

**FİNANSBANK ANONİM ŞİRKETİ
AND IT'S FINANCIAL SUBSIDIARIES**

**INDEPENDENT AUDITOR'S REPORT,
CONSOLIDATED 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

FİNANSBANK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES

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

We have audited the accompanying consolidated balance sheet of Finansbank A.Ş. (“the Bank”) and its financial subsidiaries (“the Group”) as of December 31, 2012, and the related consolidated statements of income, cash flows and changes in shareholders’ equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Director’s Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on “Procedures And Principles Regarding Banks” Accounting Practices And Maintaining Documents” published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on “Licensing and Operations of Audit Firms in Banking” published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor’s Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 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 Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, and circulars in respect of accounting and financial reporting made by the Banking Regulation and Supervision Board and pronouncements made by Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

Istanbul, March 4, 2013

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

Müjde Şehsuvaroğlu
Partner

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

The Parent 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
E-mail address : name.surname@finansbank.com.tr

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

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

Within the context of this financial report, the consolidated subsidiaries are as follows. There are no associates or entities under common control of the Parent Bank included in the consolidation.

Subsidiaries

- 1- Finans Finansal Kiralama Anonim Şirketi
- 2- Finans Yatırım Menkul Değerler Anonim Şirketi
- 3- Finans Yatırım Ortaklığı Anonim Şirketi
- 4- Finans Portföy Yönetimi Anonim Şirketi
- 5- Finans Faktoring Hizmetleri Anonim Şirketi

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

Ömer A. Aras Chairman of the Board of Directors	Mustafa A. Aysan Member of Board of Directors and Chairman of the Audit Committee	Paul Mylonas Member of the Board of Directors and of the Audit Committee	Michail Oratis Member of the Board of Directors and of the Audit Committee
Temel Güzeloğlu Managing Director and Member of the Board of Directors	Adnan Menderes Yayla Executive Vice President Responsible of Financial Control and Planning	Berk Uras 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 CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

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

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

Finansbank Anonim Şirketi (“the Bank” and/or “the Parent Bank”) was incorporated in Istanbul on September 23, 1987. The Parent Bank’s shares have been listed on the Istanbul Stock Exchange since the first public offering on February 3, 1990.

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

As of December 31, 2012, 77.23% of the Parent Bank’s shares are owned by National Bank of Greece S.A. (NBG), 9.68% by NBG Finance (Dollar) PLC., 7.90% by NBGI Holdings B.V. and 5.00% by International Finance Corporation (“IFC”).

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

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

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
Antonios 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 Güzeleođlu	Board Member and Managing Director	April 16, 2010	Masters
Mustafa Hamdi Gürtin	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 Şenüinal ^(*)	Assistant Managing Director	August 18, 2008	Graduate
Murat Şakar	Assistant Managing Director	August 18, 2008	Graduate
Köksal Çoban	Assistant Managing Director	August 18, 2008	Masters
Saruhan Dođan	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 Kumuşođlu	Statutory Auditor	March 27, 2008	Graduate
Sedat Eratalar	Statutory Auditor	April 1, 2000	Graduate

^(*) Due to resignation of Hakan Şenüinal, 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 Parent Bank.

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

FINANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED 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 on the Parent Bank

Name Surname/Trade Name	Amount of Shares	Shareholding	Paid-up Shares	Unpaid Shares
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.	202,635	7.90%	202,635	-

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

V. Summary on the Parent Bank's services and activity

The Parent Bank's activities include trade finance and corporate banking, treasury, retail banking and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of December 31, 2012, the Parent 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

CONSOLIDATED FINANCIAL STATEMENTS

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

**FINANSBANK ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2012
(STATEMENT OF FINANCIAL POSITION)**

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

I. CONSOLIDATED 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)	1,025,036	4,302,907	5,327,943	479,788	2,490,490	2,970,278
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	839,686	135,876	975,562	1,429,378	236,681	1,666,059
2.1	Financial assets held for trading		487,390	135,876	623,266	861,766	236,681	1,098,447
2.1.1	Public sector debt securities		105,400	2,869	108,269	71,004	2,138	73,142
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		357,732	133,007	490,739	775,278	234,520	1,009,798
2.1.4	Other securities		24,258	-	24,258	15,484	23	15,507
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)	95,410	109,827	205,237	388,499	543,727	932,226
IV.	MONEY MARKET PLACEMENTS	(4)	1,786,785	-	1,786,785	702,580	390,926	1,093,506
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		1,786,785	-	1,786,785	702,580	-	702,580
V.	INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	(5)	5,931,174	1,234,774	7,165,948	5,995,564	845,401	6,840,965
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		200,371	26,200	226,571	126,154	75,177	201,331
VI.	LOANS AND RECEIVABLES	(6)	33,011,328	3,426,511	36,437,839	26,840,612	3,426,138	30,266,750
6.1	Loans and receivables		32,633,806	3,426,511	36,060,317	26,437,253	3,426,138	29,863,391
6.1.1	Loans to risk group of the Bank		-	-	-	-	34,873	34,873
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		32,633,806	3,426,511	36,060,317	26,437,253	3,391,265	29,828,518
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	(7)	364,145	2,622	366,767	251,562	4,269	255,831
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(8)	-	-	-	-	-	-
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other securities		-	-	-	-	-	-
IX.	INVESTMENT IN ASSOCIATES (Net)	(9)	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)	(10)	14,986	-	14,986	14,986	-	14,986
10.1	Unconsolidated financial investments		-	-	-	-	-	-
10.2	Unconsolidated non-financial investments		14,986	-	14,986	14,986	-	14,986
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)	(11)	201,092	-	201,092	2,800	-	2,800
11.1	Equity method entities under common control		198,292	-	198,292	-	-	-
11.2	Unconsolidated		2,800	-	2,800	2,800	-	2,800
11.2.1	Financial investments		-	-	-	-	-	-
11.2.2	Non-financial Investments		2,800	-	2,800	2,800	-	2,800
XII.	LEASE RECEIVABLES (Net)	(12)	308,429	667,925	976,354	213,329	769,214	982,543
12.1	Financial lease receivables		376,532	738,253	1,114,785	254,491	837,542	1,092,033
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		68,103	70,328	138,431	41,162	68,328	109,490
XIII.	DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES	(13)	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)	(14)	436,425	69	436,494	400,297	76	400,373
XV.	INTANGIBLE ASSETS (Net)	(15)	180,557	-	180,557	146,439	-	146,439
15.1	Goodwill		8,969	-	8,969	8,969	-	8,969
15.2	Others		171,588	-	171,588	137,470	-	137,470
XVI.	INVESTMENT PROPERTIES (Net)	(16)	-	-	-	-	-	-
XVII.	TAX ASSETS	(17)	10,215	-	10,215	16,489	-	16,489
17.1	Current tax assets		-	-	-	533	-	533
17.2	Deferred tax assets		10,215	-	10,215	15,956	-	15,956
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(18)	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(19)	788,855	312,473	1,101,328	529,486	103,586	633,072
TOTAL ASSETS			45,204,667	10,230,903	55,435,570	38,379,371	8,851,462	47,230,833

