).

**12. Information on hedging purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge <sup>(*)</sup>	202,567	37,919	960,793	40,954
Cash Flow Hedge	-	-	-	-
Hedge of Net Investment in Foreign Operations	-	-	-	-
<b>Total</b>	<b>202,567</b>	<b>37,919</b>	<b>960,793</b>	<b>40,954</b>

<sup>(\*)</sup> Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. TL 37,919 (December 31, 2011 - 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 202,567 (December 31, 2011 - 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, 2012.

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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	64,625	315,941	1,756	615,712	998,034
Accumulated Depreciation (-)	5,797	224,508	984	382,248	613,537
<b>Net Book Value</b>	<b>58,828</b>	<b>91,433</b>	<b>772</b>	<b>233,464</b>	<b>384,497</b>
<b>Current Period End</b>					
<b>Cost at the Beginning of the Period</b>	<b>64,625</b>	<b>315,941</b>	<b>1,756</b>	<b>615,712</b>	<b>998,034</b>
Additions	2,072	783	380	128,551	131,786
Disposals (-)	584	5,180	97	14,831	20,692
Impairment (-)/(increase)	1,651	-	-	-	1,651
<b>Current Period Cost</b>	<b>64,462</b>	<b>311,544</b>	<b>2,039</b>	<b>729,432</b>	<b>1,107,477</b>
<b>Accumulated Depreciation at the Beginning of the Period</b>	<b>5,797</b>	<b>224,508</b>	<b>984</b>	<b>382,248</b>	<b>613,537</b>
Disposals (-)	-	4,968	50	13,526	18,544
Depreciation Amount	1,362	14,568	207	74,535	90,672
<b>Current Period Accumulated depreciation (-)</b>	<b>7,159</b>	<b>234,108</b>	<b>1,141</b>	<b>443,257</b>	<b>685,665</b>
<b>Net Book Value-End of the Period</b>	<b>57,303</b>	<b>77,436</b>	<b>898</b>	<b>286,175</b>	<b>421,812</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 1,651 has been booked (December 31, 2011 - TL 1,594 impairment loss has been reversed).

- 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, 2011- 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, 2011- None)

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**13.1. Explanations on intangible assets**

	<b>Rights</b>	<b>Goodwill</b>	<b>Total</b>
<b>Prior Period End</b>			
Cost	285,037	-	285,037
Accumulated Amortization (-)	150,565	-	150,565
<b>Net Book Value</b>	<b>134,472</b>	<b>-</b>	<b>134,472</b>
<b>Current Period End</b>			
<b>Cost at the Beginning of the Period</b>	<b>285,037</b>	<b>-</b>	<b>285,037</b>
Additions	89,699	-	89,699
Disposals (-)	-	-	-
<b>Current Period Cost</b>	<b>374,736</b>	<b>-</b>	<b>374,736</b>
<b>Acc. Amort. at the Beginning of the Period</b>	<b>150,565</b>	<b>-</b>	<b>150,565</b>
Disposals (-)	-	-	-
Amortization charge (-)	54,851	-	54,851
<b>Current Period Accumulated Amortization (-)</b>	<b>205,416</b>	<b>-</b>	<b>205,416</b>
<b>Net Book Value-End of the Period</b>	<b>169,320</b>	<b>-</b>	<b>169,320</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, 2011 - None).
- b) **Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:** None (December 31, 2011)
- 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, 2011 - None).
- d) **The book value of intangible fixed assets that are pledged or restricted for use:** None (December 31, 2011 - None).
- e) **Amount of purchase commitments for intangible fixed assets:** None (December 31, 2011 - None)
- f) **Information on revalued intangible assets according to their types:** None (December 31, 2011 – 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 4,981 (December 31, 2011 – TL 5,415).
- h) **Positive or negative consolidation goodwill on entity basis:**  
  
None (December 31, 2011-None).
- i) **Information on goodwill:** None (December 31, 2011-None).

**Movements on goodwill in the current period:** None (December 31, 2011- None).

**14. Explanations on investment property**

None (December 31, 2011- None).

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**15. 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 numbered 10.1.4.

As of December 31, 2012, the Bank has TL 368,855 current tax liabilities (December 31, 2011- TL 210,153) and TL 283,037 prepaid taxes (December 31, 2011- TL 135,303) which are netted-off in the accompanying financial statements.

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

None (December 31, 2011- None).

**18. Information on other assets**

**18.1. Information on prepaid expense, tax and similar items**

	Current Period	Prior Period
Cheques Receivables from Other Banks	254,500	91,960
Collateral Given for Derivative Transactions	248,533	69,042
Other Prepaid Expenses	213,159	170,878
Assets Held for Resale (Net)	158,841	125,432
Sundry Debtors	77,060	44,598
Prepaid Rent Expenses	25,307	20,155
Prepaid Agency Commissions	6,654	4,993
Advances Given	4,956	2,246
Other	64,855	44,488
<b>Total</b>	<b>1,053,865</b>	<b>573,792</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.

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans and Receivables	447,807	49,012	558,565	31,273
Assets on Trading Derivatives	359,132	133,007	775,278	234,480
Investments Securities Available for Sale	328,828	163,622	54,821	8,959
Derivative Financial Instruments Held for Hedging	202,567	37,919	960,793	40,954
Trading Securities	658	90	31	53
Banks	3	25	592	6
Money Market Receivables	-	-	-	-
Financial Assets at Fair Value through Profit or Loss	-	-	-	-
Other Accruals	16,210	-	1,054	93
<b>Total</b>	<b>1,355,205</b>	<b>383,675</b>	<b>2,351,134</b>	<b>315,818</b>

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**SECTION FIVE**

**II. EXPLANATIONS AND DISCLOSURES RELATED TO LIABILITIES**

**1. Information on maturity structure of deposits**

<b>Current Period</b>									
	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulated Deposit Accounts</b>	<b>Total</b>
<b>Saving Deposits</b>	<b>867,610</b>	<b>-</b>	<b>1,665,278</b>	<b>9,925,707</b>	<b>609,492</b>	<b>273,809</b>	<b>15,616</b>	<b>15,286</b>	<b>13,372,798</b>
<b>Foreign Currency</b>									
<b>Deposits</b>	<b>892,652</b>	<b>-</b>	<b>1,503,637</b>	<b>5,839,836</b>	<b>593,895</b>	<b>210,169</b>	<b>2,620</b>	<b>5,130</b>	<b>9,047,939</b>
Residents in Turkey	854,653	-	1,482,461	5,739,827	560,225	120,732	2,620	5,130	8,765,648
Residents Abroad	37,999	-	21,176	100,009	33,670	89,437	-	-	282,291
<b>Public Sector Deposits</b>	<b>162,871</b>	<b>-</b>	<b>2,687</b>	<b>837,007</b>	<b>1,464</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>1,004,090</b>
<b>Commercial Deposits</b>	<b>989,156</b>	<b>-</b>	<b>1,747,748</b>	<b>3,921,557</b>	<b>527,438</b>	<b>63,520</b>	<b>98</b>	<b>-</b>	<b>7,249,517</b>
<b>Other Ins. Deposits</b>	<b>18,476</b>	<b>-</b>	<b>32,675</b>	<b>572,391</b>	<b>54,064</b>	<b>710</b>	<b>-</b>	<b>-</b>	<b>678,316</b>
<b>Precious Metal Deposits</b>	<b>462,149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,985</b>	<b>138</b>	<b>-</b>	<b>521,272</b>
<b>Bank Deposits</b>	<b>21,529</b>	<b>-</b>	<b>841,828</b>	<b>126,173</b>	<b>49,607</b>	<b>8,437</b>	<b>-</b>	<b>-</b>	<b>1,047,574</b>
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	1,492	-	216,197	2,020	4,202	4,114	-	-	228,025
Foreign Banks	18,858	-	625,631	124,153	45,405	4,323	-	-	818,370
Participation Banks	1,179	-	-	-	-	-	-	-	1,179
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,414,443</b>	<b>-</b>	<b>5,793,853</b>	<b>21,222,671</b>	<b>1,835,960</b>	<b>615,691</b>	<b>18,472</b>	<b>20,416</b>	<b>32,921,506</b>

  

<b>Prior Period</b>									
	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6-12 Months</b>	<b>1 Year and Over</b>	<b>Accumulated Deposit Accounts</b>	<b>Total</b>
<b>Saving Deposits</b>	<b>541,194</b>	<b>-</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>-</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>-</b>	<b>14,276</b>	<b>17,755</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,773</b>
<b>Commercial Deposits</b>	<b>990,611</b>	<b>-</b>	<b>789,512</b>	<b>2,111,369</b>	<b>708,499</b>	<b>181,485</b>	<b>63,272</b>	<b>-</b>	<b>4,844,748</b>
<b>Other Ins. Deposits</b>	<b>15,380</b>	<b>-</b>	<b>77,931</b>	<b>677,110</b>	<b>77,923</b>	<b>2,594</b>	<b>10,663</b>	<b>-</b>	<b>861,601</b>
<b>Precious Metal Deposits</b>	<b>258,207</b>	<b>-</b>	<b>96,640</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>354,847</b>
<b>Bank Deposits</b>	<b>36,748</b>	<b>-</b>	<b>167,388</b>	<b>55,465</b>	<b>7,190</b>	<b>19,423</b>	<b>-</b>	<b>-</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>-</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>

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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	4,488,992	4,398,629	8,882,423	10,973,995
Foreign Currency Savings Deposits	909,501	779,577	4,809,767	3,612,679
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>5,398,493</b>	<b>5,178,206</b>	<b>13,692,190</b>	<b>14,586,674</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	2,027	18,979
<b>Total</b>	<b>2,027</b>	<b>18,979</b>

**2. Information on trading purpose derivatives**

**a) Negative value of trading purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	13,473	-	95,651	-
Swaps	354,146	84,122	736,943	103,602
Futures	-	100	-	2,138
Options	1	22,077	78	108,978
Other	-	-	-	625
<b>Total</b>	<b>367,620</b>	<b>106,299</b>	<b>832,672</b>	<b>215,343</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	74,487	85,717	75,321	121,886
Foreign Bank, Institutions and Funds	-	2,378,563	-	2,423,896
<b>Total</b>	<b>74,487</b>	<b>2,464,280</b>	<b>75,321</b>	<b>2,545,782</b>

**b) Maturity information on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	74,487	1,722,249	75,321	1,947,823
Medium and Long-Term	-	742,031	-	597,959
<b>Total</b>	<b>74,487</b>	<b>2,464,280</b>	<b>75,321</b>	<b>2,545,782</b>

In accordance with the diversified payment rights programme, the Bank obtained securitization loans amounting to USD 75 million and EUR 10 million with five years maturity and amounting to EUR 50 million with twelve years maturity on December 20, 2012.

The Bank extended the maturity of the syndicated loan amounting to USD 188 million and EUR 211.9 million for one year in line with the Board of Directors' decision no: 61 dated October 18, 2012, as of November 29, 2012.

**c) Additional information on concentrations of the Bank's liabilities**

As of December 31, 2012, the Bank's liabilities comprise; 61% deposits (December 31, 2011 – 63%), 8% funds borrowed (December 31, 2011 – 9%) and 3% funds provided under repurchase agreements (December 31, 2011 – 3%).