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

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

**FINANSBANK ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2012
(STATEMENT OF FINANCIAL POSITION)**

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

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

		Audited 31.12.2012			Audited 31.12.2011			
		Section 5						
		Part II	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	22,643,757	10,061,260	32,705,017	21,107,102	7,886,185	28,993,287
1.1	Deposits from risk group of the Bank		186,025	27,391	213,416	60,755	30,710	91,465
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)	368,589	106,642	475,231	831,948	215,832	1,047,780
III.	FUNDS BORROWED	(3)	301,184	3,238,624	3,539,808	192,492	3,389,690	3,582,182
IV.	MONEY MARKET BORROWINGS		910,793	878,081	1,788,874	834,491	699,830	1,534,321
4.1	Interbank money markets takings		-	-	-	-	147,695	147,695
4.2	Istanbul Stock Exchange money markets takings		60,000	-	60,000	17,648	-	17,648
4.3	Funds provided under repurchase agreements	(4)	850,793	878,081	1,728,874	816,843	552,135	1,368,978
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		1,154,828	138,539	1,293,367	968,933	610,204	1,579,137
VIII.	OTHER LIABILITIES	(6)	909,037	55,769	964,806	496,448	52,365	548,813
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(7)	-	-	-	-	-	-
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses (-)		-	-	-	-	-	-
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)	923,896	51,993	975,889	701,985	43,702	745,687
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		158,486	-	158,486	103,242	-	103,242
12.4	Insurance technical provisions (Net)		-	-	-	78,324	-	78,324
12.5	Other provisions		199,719	-	199,719	163,680	-	163,680
XIII.	TAX LIABILITY	(10)	123,220	-	123,220	98,847	-	98,847
13.1	Current tax liability		99,035	-	99,035	77,957	-	77,957
13.2	Deferred tax liability		24,185	-	24,185	20,890	-	20,890
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(11)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(12)	-	1,629,590	1,629,590	-	1,742,641	1,742,641
XVI.	SHAREHOLDERS' EQUITY	(13)	7,420,525	28,059	7,448,584	6,066,107	(154,784)	5,911,323
16.1	Paid-in capital	(13)	2,565,000	-	2,565,000	2,440,000	-	2,440,000
16.2	Capital reserves		159,184	28,059	187,243	(104,579)	(154,784)	(259,363)
16.2.1	Share premium	(14)	714	-	714	714	-	714
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	168,496	28,059	196,555	(98,932)	(154,784)	(253,716)
16.2.4	Revaluation funds on tangible assets		-	-	-	-	-	-
16.2.5	Revaluation funds on intangible assets		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)		-	-	-	-	-	-
16.2.8	Hedging funds (effective portion)		(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		3,394,920	-	3,394,920	2,672,370	-	2,672,370
16.3.1	Legal reserves		314,251	-	314,251	269,937	-	269,937
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		3,080,669	-	3,080,669	2,402,433	-	2,402,433
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		1,151,659	-	1,151,659	898,412	-	898,412
16.4.1	Prior years' income/ (losses)		49,827	-	49,827	14,681	-	14,681
16.4.2	Current year income/ (loss)		1,101,832	-	1,101,832	883,731	-	883,731
16.5	Minority shares		149,762	-	149,762	159,904	-	159,904
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			37,836,760	17,598,810	55,435,570	31,631,035	15,599,798	47,230,833

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

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

**FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES AS OF DECEMBER 31, 2012**

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

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

	Section 5 Part III	Audited 31.12.2012			Audited 31.12.2011		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		59,434,933	41,370,102	100,805,035	54,546,443	48,205,280	102,751,723
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)	30,729,064	37,381,283	68,110,347	29,116,450	41,226,804	70,343,254
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		22,244,718	27,784,458	50,029,176	21,391,058	30,637,414	52,028,472
3.2.1 Forward foreign currency buy/sell transactions		1,873,860	2,185,881	4,059,741	1,755,826	4,349,180	6,105,006
3.2.1.1 Forward foreign currency transactions-buy		1,083,037	953,734	2,036,771	1,127,282	1,924,927	3,052,209
3.2.1.2 Forward foreign currency transactions-sell		790,823	1,232,147	2,022,970	628,544	2,424,253	3,052,797
3.2.2 Swap transactions related to foreign currency and interest rates		15,510,471	19,121,648	34,632,119	15,113,615	19,606,020	34,719,635
3.2.2.1 Foreign currency swap-buy		7,541,602	6,860,603	14,402,205	6,371,959	7,918,158	14,290,117
3.2.2.2 Foreign currency swap-sell		6,354,569	8,018,111	14,372,680	7,540,796	7,924,315	15,465,111
3.2.2.3 Interest rate swaps-buy		807,150	2,050,163	2,857,313	600,430	1,815,046	2,415,476
3.2.2.4 Interest rate swaps-sell		807,150	2,192,771	2,999,921	600,430	1,948,501	2,548,931
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)		140,969,221	21,868,767	162,837,988	93,856,211	22,097,329	115,953,540
IV. ITEMS HELD IN CUSTODY		9,038,350	1,662,193	10,700,543	4,912,046	1,053,084	5,965,130
4.1 Assets under management		2,606,526	112,331	2,718,857	1,147,341	141,057	1,288,398
4.2 Investment securities held in custody		2,379,933	546,715	2,926,648	729,374	471,607	1,200,981
4.3 Checks received for collection		1,246,196	214,083	1,460,279	1,150,539	208,681	1,359,220
4.4 Commercial notes received for collection		453,802	88,021	541,823	356,609	111,143	467,752
4.5 Other assets received for collection		-	-	-	-	-	-
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		2,351,890	701,043	3,052,933	1,528,180	120,596	1,648,776
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)		200,404,154	63,238,869	263,643,023	148,402,654	70,302,609	218,705,263

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

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

FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED
DECEMBER 31, 2012 (STATEMENT OF INCOME/LOSS)