**4. Information on funds provided under repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From domestic transactions</b>	<b>844,583</b>	<b>-</b>	<b>814,133</b>	<b>-</b>
Financial institutions and organizations	834,084	-	789,989	-
Other institutions and organizations	3,820	-	9,098	-
Real persons	6,679	-	15,046	-
<b>From foreign transactions</b>	<b>4,543</b>	<b>878,081</b>	<b>535</b>	<b>552,135</b>
Financial institutions and organizations	-	878,081	-	552,135
Other institutions and organizations	4,543	-	333	-
Real persons	-	-	202	-
<b>Total</b>	<b>849,126</b>	<b>878,081</b>	<b>814,668</b>	<b>552,135</b>



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**5. Information on securities issued (net)**

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	2,789,390	-	268,023	-
Bills	-	1,288,923	-	989,875
<b>Total</b>	<b>2,789,390</b>	<b>1,288,923</b>	<b>268,023</b>	<b>989,875</b>

The Bank issued bonds with TL 400,000 nominal value, 6 months maturity and 10.00% interest rate on September 14, 2012, and issued bonds with TL 500,000 nominal value, 6 months maturity and 9.60% interest rate on September 21, 2012 and issued bonds with TL 750,000, 6 months maturity and 8.30% interest rate on November 15, 2012 and issued bonds with TL 650,000, 6 months maturity and 7.95% interest rate on December 15, 2012 and issued bonds with TL 600,000, 105 days maturity and 7.95% interest rate on December 28, 2012. Additionally, the Bank issued bonds with USD 500 million nominal value on May 11, 2011 and USD 350 million nominal value on November 1, 2012.

**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, 2011 - 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, 2011- None)

**7.2. Explanations on financial lease payables**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1,771	1,513	8,482	7,799
Between 1-4 years	476	408	1,625	1,495
More than 4 years	-	-	-	-
<b>Total</b>	<b>2,247</b>	<b>1,921</b>	<b>10,107</b>	<b>9,294</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, 2011- 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 <sup>(*)</sup>	257,139	121,330	30,334	124,258
Cash Flow Hedge <sup>(**)</sup>	34,402	-	34,325	-
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>291,541</b>	<b>121,330</b>	<b>64,659</b>	<b>124,258</b>

<sup>(\*)</sup>Derivative financial instruments for hedging purposes include swaps. As of December 31, 2012, TL 247,656 (December 31, 2011 – TL 30,334) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio. TL 130,813 (December 31, 2011 – TL 124,258) represents the fair value of derivatives which are the hedging instruments of hedged investment securities available for sale portfolio.

<sup>(\*\*)</sup>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	441,173	286,073
-Additional Provision for Loans and Receivables with Extended Maturities	29,599	9,762
Provisions for Loans and Receivables in Group II	79,834	34,212
-Additional Provision for Loans and Receivables with Extended Maturities	34,740	5,849
Provisions for Non - Cash Loans	60,135	50,771
Other	36,542	29,385
<b>Total</b>	<b>617,684</b>	<b>400,441</b>

**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 <sup>(*)</sup>	6,906	1,647

<sup>(\*)</sup> 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 47,989 (December 31, 2011 - TL 59,210).

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**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, 2012, TL 37,511 (December 31, 2011 - TL 30,943) reserve for employee termination benefits was provided in the accompanying financial statements.

As of December 31, 2012, the Bank accrued TL 18,973 (December 31, 2011 – TL 16,603) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of December 31, 2012, TL 92,156 (December 31, 2011 - TL 45,320) 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>01.01-31.12.2012</b>	<b>01.01-31.12.2011</b>
As of January 1	30,943	25,086
Service cost	8,279	6,892
Interest cost	4,657	3,792
Settlement/ curtailment/ termination loss	10,425	7,792
Paid during the period	(16,793)	(12,619)
<b>Total</b>	<b>37,511</b>	<b>30,943</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	99,747	63,702

As of December 31, 2012 the Bank has provided TL 99,747 provision (December 31, 2011 – TL 63,702) 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, the other provisions are given below as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Provision for Promotion Expenses of Credit Cards	16,187	13,832
Other Provisions	35,007	25,797
<b>Total</b>	<b>51,194</b>	<b>39,629</b>

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**10. Information on tax liability**

**10.1. Information on current tax liability**

**10.1.1. Information on tax provision**

As of December 31, 2012, the Bank has current tax liability of TL 368,855 (December 31, 2011 - TL 210,153) and advance taxes of TL 283,037 (December 31, 2011 - TL 135,303). 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	85,818	74,850
Banking and Insurance Transaction Tax (BITT)	32,499	29,863
Taxation on Securities Income	35,919	31,977
Taxation on Real Estates Income	1,522	1,210
Other	14,203	18,645
<b>Total</b>	<b>169,961</b>	<b>156,545</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.

**10.1.3. Information on premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums - Employee Share	5,323	9,036
Social Security Premiums - Employer Share	5,454	9,549
Unemployment Insurance - Employee Share	374	635
Unemployment Insurance - Employer Share	748	1,269
<b>Total</b>	<b>11,899</b>	<b>20,489</b>

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**10.1.4. Information on deferred tax liabilities**

Deferred tax liability amounting to TL 37,204 has been disclosed in the accompanying financial statements (December 31, 2011 - TL 28,869 deferred tax liability).

According to the TAS 12, the deferred tax assets and liabilities are netted off in the accompanying financial statements after netting off. As of December 31, 2012 the Bank has presented the net amount of deferred tax asset TL 127,660 (December 31, 2011 – TL 82,824) and deferred tax liability of TL 164,864 (December 31, 2011 – TL 111,693) 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 69,599 (December 31, 2011 – TL 56,653 deferred tax liability) is netted under "Securities Value Increase Fund" account in the equity.

	Temporary Differences		Deferred Tax Asset / (Liability)	
	Dec. 31, 2012	Dec. 31, 2011	Dec.31, 2012	Dec.31, 2011
Reserve for Employee Benefits	148,640	92,866	29,728	18,573
The differences between carrying and taxable amounts of financial assets	153,559	307,421	30,712	61,484
Other	336,105	13,832	67,220	2,767
<b>Deferred Tax Asset</b>			<b>127,660</b>	<b>82,824</b>
The differences between carrying and taxable amounts of tangible assets	(119,956)	(105,296)	(23,991)	(21,059)
The differences between carrying and taxable amounts of financial assets	(550,674)	(372,845)	(110,135)	(74,569)
Other	(153,691)	(80,325)	(30,738)	(16,065)
<b>Deferred Tax Liability</b>			<b>(164,864)</b>	<b>(111,693)</b>
<b>Deferred Tax Asset / (Liability), Net</b>			<b>(37,204)</b>	<b>(28,869)</b>

	Current Period 01.01-31.12.2012	Prior Period 01.01-31.12.2011
Deferred Tax Asset/ (Liability) as of January 1 (Net)	(28,869)	(75,673)
Deferred Tax (Charge) / Benefit	117,917	(43,928)
Deferred Tax accounted for under the equity	(126,252)	90,732
<b>Deferred Tax Asset/ (Liability) as of December 31 (Net)</b>	<b>(37,204)</b>	<b>(28,869)</b>

**11. Information on payables related to assets held for sale**

None. (December 31, 2011 – 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	-	1,629,590	-	1,742,641
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,629,590</b>	<b>-</b>	<b>1,742,641</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	2,565,000	2,440,000
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	2,565,000	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 13, 2012	125,000	-	125,000	-

**13.4. Information on share capital increases from revaluation funds**

None (December 31, 2011 – 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, 2011- 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
Number of Stocks (Thousands)	25,650,000	24,400,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums <sup>(*)</sup>	714	714
Common Stock Withdrawal Profits	-	-
Other Capital Instruments	-	-

<sup>(\*)</sup>Due to the Bank's capital increase in prior periods, common stock issue premiums accounted amounting to TL 714, 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>433,945</b>	<b>-</b>	<b>152,581</b>	<b>-</b>
Valuation Difference	433,945	-	152,581	-
Foreign Exchange Rate Difference	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>168,369</b>	<b>28,696</b>	<b>(99,267)</b>	<b>(153,106)</b>
Valuation Difference	168,369	28,696	(99,267)	(153,106)
Foreign Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>602,314</b>	<b>28,696</b>	<b>53,314</b>	<b>(153,106)</b>

The Bank may account for the remaining shares of 49% of Finans Emeklilik ve Hayat A.Ş. (FEHAŞ) at cost per TAS 27 "Consolidated and Separate Financial Statements" or at fair value per TAS 39 "Financial Instruments: Recognition and Measurement" in its unconsolidated financial statements. In this respect, as of December 31, 2012 fair value of FEHAŞ has been calculated and the difference between the fair value and the book value amounting to TL 164,223 (net of tax) has been booked under the shareholder's equity, "Securities Valuation Difference".

**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	115,101	18,024	136,692	26,820
Derivative Financial Liabilities Held for Trading	367,620	106,299	832,672	215,343
Funds Borrowed	1,454	19,639	1,424	25,317
Money Market Borrowings	1,197	1,276	642	587
Derivative Financial Liabilities Held for Hedging Purposes	291,541	121,330	64,659	124,258
Other Accruals	25,293	44,536	23,960	47,546
<b>Total</b>	<b>802,206</b>	<b>311,104</b>	<b>1,060,049</b>	<b>439,871</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**

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Guarantee in FC	1,533,101	1,791,107
Letters of Guarantee in TL	3,677,256	3,423,939
Letters of Credit	579,351	688,611
Bank Loans	545,914	1,048,329
Other Guarantees	24,055	33,672
<b>Total</b>	<b>6,359,677</b>	<b>6,985,658</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 47,989 (December 31, 2011 - TL 59,210) followed in the off-balance sheet accounts that are not indemnified and liquidated yet.

**1.3. Final guarantees, provisional guarantees, sureties and similar transactions**

	<b>Current Period</b>	<b>Prior Period</b>
Provisional Letters of Guarantee	401,258	395,780
Final Letters of Guarantee	3,396,832	3,826,420
Advance Letters of Guarantee	179,659	172,828
Letters of Guarantee Given to Customs Offices	186,504	202,919
Other Letters of Guarantee	1,046,104	617,099
<b>Total</b>	<b>5,210,357</b>	<b>5,215,046</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>306,450</b>	<b>383,661</b>
Less Than or Equal to One Year with Original Maturity	23,503	23,877
More Than One Year with Original Maturity	282,947	359,784
<b>Other Non-Cash Loans</b>	<b>6,053,227</b>	<b>6,601,997</b>
<b>Total</b>	<b>6,359,677</b>	<b>6,985,658</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>16,824</b>	<b>0.46</b>	<b>2,708</b>	<b>0.10</b>	<b>11,480</b>	<b>0.33</b>	<b>4,632</b>	<b>0.13</b>
Farming and Raising Livestock	14,758	0.40	668	0.03	10,074	0.29	1,454	0.04
Forestry	740	0.02	-	0.00	624	0.02	-	-
Fishing	1,326	0.04	2,040	0.08	782	0.02	3,178	0.09
<b>Manufacturing</b>	<b>644,791</b>	<b>17.52</b>	<b>1,289,546</b>	<b>48.56</b>	<b>628,915</b>	<b>18.19</b>	<b>1,624,198</b>	<b>46.47</b>
Mining and Quarrying	21,904	0.60	1,736	0.07	20,112	0.58	492	0.01
Production	551,677	14.99	1,157,579	43.59	531,089	15.36	1,509,406	43.19
Electricity, gas and water	71,210	1.94	130,231	4.90	77,714	2.25	114,300	3.27
<b>Construction</b>	<b>925,880</b>	<b>25.16</b>	<b>407,535</b>	<b>15.35</b>	<b>848,019</b>	<b>24.53</b>	<b>572,361</b>	<b>16.38</b>
<b>Services</b>	<b>2,037,904</b>	<b>55.38</b>	<b>934,644</b>	<b>35.20</b>	<b>1,918,313</b>	<b>55.48</b>	<b>1,276,181</b>	<b>36.53</b>
Wholesale and Retail Trade	1,118,337	30.39	522,299	19.67	1,185,470	34.29	721,489	20.65
Hotel, Food and Beverage Services	45,221	1.23	15,262	0.57	24,926	0.72	4,368	0.12
Transportation & Communication	98,881	2.69	110,684	4.17	68,698	1.99	150,092	4.30
Financial Institutions	468,212	12.72	259,148	9.76	373,121	10.79	312,094	8.93
Real Estate and Renting Services	6,363	0.17	1,552	0.06	5,719	0.17	2,138	0.06
Self-Employment Services	119,674	3.25	17,883	0.67	80,738	2.34	11,707	0.34
Educational Services	1,467	0.04	7	0.00	1,606	0.05	-	-
Health and Social Services	179,749	4.88	7,809	0.29	178,035	5.15	74,293	2.13
<b>Other (*)</b>	<b>54,632</b>	<b>1.48</b>	<b>21,158</b>	<b>0.80</b>	<b>50,779</b>	<b>1.47</b>	<b>17,108</b>	<b>0.49</b>
<b>Total</b>	<b>3,680,031</b>	<b>100.00</b>	<b>2,655,591</b>	<b>100.00</b>	<b>3,457,506</b>	<b>100.00</b>	<b>3,494,480</b>	<b>100.00</b>