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

III. CONSOLIDATED INCOME STATEMENT

		Audited 01.01-31.12.2012	Audited 01.01-31.12.2011
	Section 5 Part IV		
I.	INTEREST INCOME	5,719,226	4,648,373
1.1	Interest on loans	4,984,499	4,076,915
1.2	Interest received from reserve deposits	-	-
1.3	Interest received from banks	13,441	17,979
1.4	Interest received from money market placements	25,665	10,767
1.5	Interest received from marketable securities portfolio	572,105	439,944
1.5.1	Held-for-trading financial assets	18,278	5,995
1.5.2	Financial assets at fair value through profit and loss	11	618
1.5.3	Available-for-sale financial assets	553,816	433,331
1.5.4	Investments held-to-maturity	-	-
1.6	Finance lease income	81,617	73,108
1.7	Other interest income	41,899	29,660
II.	INTEREST EXPENSE	2,720,107	2,324,308
2.1	Interest on deposits	2,288,984	1,983,843
2.2	Interest on funds borrowed	178,097	181,762
2.3	Interest on money market borrowings	107,666	116,610
2.4	Interest on securities issued	140,315	36,338
2.5	Other interest expense	5,045	5,755
III.	NET INTEREST INCOME (I - II)	2,999,119	2,324,065
IV.	NET FEES AND COMMISSIONS INCOME	1,114,569	885,022
4.1	Fees and commissions received	1,298,988	1,040,510
4.1.1	Non-cash loans	42,248	43,455
4.1.2	Other	1,256,740	997,055
4.2	Fees and commissions paid	184,419	155,488
4.2.1	Non-cash loans	1,173	853
4.2.2	Other	183,246	154,635
V.	DIVIDEND INCOME	248	254
VI.	NET TRADING INCOME	(348,650)	(211,218)
6.1	Securities trading gains/ (losses)	87,391	86,972
6.2	Gains / (losses) from financial derivative transactions	(432,009)	(260,289)
6.3	Foreign exchange gains/ (losses)	(4,032)	(37,901)
VII.	OTHER OPERATING INCOME	531,571	194,219
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)	4,296,857	3,192,342
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	978,154	325,538
X.	OTHER OPERATING EXPENSES (-)	1,913,916	1,684,849
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	1,404,787	1,181,955
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER	-	-
XIII.	GAIN / (LOSS) ON EQUITY METHOD	3,375	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION	-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	1,408,162	1,181,955
XVI.	TAX CHARGE FOR CONTINUED OPERATIONS (±)	(289,997)	(285,613)
16.1	Current income tax charge	(395,527)	(230,729)
16.2	Deferred tax charge / benefit	105,530	(54,884)
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	1,118,165	896,342
XVIII.	INCOME ON DISCONTINUED OPERATIONS	-	-
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	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)	-	-
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	-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	-	-
XXI.	TAX CHARGE FOR DISCONTINUED OPERATIONS (±)	-	-
21.1	Current income tax charge	-	-
21.2	Deferred tax charge / benefit	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	1,118,165	896,342
23.1	Group's profit/loss	1,101,832	883,731
23.2	Minority shares	16,333	12,611
	Earnings per share	0.04296	0.03609

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

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

FINANSBANK ANONİM ŞİRKETİ
CONSOLIDATED 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. CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Audited 01.01 - 31.12.2012	Audited 01.01 - 31.12.2011
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	494,303	(240,883)
II. TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III. INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV. FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	(8,273)	13,797
VI. PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
VII. THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-
VIII. OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY AS PER TURKISH ACCOUNTING STANDARDS	-	-
IX. DEFERRED TAX OF VALUATION DIFFERENCES	(114,566)	92,401
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	371,464	(134,685)
XI. PROFIT/LOSS	75,142	(228,462)
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	71,450	(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	-	-
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)	446,606	(363,147)

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

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

**FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Section 5 Part V	Paid-in Capital	Effect of inflation Accounting on Capital and Other Reserves	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Year Net Income/ (Loss)	Prior Year Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and from Disc. Op.	Total Equity Attributable to the Parent Shareholders	Minority Shares	Total Equity
Audited																			
Prior period – 01.01.-31.12.2011																			
I		2,205,000	-	665	-	204,185	-	1,792,239	-	-	937,603	124,246	-	-	(21,176)	-	5,242,762	143,705	5,386,467
II		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III		2,205,000	-	665	-	204,185	-	1,792,239	-	-	937,603	124,246	-	-	(21,176)	-	5,242,762	143,705	5,386,467
Changes in period																			
IV		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease related to merger																			
V	(1)	-	-	-	-	-	-	-	-	-	-	(377,962)	-	-	-	-	(377,962)	-	(377,962)
VI		-	-	-	-	-	-	-	-	-	-	-	-	-	14,815	-	14,815	-	14,815
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	14,815	-	14,815	-	14,815
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tangible assets revaluation differences																			
VIII		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets revaluation differences																			
IX		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control																			
X	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences																			
XI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of assets																			
XII		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of assets																			
XIII		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of change in associates' equity																			
XIV	(5)	235,000	-	-	-	-	-	(118,667)	-	-	-	-	-	-	-	-	116,333	-	116,333
14.1		116,333	-	-	-	-	-	-	-	-	-	-	-	-	-	-	116,333	-	116,333
14.2		118,667	-	-	-	-	-	(118,667)	-	-	-	-	-	-	-	-	-	-	-
Internal sources																			
XV		-	-	49	-	-	-	-	-	-	-	-	-	-	-	-	49	-	49
Share issue																			
XVI		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share cancellation profits																			
XVII		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inflation adjustment to paid-in capital																			
XVIII		-	-	-	-	-	-	1,443	-	-	-	-	-	-	-	-	1,443	3,588	5,031
Other ^(*)																			
XIX	(3)	-	-	-	-	-	-	-	883,731	-	-	-	-	-	-	-	883,731	12,611	896,342
Period net income/(loss)																			
XX		-	-	-	-	65,752	-	727,418	-	-	(922,922)	-	-	-	-	-	(129,752)	-	(129,752)
Profit distribution																			
20.1		-	-	-	-	-	-	(129,752)	-	-	-	-	-	-	-	-	(129,752)	-	(129,752)
20.2		-	-	-	-	65,752	-	857,170	-	-	(922,922)	-	-	-	-	-	-	-	-
20.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends distributed																			
Transfers to reserves																			
Other																			
Closing balance		2,440,000	-	714	-	269,937	-	2,402,433	-	883,731	14,681	(253,716)	-	-	(6,361)	-	5,751,419	159,904	5,911,323
(III+IV+V+.....+ XVIII+XIX+XX)																			

(*) Includes the effect of change in ownership of Finans Yatırım Ortaklığı A.Ş. from 70.28% to 49.36% in the prior year