(\*) Does not include "Other Guarantees" amounting to TL 24,055 (December 31, 2011- TL 33,672).

**4. Information on non-cash loans classified in first and second groups (\*)**

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	3,452,527	1,431,423	197,671	80,747
Bills of Exchange and Acceptances	2,771	538,546	-	4,597
Letters of Credit	4	575,265	-	4,082
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	24,055	-	-
<b>Non-cash Loans</b>	<b>3,455,302</b>	<b>2,569,289</b>	<b>197,671</b>	<b>89,426</b>

(\*) Does not include non-cash loans amounting to TL 47,989 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**

	Current Period	Prior Period
<b>Types of trading transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>45,724,859</b>	<b>51,436,445</b>
Forward transactions(*)	5,650,110	10,797,217
Swap transactions	28,756,039	29,627,163
Futures transactions	225,260	216,141
Option transactions	11,093,450	10,795,924
<b>Interest Related Derivative Transactions (II)</b>	<b>5,812,344</b>	<b>5,074,107</b>
Forward rate transactions	-	-
Interest rate swap transactions	5,793,738	4,882,341
Interest option transactions	-	40,000
Futures interest transactions	16,590	151,766
Securities sales/purchases option transactions	2,016	-
<b>Other trading derivative transactions (III)</b>	<b>-</b>	<b>-</b>
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>51,537,203</b>	<b>56,510,552</b>
<b>Types of hedging transactions</b>		
Fair value hedges	17,540,286	17,252,307
Cash flow hedges	540,885	1,062,475
Net investment hedges	-	-
<b>B. Total Hedging Related Derivatives</b>	<b>18,081,171</b>	<b>18,314,782</b>
<b>Total Derivative Transactions (A+B)</b>	<b>69,618,374</b>	<b>74,825,334</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, 2012; the mortgage loans amounting to TL 5,777,912 (December 31, 2011 – TL 4,357,337) were subject to hedge accounting by swaps with the nominal values of TL 7,711,610 (December 31, 2011 – TL 6,528,617). The net market valuation difference gain amounting to TL 3,787 gain (December 31, 2011 - TL 8,680 gain) due to the gains from loans amounting to TL 218,951 (December 31, 2011 – TL 86,122) and losses from swaps amounting to TL 215,164 (December 31, 2011 - TL 77,442) 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 61,360 (December 31, 2011 – 87,592) related to the loans that are ineffective for hedge accounting under “securities trading gains/losses” as loss during the current period.

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**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 322 million and EUR 26 million (December 31, 2011 – USD 214 million and EUR 26 million) were subject to hedge accounting by interest rate swaps with the same nominal value. The net market valuation difference gain amounting to TL 142 (December 31, 2011 – TL 115 gain) due to losses from Eurobonds amounting to TL 5,789 (December 31, 2011 – TL 111,316 gain) and gains from swaps amounting to TL 5,931 (December 31, 2011 – TL 111,201 loss) 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; government bonds with the nominal values of TL 198,305 (December 31, 2011 – TL 102,030) were subject to hedge accounting by swaps with the same nominal value. The net market valuation difference losses amounting to TL 907 (December 31, 2011 - TL 237 loss) due to gain from government bonds amounting to TL 10,688 (December 31, 2011 – TL 994) and loss from swaps amounting to TL 11,595 (December 31, 2011- TL 1,231) 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 USD 367 million (December 31, 2011 – USD 497 million) were subject to hedge accounting by swaps with the same nominal value. Net market valuation difference loss amounting to TL 1 (December 31, 2011 – TL 235 gain) due to gains from government bonds amounting to TL 6,004 (December 31, 2011 – TL 40,131 loss) and losses from swaps amounting to TL 6,005 (December 31, 2011 – TL 40,366 gain) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

**5.2 Cash flow hedge accounting**

**a) Deposit**

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity of 1 month. 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 270,442 (December 31, 2011 – TL 531,238) are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value loss before taxes amounting to TL 8,273 are accounted for under equity during the current period (December 31, 2011 – TL 13,797 gain). The losses amounting to TL 97 (December 31, 2011 – TL 18 loss) 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 3,692 from equity to income statement due to swaps that are matured or whose effectiveness is deteriorated during the current period (December 31, 2011 – TL 4,722 loss).