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

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

FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED 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. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Audited	Section 5 Part V	Paid-in Capital	Effect of inflation Accounting on Capital and Other Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Year Net Income/(Loss)	Prior Year Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Attributable to the Parent Shareholders	Minority Shares	Total Equity
I. Current period – 01.01.-31.12.2012		2,440,000	-	714	-	269,937	-	2,402,433	-	-	898,412	(253,716)	-	-	(6,361)	-	5,751,419	159,904	5,911,323
II. Beginning Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Increase/decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Marketable securities valuation differences	(1)	-	-	-	-	-	-	-	-	-	-	450,271	-	-	-	-	450,271	-	450,271
VI. 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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase	(5)	125,000	-	-	-	-	-	(125,000)	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources		125,000	-	-	-	-	-	(125,000)	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other^(*)		-	-	-	-	-	-	(1,035)	-	-	-	-	-	-	-	-	(1,035)	(26,475)	(27,510)
XIX. Period net income/(loss)		-	-	-	-	-	-	-	1,101,832	-	-	-	-	-	-	-	1,101,832	16,333	1,118,165
XX. Profit distribution	(3)	-	-	-	-	44,314	-	804,271	-	-	(848,585)	-	-	-	-	-	-	-	-
18.1 Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves		-	-	-	-	44,314	-	804,271	-	-	(848,585)	-	-	-	-	-	-	-	-
18.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance		2,565,000	-	714	-	314,251	-	3,080,669	-	1,101,832	49,827	196,555	-	-	(10,026)	-	7,298,822	149,762	7,448,584
(I+II+III+.....+XVI+XVII+XVIII)																			

(*) Includes the effect of change in ownership of Finans Yatırım Ortaklığı A.Ş. from 49%.36 to 83.78% and Finans Finansal Kiralama A.Ş. from 64.32% to 68.94% in the current year.

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

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

FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOWS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

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

VI. CONSOLIDATED CASH FLOWS STATEMENT

	Section 5 Part VI	Audited 01.01- 31.12.2012	Audited 01.01 – 31.12.2011
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		2,756,529	828,610
1.1.1 Interest received (+)		5,833,877	4,561,145
1.1.2 Interest paid (-)		(2,711,387)	(2,265,200)
1.1.3 Dividend received (+)		248	254
1.1.4 Fees and commissions received (+)		1,299,567	1,040,510
1.1.5 Other income (+)		171,228	160,048
1.1.6 Collections from previously written off loans (+)		363,792	356,838
1.1.7 Payments to personnel and service suppliers (-)		(1,446,787)	(1,299,716)
1.1.8 Taxes paid (-)		(472,055)	(318,001)
1.1.9 Other (+/-)	(1)	(281,954)	(1,407,268)
1.2 Changes in operating assets and liabilities		(5,110,335)	(2,343,138)
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(43,012)	22,396
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 (+/-)		(7,176,655)	(5,425,537)
1.2.5 Net (increase) decrease in other assets (+/-)	(1)	(702,562)	291,380
1.2.6 Net increase (decrease) in bank deposits (+/-)		752,999	(592,560)
1.2.7 Net increase (decrease) in other deposits (+/-)		2,912,019	5,424,596
1.2.8 Net increase (decrease) in funds borrowed (+/-)		147,524	(1,538,267)
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(1)	511,813	1,016,238
I. Net cash provided from / (used in) banking operations (+/-)		(2,353,806)	(1,514,528)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities (+/-)		(84,658)	9,456
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		(28,721)	(1,000)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		143,661	5,027
2.3 Fixed assets purchases (-)		(133,376)	(112,823)
2.4 Fixed assets sales (+)		2,272	6,181
2.5 Cash paid for purchase of financial assets available for sale (-)		(10,307,811)	(13,063,753)
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 Other (+/-)	(1)	(90,719)	(78,838)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities (+/-)		2,998,586	1,519,586
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 (-)		-	-
3.6 Other (+/-)	(1)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)		30,467	48,018
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		590,589	62,532
VI. Cash and cash equivalents at the beginning of the period (+)	(2)	3,018,229	2,955,697
VII. Cash and cash equivalents at end of the period (V+VI)	(3)	3,608,818	3,018,229

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

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

FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOWS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

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

VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION (*)

	Audited 31.12.2012^(**)	Audited 31.12.2011
I. DISTRIBUTION OF CURRENT YEAR INCOME		
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
A. NET INCOME FOR THE YEAR (1.1-1.2)	902,346	848,112
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	42,405
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	902,346	805,707
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	122,000
1.6.1 To owners of ordinary shares	-	122,000 ^(***)
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	-	-
II. DISTRIBUTION OF RESERVES		
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 (-)	-	-
III. EARNINGS PER SHARE		
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 (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) Consolidated profit is not distributed by the companies according to the legislations in Turkey. Within this framework, the above table represents the stand-alone profit distribution of the Parent Bank.

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

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

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

FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

SECTION THREE
ACCOUNTING POLICIES

I. Basis of Presentation

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

The Turkish Banking Law No 5411 is published in the Official Gazette No 25983 dated November 1, 2005. The Parent Bank and its financial subsidiaries ("The Group") prepared the accompanying financial statements as of December 31, 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 the other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by BRSA.

Explanation for Convenience Translation to English

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

FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 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 Parent 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. Domestic bonds 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 repriced at an average period of 3-6 months. The Parent Bank diverts its placements to assets with high return and sufficient collaterals. The Parent Bank manages the liquidity structure to meet its liabilities when due by diversifying the funding sources and keeping sufficient cash and cash equivalents. The maturity of fund sources and maturity and yield of placements are considered to the extent possible within the current market conditions and higher return on long-term placements is aimed. Among the operations of the Parent Bank, the main activities generating yields higher than the calculated average yield are credit card transactions.

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

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

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

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

2. Foreign currency transactions

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

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

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
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 consolidated income statement as of December 31, 2012 is TL 4,032 (December 31, 2011 - TL 37,901 net foreign exchange loss).

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

FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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

2.3. Foreign subsidiaries

As of December 31, 2012 the Parent Bank does not have any subsidiaries established abroad.

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

The accompanying consolidated financial statements are prepared in accordance with TAS 27 “Consolidated and Separate Financial Statements” and BRSA communiqué published on the Official Gazette numbered 26340 and dated November 8, 2006.