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As of December 31 2012, 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<sup>(*)</sup></b>	<b>Forward Sell<sup>(**)</sup></b>	<b>Swap Buy<sup>(*)</sup></b>	<b>Swap Sell<sup>(*)</sup></b>	<b>Option Buy</b>	<b>Option Sell</b>	<b>Future Buy</b>	<b>Future Sell</b>
<b>Current Period</b>								
TL	1,247,007	888,393	8,619,195	15,365,712	2,466,724	2,385,395	4,134	4,134
USD	711,151	1,276,449	16,549,012	10,068,256	2,348,440	2,399,794	116,067	116,067
EURO	773,666	586,699	583,508	566,649	740,150	734,985	724	724
Other	100,963	65,782	45,477	833,139	19,978	-	-	-
<b>Total</b>	<b>2,832,787</b>	<b>2,817,323</b>	<b>25,797,192</b>	<b>26,833,756</b>	<b>5,575,292</b>	<b>5,520,174</b>	<b>120,925</b>	<b>120,925</b>

(\*) This column also includes hedging purpose derivatives.

(\*\*) This column also includes Forward Asset Purchase Commitments accounted for under Commitments

	<b>Forward Buy<sup>(*)</sup></b>	<b>Forward Sell<sup>(**)</sup></b>	<b>Swap Buy<sup>(*)</sup></b>	<b>Swap Sell<sup>(*)</sup></b>	<b>Option Buy</b>	<b>Option Sell</b>	<b>Future Buy</b>	<b>Future Sell</b>
<b>Prior 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 and accounted for under Commitments.

As of December 31, 2012, the Bank has no derivative transactions for hedge of net investment.

**6. Credit derivatives and risk exposures on credit derivatives**

As of 31 December 2012, other irrevocable commitments include commitments for "credit linked notes" with a nominal of USD 13,494,490 (31 December 2011: USD 17,826,248).

As of 31 December 2012, other derivative financial instruments include "total return swaps" with a nominal of USD 100,000,000 (31 December 2011: USD 70,000,000). The Bank is the protection buyer in these transactions.

**7. Information on contingent liabilities and assets**

None. (December 31, 2011 – None)

**8. 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.

**9. Information on the Bank's rating by international rating institutions**

<b>MOODY's April 2012</b>		<b>FITCH April 2012</b>		<b>CI February 2013</b>	
Long-Term Deposit Rating (FC)	Ba2	Long-Term Foreign Curr.	BBB-	Long-Term Foreign Curr.	BB+
Long-Term Deposit Rating (TL)	Ba2	Short-Term Foreign Curr.	F3	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (TL)	NP	Long-term TL	BBB-	Financial strength at local market	BBB+
Financial Strength	E+	Short-term TL	F3	Support	3
		Long-term National	AAA(tur)		
		Individual	3		
		Support	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	2,836,920	58,388	2,212,558	52,173
Medium and Long-Term Loans	1,855,576	129,677	1,604,602	106,305
Non-Performing Loans	97,535	-	96,841	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>4,790,031</b>	<b>188,065</b>	<b>3,914,001</b>	<b>158,478</b>

**b) Information on interest income from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank	-	229	-	-
Domestic Banks	854	6	4,789	83
Foreign Banks	608	255	1,076	2,359
Foreign Headquarters and Branches	-	-	-	-
<b>Total</b>	<b>1,462</b>	<b>490</b>	<b>5,865</b>	<b>2,442</b>

**c) Information on interest income from securities portfolio**

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	12,284	466	4,142	244
Financial Assets at FVTPL	-	-	608	-
Investment Securities Available for Sale	503,054	53,977	385,609	51,829
Investment Securities Held to Maturity	-	-	-	-
<b>Total</b>	<b>515,338</b>	<b>54,443</b>	<b>390,359</b>	<b>52,073</b>

**d) Information on interest income received from associates and subsidiaries**

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1,545	3,071

**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	5,669	2,700	6,183	2,439
Foreign Banks	4	129,106	10,132	122,434
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>5,673</b>	<b>131,806</b>	<b>16,315</b>	<b>124,873</b>

**b) Information on interest expense paid to associates and subsidiaries**

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	30,386	32,425

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**c) Information on interest expense paid to securities issued**

The Bank's TL bonds amounting to TL 150,000 issued on November 2, 2011, TL 200,000 issued on November 30 2011, TL 400,000 issued on May 11 2012 with 10.47% interest rate, and TL 700,000 issued on June 11, 2012 with 10.72% interest rate are amortized during the current period. In addition, the Bank has issued bonds with TL 400,000 nominal value, 6 months maturity and 10.00% interest rate on September 14, 2012, and issued bonds with TL 500,000 nominal value, 6 months maturity and 9.60% interest rate on September 21, 2012 and issued bonds with TL 750,000, 6 months maturity and 8.30% interest rate on November 15, 2012 and issued bonds with TL 650,000, 6 months maturity and 7.95% interest rate on December 14, 2012 and issued bonds with TL 600,000, 105 days maturity and 7.95% interest rate on December 28, 2012. As of December 31, 2012, interest expense amounting to TL 140,315 is accounted for the bonds issued. (December 31, 2011 – TL 36,338).

**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
Turkish Lira								
Bank Deposits	-	2,274	6,438	14,477	292	748	-	24,229
Saving Deposits	2	149,645	1,046,214	196,943	25,772	1,790	1,752	1,422,118
Public Sector Deposits	-	1,003	4,167	331	9	-	-	5,510
Commercial Deposits	1	125,325	263,300	72,404	12,937	4,168	-	478,135
Other Deposits	-	2,096	71,149	21,497	157	434	-	95,333
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	3	280,343	1,391,268	305,652	39,167	7,140	1,752	2,025,325
Foreign Currency								
Foreign Currency Deposits	-	40,529	192,347	29,467	10,486	282	552	273,663
Bank Deposits	124	1,983	8,149	1,131	401	-	-	11,788
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	778	2	-	780
Total	124	42,512	200,496	30,598	11,665	284	552	286,231
Grand Total	127	322,855	1,591,764	336,250	50,832	7,424	2,304	2,311,556

**Information on maturity structure of interest expense on deposits (Prior 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
Turkish Lira								
Bank Deposits	-	440	11,581	2,217	306	1,225	-	15,769
Saving Deposits	4	81,897	928,790	139,553	17,000	739	711	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	-	-	-	-	-	-	-	-
Total	7	182,141	1,321,037	203,196	45,007	5,869	711	1,757,968
Foreign Currency								
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
Total	115	38,544	181,340	20,511	11,250	2,820	209	254,789
Grand Total	122	220,685	1,502,377	223,707	56,257	9,400	209	2,012,757

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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>	97,061	7,206	107,425	5,892

<sup>(\*)</sup> Disclosed in "Interest on Money Market Transactions".