The subsidiaries included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

		Place of Incorporation	Principal Activity	Effective Shareholding and Voting Rights (%)	
				December 31, 2012	December 31, 2011
1.	Finans Yatırım Menkul Değerler A.Ş. (Finans Invest)	Turkey	Securities Brokerage Intermediary	99.70	100.00
2.	Finans Portföy Yönetimi A.Ş. (Finans Portfolio)	Turkey	Portfolio Management	99.58	100.00
3.	Finans Yatırım Ortaklığı A.Ş. (Finans Investment Trust)	Turkey	Investment Trust	83.78	49.36
4.	Finans Finansal Kiralama A.Ş. (Finans Leasing)	Turkey	Financial Leasing	68.94	64.32
5.	Finans Emeklilik ve Hayat A.Ş. (Finans Pension Fund)	Turkey	Private Pension and Insurance	49.00	99.99
6.	Finans Faktoring Hizmetleri A.Ş.	Turkey	Factoring	100.00	99.99

Subsidiaries maintain their books of accounts and prepare their financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the accounting standards promulgated by the Turkish Commercial Code, Financial Leasing Law and Turkish Capital Markets Board regulations. Certain adjustments and reclassifications were made on the financial statements of the subsidiaries for the purpose of fair presentation in accordance with the prevailing regulations and accounting standards according to the Articles 37 and 38 of the Turkish Banking Law No 5411 and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting issued by the BRSA.

Differences between the accounting policies of the subsidiaries and the Parent Bank are adjusted, if material. The financial statements of the subsidiaries are prepared as of December 31, 2012.

1. Subsidiaries

As of December 31, 2012, the financial subsidiaries are fully consolidated and intercompany balances and income and expenses resulting from intercompany transactions are eliminated.

2. Associates and entities under common control

The Parent Bank does not have any associates that are consolidated in the accompanying financial statements. As of the balance sheet date, entities under common control are consolidated using equity pickup method.

IV. Explanations on Forwards, Option Contracts and Derivative Instruments

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

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity with long term swap transactions (pay fixed TL interest rate and receive floating FC interest rate). Therefore, the Group 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

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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”, “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 and loan portfolio, recognized as fair value hedged items, is presented in section 3, footnote VII, 2 and 4.

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

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

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

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

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

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

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

V. Interest Income and Expenses

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

VI. Fees and Commission Income and Expenses

Fees and commission income and expenses are accounted for on an accrual basis or on an 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. Dividend income from subsidiaries is eliminated in the accompanying financial statements by adjusting in the retained earnings as part of the consolidation principles.

VII. Explanations on Financial Assets

Financial assets comprise cash and cash equivalents and the contractual right to obtain cash or another financial asset from counterparty or to exchange financial assets with counterparty or the equity instrument transactions of the counterparty. Financial assets are classified in four categories; as “Financial Assets at Fair Value through Profit or Loss”, “Investment Securities Available-For-Sale”, “Investment Securities

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

1.2. Financial assets at fair value through profit or loss

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

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

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

2. Investment securities available for sale

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

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

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 Under secretariat 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.

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

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

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

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

In the case where there is an evidence for the possibility of uncollectibility of loans, the Parent Bank classifies related loans and receivables in non-performing loans and provides specific 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 Parent Bank also provides specific provisions for the closely monitored loans as a result of risk assessment. These provisions accounted for in liabilities under other provisions as “Free Reserves for Possible Loan Losses”.

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

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

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

VIII. Explanations on Impairment of Financial Assets

If the amount computed by discounting expected future cash flows of a financial asset 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.

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IX. Explanations on Netting of Financial Instruments

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

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

The unearned interest income related to leasing agreements is netted off from the “Lease Receivables”. Additionally, the specific provision is provided for non-performing lease receivables and netted off from lease receivables.

The unearned interest income related to factoring transactions is netted off from the “Factoring Receivables”. Additionally, the specific provision is provided for non-performing factoring receivables and netted off from factoring receivables.

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

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

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

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TL 1,986,434 (December 31, 2011 - TL 1,516,898).

The Group 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 Group does not have assets held for sale.

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

XII. Explanations on Goodwill and Other Intangible Assets

The Group’s intangible assets consist of software, intangible rights and goodwill.

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

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

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If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with Turkish Accounting Standard on Impairment of Assets (TAS 36) and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

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 duration is certain; or 5 years where the lease period is not certain in accordance with "Communiqué on the Amendment of Communiqué on Uniform Chart of Accounts and Explanatory Notes" dated January 10, 2011.

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

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

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

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

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

There is no purchase commitments related to the fixed assets.

XIV. Explanations on Leasing Transactions

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

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

The gross lease receivables including interest and principal amounts regarding the Group's financial leasing activities as "Lessor" are stated under the "Finance Lease Receivables". The difference between the total of rental payments and the cost of the related fixed assets is reflected to the "unearned income" account. The interest income is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

The provisions for lease receivables are set as per BRSA communiqué numbered 26588 and dated July 20, 2007 "Methods and Principles for the Determination of Receivables of Leasing, Factoring and Financing Companies to be Reserved for and Allocation of Reserves". Those provisions are accounted for under "Lease Receivables" at the accompanying financial statements.

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XV. Explanations on Factoring Receivables

Factoring receivables are carried at amortized cost by using the effective interest rate method after unearned interest income is deducted and specific provisions for impairments are provided, if any. These provisions are accounted for under “Factoring Receivables” at the accompanying financial statements.

The provisions for factoring receivables are set as per BRSA communiqué numbered 26588 and dated July 20, 2007 “Methods and Principles for the Determination of Receivables of Leasing, Factoring and Financing Companies to be Reserved for and Allocation of Reserves”. Those provisions are accounted for under “Factoring Receivables” at the accompanying financial statements.

XVI. Explanations on Provisions and Contingent Liabilities

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

Provisions 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.

XVII. Explanations on Obligations of the Group Concerning Employee Benefits

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

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

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

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

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

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

XVIII. Explanations on Taxation

1. Corporate tax

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

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

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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.

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, 15th and 30th 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 Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

XIX. Additional Explanations on Borrowings

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

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

XX. Explanations on Share Issues

During the current period, the share capital of the Parent 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: increased by TL 118,667 from bonus shares, TL 110,250 from first dividends of year 2010, TL 8,417 from extraordinary reserves, and by TL 116,333 in cash.).

XXI. Explanations on Confirmed Bills of Exchange and Acceptances

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

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

XXII. Explanations on Government Incentives

The Group has various numerous investment incentive certificates in relation to its investment expenditures from its leasing company. The related certificates allow the Group to use 100% and 40% of investment incentives over its investment expenditures. Tax deduction by 19.8% should be made on the amount of investment incentive deduction pursuant to investment incentive certificates obtained prior to April 24, 2003. No deduction is made on investment expenses after this date without incentive certificates.

Upon the Constitutional Court's resolution no: 2009/144 published in the Official Gazette on January 8, 2010, the expression of "solely for the periods related to 2006, 2007 and 2008" in the Provisional Article No: 69 of Income Tax Law No: 193, and 5th Article of the Law No: 6009 that came into effect by being

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published in the Official Gazette No.27659 dated August 1, 2010 have been annulled. The new resolution enables to continue to benefit from investment incentive deduction that is not deducted due to insufficient earnings and that passes on next periods without period limitation, however proposes that the deduction amount will not exceed 25% of the taxable income of the period. Moreover, the effective corporate tax rate for investment incentive deduction beneficiaries will be adopted as 20%, rather than 30%.

The Constitutional Court has decided that the sentence “the amount subject to deduction as exemption of investment allowance in tax basis determination cannot exceed 25% of relevant earnings” which was added to the first clause of 69th temporary article of Income Tax Law, and 5th article of Law No: 6009 is contrary to the Constitutional Law and has decided to repeal the mentioned sentence at the meeting dated February 9, 2012. In addition, it is decided to stay of execution until the publication of the decision in the Official Gazette, to avoid the circumstances and losses that are difficult or impossible to compensate subsequently and for that the annulment decision does not remain inconclusive, due to the fact that aforementioned sentence is repealed by the decision no: E. 2010/93 K. 2012/20 as of February 9, 2012 at the same meeting.

Finans Finansal Kiralama AŞ did not reflect the effects resulting from the implementation of the decision of the Constitutional Court in the financial statements as of December 31, 2011, due to the fact that the annulment decision of the Constitutional Court has not been published in the Official Gazette yet, and it is uncertain if the mentioned stay of execution decision will be taken into consideration in preparing the corporate tax declaration for the year 2011. There will be no change in the net profit for the year and but a reclassification between deferred tax and current tax in case the effects of the mentioned decision are reflected in the financial statements as of December 31, 2011, due to the fact that the Company accounts for the deferred tax asset related to the unused investment allowance.

The decision of the Constitutional Court was taken into consideration by the Revenue Administration during the preparation of corporate tax declarations for year 2011, after the publication of financial statements as of December 31, 2011 and it is permitted to benefit from the exemption of investment allowance at the rate of 100%.

Within the scope of this application, Finans Finansal Kiralama A.Ş., booked the tax effect of the exemption of investment allowance that Finans Finansal Kiralama A.Ş. had benefited from at the rate of 100%, accrued investment allowance withholding tax amounting to TL 10,839, and made subject to allowance during the preparation of corporate tax declaration for year 2011, however; could not reflect in the financial statements as of December 31, 2011 due to the uncertainty at the publication date of the financial statements, amounting to TL 7,735 as income under “current tax provision” in the financial statements as of December 31, 2012. Finans Finansal Kiralama A.Ş. decreased unused investment allowance amounting to the benefited exemption of investment allowance during the preparation of corporate tax declaration and booked deferred tax expense at the same amount, due to the fact that Finans Finansal Kiralama A.Ş. accounted for the deferred tax asset related to the unused investment allowance, thus, the application did not have any effect on the net profit for the year.

XXIII. Explanations on Reporting According to Segmentation

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

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

The Corporate Marketing Unit provides services to firms that are institutional, big size, that have annual revenues of TL 100,000 and higher and multi-national firms operating in Turkey. The firms that have revenue between TL 2,000 and TL 100,000 are considered as “Commercial Enterprise”. The Bank gives

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importance to the commercial segmentation in order to hedge risk and decrease the concentration of income. Moreover; the Parent Bank also offers sectoral solution packages to small and medium-size firms.

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

Current Period (December 31, 2012)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	1,555,277	581,660	862,182	2,999,119
Net Fees and Commissions Income	1,513,891	113,548	(512,870)	1,114,569
Other Operating Income and Net Trading Income	113,076	107,665	(37,820)	182,921
Dividend Income	-	-	248	248
Operating Income	3,182,244	802,873	311,740	4,296,857
Other Operating Expenses	1,208,070	313,631	392,215	1,913,916
Provision for Loan Losses and Other Receivables(-)	471,705	158,632	347,817	978,154
Profit Before Taxes	1,502,469	330,610	(428,292)	1,404,787
Gain /Loss on Equity Method	-	-	3,375	3,375
Tax Charge	-	-	-	(289,997)
Net Profit/Loss	-	-	-	1,118,165
Total Assets	29,154,171	7,872,140	14,696,588	55,435,570
Segment Assets	29,154,171	7,872,140	14,696,588	51,722,899
Associates, Subsidiaries and Entities Under Common Control	-	-	-	224,055
Undistributed Assets	-	-	-	3,488,616
Total Liabilities	19,964,569	11,466,991	13,071,447	55,435,570
Segment Liabilities	19,964,569	11,466,991	13,071,447	44,503,007
Undistributed Liabilities	-	-	-	3,483,979
Equity	-	-	-	7,448,584
Other Segment Accounts	-	-	-	440,887
Capital Expenditures	-	-	-	285,399
Depreciation and Amortization	-	-	-	151,837
Value Decrease/ (Increase)	-	-	-	3,651
Prior Period (December 31, 2011)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	1,292,265	527,032	504,768	2,324,065
Net Fees and Commissions Income	1,271,223	115,724	(501,925)	885,022
Other Operating Income and Net Trading Income	55,661	120,077	(192,737)	(16,999)
Dividend Income	-	-	254	254
Operating Income	2,619,149	762,833	(189,640)	3,192,342
Other Operating Expenses	1,050,276	302,053	332,520	1,684,849
Provision for Loan Losses and Other Receivables(-)	269,229	50,618	5,691	325,538
Profit Before Taxes	1,299,644	410,162	(527,851)	1,181,955
Tax Charge	-	-	-	(285,613)
Net Profit/Loss	-	-	-	896,342
Total Assets	23,301,608	7,784,933	13,412,986	47,230,833
Segment Assets	23,301,608	7,784,933	13,412,986	44,499,527
Associates, Subsidiaries and Entities Under Common Control	-	-	-	24,555
Undistributed Assets	-	-	-	2,706,751
Total Liabilities	20,240,321	8,234,010	9,711,761	47,230,833
Segment Liabilities	20,240,321	8,234,010	9,711,761	38,186,092
Undistributed Liabilities	-	-	-	3,133,418
Equity	-	-	-	5,911,323
Other Segment Accounts	-	-	-	389,196
Capital Expenditures	-	-	-	259,146
Depreciation and Amortization	-	-	-	128,367
Value Decrease/ (Increase)	-	-	-	1,683

XXIV. Explanations on Other Matters

None.

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SECTION FOUR

INFORMATION ON GROUP'S FINANCIAL STRUCTURE

I. Explanations Related to Consolidated Capital Adequacy Standard Ratio

As of December 31, 2012, the Group's consolidated capital adequacy ratio is 19.22%.