**f) Information on finance lease expenses**

	Current Period	Prior Period
Finance Lease Expenses	804	758

**g) Information on interest expense on factoring payables**

None. (December 31, 2011 – 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	186	107
Other	8,601	8,208
<b>Total</b>	<b>8,787</b>	<b>8,315</b>

**4. Information on trading income/loss**

	Current Period	Prior Period
<b>Trading Income</b>	<b>4,916,956</b>	<b>7,367,133</b>
Gains on Capital Market Operations	129,072	148,761
Derivative Financial Instruments	1,952,427	2,362,157
Foreign Exchange Gains	2,835,457	4,856,215
<b>Trading Loss (-)</b>	<b>5,265,275</b>	<b>7,579,334</b>
Losses on Capital Market Operations	47,560	59,234
Derivative Financial Instruments	2,380,789	2,621,943
Foreign Exchange Losses	2,836,926	4,898,157
<b>Net Trading Income/Loss</b>	<b>(348,319)</b>	<b>(212,201)</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.

The Bank disposed 51% of shares of Finans Emeklilik ve Hayat A.Ş.'s ("FEHAŞ") to Cigna Nederland Gamma B.V. ("Cigna") on October 31, 2012 by obtaining the required legal approvals as of November 9, 2012. After the share transfer, remaining 49% shares of FEHAŞ is accounted for as "a jointly controlled entity" instead of a "subsidiary" as a result of the shareholding structure after the share transfer agreement signed between the Bank and Cigna. Gain on sale amounting to TL 179,922 from the transfer of 51% of shares of FEHAŞ has been accounted for under "Other Operating Income" in the accompanying financial statements.

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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>694,132</b>	<b>164,232</b>
Loans and Receivables in Group III	151,005	(55,510)
Loans and Receivables in Group IV	193,226	(87,206)
Loans and Receivables in Group V	349,901	306,948
<b>Doubtful Fee, Commission and Other Receivables</b>	<b>-</b>	<b>-</b>
<b>General Provisions</b>	<b>217,243</b>	<b>134,633</b>
<b>Provision Expenses for Possible Losses</b>	<b>36,045</b>	<b>-</b>
<b>Impairment Losses on Securities</b>	<b>-</b>	<b>164</b>
Financial assets at fair value through profit or loss	-	164
Investment securities available for sale	-	-
<b>Impairment Losses on Associates, Subsidiaries and</b>		
<b>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>18,011</b>	<b>6,967</b>
<b>Total</b>	<b>965,431</b>	<b>305,996</b>

**7. Information on other operating expenses**

	Current Period	Prior Period
Personnel costs	752,134	683,596
Reserve for employee termination benefits	6,568	5,857
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	1,651	1,594
Depreciation charge of tangible assets	90,833	81,743
Impairment losses of intangible assets	-	-
Impairment losses of goodwill	-	-
Amortization charge of intangible assets	54,851	41,152
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed	2,000	89
Depreciation on assets to be disposed	2,247	1,708
Impairment charge of assets held for sale and discontinued operations	-	-
<b>Other operating expenses</b>	<b>637,322</b>	<b>533,493</b>
Operational lease related expenses	139,517	118,915
Repair and maintenance expenses	53,106	46,657
Advertisement expenses	84,312	50,535
Other expenses	360,387	317,386
Losses on sales of assets	2,185	699
Other	248,272	223,973
<b>Total</b>	<b>1,798,063</b>	<b>1,573,904</b>



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**8. Information on profit/loss from continued and discontinued operations before taxes**

For the period ended at December 31, 2012, net interest income of TL 2,877,154 (December 31, 2011 – TL 2,224,850), net fees and commission income of TL 1,028,813 (December 31, 2011 – TL 801,279) and other operating income of TL 364,667 (December 31, 2011 – TL 177,757) 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	(383,179)	(228,060)
Deferred Tax Income/(Expense)	117,917	(43,928)
<b>Total</b>	<b>(265,262)</b>	<b>(271,988)</b>

As of December 31, 2012, the Bank recorded tax charge of TL 383,179 (December 31, 2011 – TL 228,060) and a deferred tax income of TL 117,917 (December 31, 2011 – TL 43,928).

**9.2. Explanations on operating profit/loss after taxes**

None (December 31, 2011 – 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 902,346 (December 31, 2011 – TL 848,112).

**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, 2011 – 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 increase of TL 730,802 (December 31, 2011 – TL 362,092 net decrease) 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 March 29, 2012, it was decided to distribute the 2011 profit as follow:

**2011 profit distribution table:**

<b>Current year profit</b>	<b>848,112</b>
A - I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	(42,405)
B - The First Dividend for Shareholders <sup>(*)</sup>	(122,000)
C – Profit from Disposal of Associates	-
D- II. Legal Reserves	-
E- Gains on Real estate Sales Fund	(504)
F- Extraordinary Reserves	(683,203)

<sup>(\*)</sup>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, 2011 - Profit distribution for 2011 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	42,405	58,709

**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, 2011- None).

**5. Information on the other capital increase items in the statement of changes in shareholders’ equity**

Capital increase amounting to TL 125,000 presented in the Statement of Changes in Shareholder’s Equity in 2012 is entirely provided from extraordinary reserves. TL 116,333 of the total capital increase amounting to TL 235,000 presented in the Statement of Changes in Shareholder’s Equity in 2011 has been provided in cash and the remaining TL 118,667 has been provided 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 135,950 (December 31, 2011 – TL 1,391,631) in “Operating profit before changes in operating assets and liabilities” consist of commissions paid amounting to TL 131,450 (December 31, 2011 – TL 92,679), net trading income/loss by TL 157,290 (December 31, 2011 – TL 1,155,268 net trading income/loss) and other operating expenses amounting to TL 161,790 (December 31, 2011 – TL 143,684).