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 Group 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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Consolidated and unconsolidated capital adequacy ratio:

	The Parent Bank								
	Risk Weightings								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Value at Credit Risk	10,744,997	-	805,871	12,038,534	18,548,325	11,448,093	2,770,858	2,901,299	-
Exposure Categories:									
Conditional and unconditional exposures from central governments or central banks	10,091,979	-	-	1,177,704	-	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	4,200	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	90	-	-	-
Conditional and unconditional exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	801,669	286,125	-	20,312	-	-	-
Conditional and unconditional exposures to corporates	-	-	-	13,196	-	9,151,879	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	18,548,325	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	10,537,266	-	-	-	-	-
Past due items	-	-	-	24,243	-	309,988	-	-	-
Items defined in high risk categories	-	-	-	-	-	-	2,770,858	2,901,299	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term exposure to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	182,692	-	-	-
Other items	653,018	-	2	-	-	1,783,132	-	-	-
	Consolidated								
	Risk Weightings								
	0%	10%	20%	50%	75%	100%	150%	200%	1250%
Value at Credit Risk	10,745,058	-	967,959	12,075,112	19,537,563	12,106,776	2,790,355	2,901,299	-
Exposure Categories:									
Conditional and unconditional exposures from central governments or central banks	10,091,979	-	-	1,177,704	-	-	-	-	-
Conditional and unconditional exposures to regional governments or local authorities	-	-	4,200	-	-	-	-	-	-
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	-	-	-	-	-	90	-	-	-
Conditional and unconditional exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	-	-	963,757	282,531	-	20,312	-	-	-
Conditional and unconditional exposures to corporates	-	-	-	13,196	-	9,586,459	-	-	-
Conditional and unconditional retail exposures	-	-	-	-	19,537,563	-	-	-	-
Conditional and unconditional exposures secured by real estate property	-	-	-	10,576,698	-	-	-	-	-
Past due items	-	-	-	24,983	-	329,800	-	-	-
Items defined in high risk categories	-	-	-	-	-	-	2,790,355	2,901,299	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term exposure to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	182,692	-	-	-
Other items	653,079	-	2	-	-	1,987,423	-	-	-

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Summary information related to consolidated and unconsolidated capital adequacy ratio:

	The Parent Bank	Consolidated
	Current Period	Current Period
Capital Requirement for Credit Risk (Value at Credit Risk*0.08) (CRCR)	3,319,893	3,438,338
Capital Requirement for Market Risk (MRCR)	64,494	68,687
Capital Requirement for Operational Risk (ORCR)	359,393	390,558
Shareholders' Equity	8,856,189	9,364,285
Shareholders' Equity/(CRCR+MRCR+ORCR) * 12.5 * 100	18.92%	19.22%

CRCR : Capital Requirement for Credit Risk
MRCR : Capital Requirement for Market Risk
ORCR : Capital Requirement for Operational Risk

Components of consolidated shareholders' equity items:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,565,000	2,440,000
Nominal Capital	2,565,000	2,440,000
Capital Commitments (-)	-	-
Inflation Adjustments to Paid-in Capital	-	-
Share Premium	714	714
Share Cancellation Profits	-	-
Reserves	2,875,806	2,153,760
Inflation Adjustments to Reserves	-	-
Profit	1,151,659	898,412
Current Period's Profit	1,101,832	883,731
Prior Periods' Profit	49,827	14,681
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	-	-
Minority Interest	149,762	159,904
Loss (in excess of Reserves) (-)	-	-
Current Period's Losses	-	-
Prior Periods' Losses	-	-
Leasehold Improvements on Operational Leases (-)	116,864	101,979
Intangible Assets (-)	171,588	137,470
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 (-)	-	-
Goodwill (Net) (-)	8,969	8,969
Total Core Capital	7,064,381	5,986,684
SUPPLEMENTARY CAPITAL		
General Provisions	608,997	400,441
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	-
Primary Subordinated Debts excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debts	1,614,716	1,734,435
45% of Securities Value Increase Fund	88,450	(253,716)
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss	-	-
Minority Interest	-	-
Total Supplementary Capital	2,312,163	1,881,160
CAPITAL	9,376,544	7,867,844
DEDUCTIONS FROM CAPITAL	12,259	47,835
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	-	34,429
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	-	-
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
TOTAL SHAREHOLDERS' EQUITY	9,364,285	7,820,009

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

The Parent 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 Parent Bank’s strategy on the process of assessing the internal capital requirements results in planning of future needs of additional capital under the effects of long term business plans’ stress tests 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”.

II. Explanations Related to Consolidated 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. Credit Risk Management Committee and Credit Department is responsible for managing credit risk.

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 steps of the Parent 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 Group’s loan limit revision procedures.

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

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

The Parent Bank monitors risks of forward transactions, options and other similar agreements and reduces the risk if necessary.

Indemnified non-cash loans are weighted in the same risk group with the past due but not impaired loans.

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

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

The risk of banking operation abroad and credit transactions is acceptable and there is no significant credit risk density in 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 Parent 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 Parent Bank believes that the borrower lost his creditworthiness are considered as impaired loans.

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

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

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

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

The share of cash and non-cash receivables of the Group from its top 100 loan customers in total cash and non-cash loans is 11% (December 31, 2011 – 18%).

The share of cash and non-cash receivables of the Group 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 Group is TL 617,684 (December 31, 2011 – TL 400,441).

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

Exposure Categories:	Current Period Risk Amount^(*)	Average Risk Amount^(*)
Conditional and unconditional exposures to central governments or central banks	11,269,683	10,909,145
Conditional and unconditional exposures to regional governments or local authorities	4,200	4,643
Conditional and unconditional exposures to administrative bodies and non-commercial undertakings	90	769
Conditional and unconditional exposures from multilateral development banks	-	-
Conditional and unconditional exposures from international organizations	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,317,785	1,110,212
Conditional and unconditional exposures to corporates	9,985,106	11,458,728
Conditional and unconditional retail exposures	19,734,200	19,745,023
Conditional and unconditional exposures secured by real estate property	10,576,698	9,224,410
Past due items	354,791	386,313
Items defined in high risk categories	5,734,568	5,491,950
Exposures in the form of bonds secured by mortgages	-	-
Securitization positions	-	-
Short-term exposure to banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	182,692	182,692
Other items	2,640,504	2,386,522

^(*)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 Parent 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 parent 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:

	Current Period (%)	Prior Period (%)
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
Total	100	100

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Profile of significant exposures in major regions:

	Exposure Categories ^(*)																
	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	-	-	379,860	9,671,357	19,725,799	10,575,815	354,696	5,713,087	-	-	-	182,692	2,416,447	60,293,726
2. European Union Countries	-	-	-	-	-	535,213	235,103	2,622	645	-	98	-	-	-	-	-	773,681
3. OECD Countries ^(**)	-	-	-	-	-	17,453	-	2	-	-	21,366	-	-	-	-	-	38,821
4. Off-Shore Banking Regions	-	-	-	-	-	230,167	31,709	-	-	-	-	-	-	-	-	-	261,876
5. USA, Canada	-	-	-	-	-	96,495	28,716	10	9	-	17	-	-	-	-	-	125,247
6. Other Countries	-	-	-	-	-	58,597	18,221	5,767	229	95	-	-	-	-	-	-	82,909
7. Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	224,057	224,057
8. Unallocated Assets/Liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	11,269,683	4,200	90	-	-	1,317,785	9,985,106	19,734,200	10,576,698	354,791	5,734,568	-	-	-	182,692	2,640,504	61,800,317

(*) Exposure categories based on "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

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

(***) Includes assets and liability items that cannot be allocated on a consistent basis.