“Other items” in changes in operating assets amounting to TL 548,686 (December 31, 2011- TL 376,461) consist of the increase in collaterals given by TL 179,491 (December 31, 2011- TL 392,809 increase) and the decrease in other assets by TL 728,177 (December 31, 2011- TL 16,348 increase).

“Other items” in changes in operating liabilities amounting to TL 463,978 (December 31, 2011- TL 1,108,235) consist of the increase in money market borrowings by TL 211,464 (December 31, 2011- TL 390,498 increase) and the increase in sundry debtors and other liabilities by TL 252,514 (December 31, 2011- TL 717,737 increase).

“Other items” in net cash provided from / (used in) investing activities amounting to TL 89,699 (December 31, 2011- TL 77,206) 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, 2012</b>	<b>January 1, 2011</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>

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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, 2012</b>	<b>December 31, 2011</b>
<b>Cash</b>	<b>653,019</b>	<b>518,772</b>
Cash	439,754	320,851
Cash in Foreign Currencies	212,803	184,673
Other	462	13,248
<b>Cash Equivalents</b>	<b>2,861,638</b>	<b>2,389,971</b>
Balances with the T.R. Central Bank	965,102	480,213
Banks and Other Financial Institutions	110,816	829,462
Money Market Placements	1,785,748	1,091,322
Less: Placements with Banks with Maturities Longer than 3 Months	(28)	(10,428)
Less: Accruals	-	(598)
<b>Cash and Cash Equivalents</b>	<b>3,514,657</b>	<b>2,908,743</b>

**4. Restricted cash and cash equivalents due to legal requirements or other reasons**

Foreign bank balances include TL 778 (December 31, 2011- TL 59,921) 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, 2012, the Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to TL 429,905 (December 31, 2011- TL 373,748), TL 65,220 (December 31, 2011- TL 89,888) and TL 42,521 (December 31, 2011- TL 10,584), respectively.

**Current Period**

Bank's Risk Group <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group <sup>(**)</sup>	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	55,015	7,510	-	3,072	34,873	2
Balance at the End of the Period	65,220	13,023	-	29,498	-	-
Interest and Commission Income	1,545	33	5	20	2,195	1

**Prior Period**

Bank's Risk Group <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group <sup>(**)</sup>	
	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	-

<sup>(\*)</sup> As described in the Article 49 of Banking Law No 5411.

<sup>(\*\*)</sup> 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 <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group <sup>(**)</sup>	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Balance at the Beginning of the Period	340,624	447,922	31,009	1,707	2,115	98,388
Balance at the End of the Period	403,106	340,624	18,692	31,009	8,107	2,115
Interest on deposits	30,386	32,425	-	102	-	679

<sup>(\*)</sup> As described in the Article 49 of Banking Law No 5411.

<sup>(\*\*)</sup> 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 <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group <sup>(**)</sup>	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes</b>						
Beginning of the Period	15,581	-	34,165	817,073	28,702	246,559
End of the Period	25,869	15,581	393,221	34,165	4,711	28,702
Total Income/Loss <sup>(***)</sup>	-	-	-	-	-	-
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss <sup>(***)</sup>	-	-	-	-	-	-

<sup>(\*)</sup> As described in the Article 49 of Banking Law No 5411.

<sup>(\*\*)</sup> Includes the derivative transactions between the Bank's indirect subsidiaries.

<sup>(\*\*\*)</sup> 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 2012, the total amount of remuneration and bonuses paid to top management of the Bank is TL 31,926 (December 31, 2011- TL 24,680).**

**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**

As of December 31, 2012, cash loans of the risk group represented 0.2% of the Bank's total cash loans (December 31, 2011- 0.3%), the deposits represented 1.3% of the Bank's total deposits (December 31, 2011- 1.3%) and derivative transactions represented 1.2% of the Bank's total derivative transactions (December 31, 2011- 0.3%).

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**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, 2012, the Bank has net finance lease payables to Finans Finansal Kiralama A.Ş. amounting to TL 1,921 (December 31, 2011 - TL 9,294) 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 12.

The Bank provides agency services to Finans Emeklilik ve Hayat A.Ş., which is a jointly controlled entity with 49% shares held by the Bank.

**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	581	12,053			
				Country	
Foreign Representation	-	-	1-		
			2-		
			3-		
				Total Assets	Capital
Foreign Branch	-	-	1-	-	-
			2-		
			3-		
Off-shore Banking and Region Branches	1	8	1- Bahrain	5,671,012	-

**FINANSBANK ANONİM ŞİRKETİ**  
**NOTES TO FINANCIAL STATEMENTS**  
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*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**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 21, 2013, the Bank decided to hold the ordinary general assembly meeting on March 27, 2013.

As per the Article 4, first clause of “Regulation On Deposits And Participation Funds Subject to Insurance And Premiums Collected by Saving Deposits Insurance Fund” published on the Official Gazette No: 26339 dated November 7, 2006, the phrase of “TL 50,000” was changed as “TL 100,000” with the regulation published in the Official Gazette No: 28560 dated February 15, 2013. After this regulation, private current accounts for each individual are included in the scope of insurance up to TL 100,000.

**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 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 4, 2013 is presented preceding the financial statements.

**II. EXPLANATIONS ON THE NOTES PREPARED BY INDEPENDENT AUDITOR**

None (December 31, 2011 – None).