- 1- Conditional and unconditional exposures from 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 organisations
- 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- Short term exposures to banks, brokerage houses and corporates
- 14- Exposures in the form of collective investment undertakings
- 15- Other items

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Risk profile by sectors or counterparties:

	Exposure Categories ^(*)																TP	YP	Total	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16				
Agricultural	-	-	-	-	-	-	150,629	80,262	93,527	3,978	2,658	-	-	-	-	-	309,244	21,810	331,054	
Farming and Raising Livestock	-	-	-	-	-	-	143,013	73,432	86,961	3,640	2,617	-	-	-	-	-	294,743	14,920	309,663	
Forestry	-	-	-	-	-	-	51	3,246	1,696	194	19	-	-	-	-	-	5,206	-	5,206	
Fishing	-	-	-	-	-	-	7,565	3,584	4,870	144	22	-	-	-	-	-	9,295	6,890	16,185	
Manufacturing	-	-	-	-	-	-	3,137,729	1,049,676	907,289	23,175	34,473	-	-	-	-	-	2,473,887	2,678,455	5,152,342	
Mining and Quarrying	-	-	-	-	-	-	40,334	23,253	15,656	273	291	-	-	-	-	-	52,001	27,806	79,807	
Production	-	-	-	-	-	-	2,539,004	1,022,766	886,580	22,847	34,058	-	-	-	-	-	2,329,699	2,175,556	4,505,255	
Electricity, gas and water	-	-	-	-	-	-	558,391	3,657	5,053	55	124	-	-	-	-	-	92,187	475,093	567,280	
Construction	-	-	-	-	-	-	1,001,558	441,554	676,697	13,878	9,472	-	-	-	-	-	1,491,054	652,105	2,143,159	
Services	4,674,860	-	90	-	-	-	1,317,785	3,756,205	2,720,655	1,995,693	55,933	25,694	-	-	-	-	11,114,683	3,432,232	14,546,915	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Services	-	-	-	-	-	-	112,078	34,284	275,867	349	97	-	-	-	-	-	104,441	318,234	422,675	
Transportation & Communication	-	-	-	-	-	-	552,174	334,023	139,835	13,963	2,675	-	-	-	-	-	594,003	448,667	1,042,670	
Financial Institutions	4,674,860	-	-	-	-	-	1,317,785	400,034	19,692	16,343	75	202	-	-	-	-	5,384,313	1,044,678	6,428,991	
Real Estate and Renting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Services	-	-	-	-	-	-	292,963	26,265	40,056	166	210	-	-	-	-	-	64,728	294,932	359,660	
Self-Employment Services	-	-	-	-	-	-	148,099	116,568	85,467	752	662	-	-	-	-	-	254,113	97,435	351,548	
Educational Services	-	-	90	-	-	-	13,907	20,756	19,741	130	158	-	-	-	-	-	46,230	8,552	54,782	
Health and Social Services	-	-	-	-	-	-	241,618	80,105	126,053	1,232	956	-	-	-	-	-	375,234	74,730	449,964	
Other	6,594,823	4,200	-	-	-	-	1,938,985	15,442,053	6,903,492	257,827	5,662,271	-	-	-	-	182,692	2,640,504	37,631,872	1,994,975	39,626,847
Total	11,269,683	4,200	90	-	-	-	1,317,785	9,985,106	19,734,200	10,576,698	354,791	5,734,568	-	-	-	182,692	2,640,504	52,734,288	9,066,029	61,800,317

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

- 1- Conditional and unconditional exposures from 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 organisations
- 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- Short term exposures to banks, brokerage houses and corporates
- 14- Exposures in the form of collective investment undertakings
- 15- Other items

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Analysis of maturity-bearing exposures according to remaining maturities^(*):

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 from 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 from multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures from international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	306,468	280,635	102,983	11,992	261,256
Conditional and unconditional exposures to corporates	1,783,511	1,312,941	1,443,921	1,057,315	3,740,043
Conditional and unconditional retail exposures	1,332,874	2,304,826	2,714,462	1,113,669	2,856,392
Conditional and unconditional exposures secured by real estate property	140,887	291,813	545,084	553,115	8,931,565
Past due items	-	-	-	-	-
Items defined in high risk categories	-	-	-	1,538,325	4,097,580
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term exposure to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other items	-	-	-	-	-
Total	3,604,228	4,190,215	4,836,404	5,052,603	25,637,277

(*)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 corporates 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										Deductions from Equity
	0%	10%	20%	50%	75%	100%	150%	200%	1250%	
1. Exposures Before Credit Risk Mitigation	10,745,058	-	974,039	12,095,232	19,734,200	12,517,221	2,809,049	2,925,518	-	309,680
2. Exposures After Credit Risk Mitigation	10,745,058	-	967,959	12,075,112	19,537,563	12,106,776	2,790,355	2,901,299	-	309,680

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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 ^(*) (**)			
	Impaired Loans	Past Due Loans	Value Adjustments	Provisions
1. Agriculture	20,156	4,768	133	14,723
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
2. Manufacturing	165,054	42,465	1,054	120,284
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
3. Construction	113,974	36,442	932	94,182
4. Services	337,399	171,357	4,303	258,345
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
5. Other	1,876,133	1,003,999	34,163	1,647,660
6. Total	2,512,716	1,259,031	40,585	2,135,194

^(*) Represents the distribution of cash loans.

^(**) Information about impaired credits and past due excluded

Movements in value adjustments and provisions

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	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

^(*) Represents the provision of loans written-off.

III. Explanations Related to Consolidated Market Risk

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

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

The market risk is measured by using an internal model developed with Value-at-Risk (VaR) methodology. VaR is calculated 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.

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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 consolidated market risk

	Amount
(I) Capital Requirement against General Market Risk - Standard Method	20,900
(II) Capital Requirement against Specific Risks – Standard Method Capital Requirement against Specific Risks of Securitization Positions – Standard Method	20,539
(III) Capital Requirement against Currency Risk – Standard Method	10,522
(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	12,615
(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)	68,687
(X) Value-At-Market Risk (12,5 x VIII) or (12,5 x IX)	858,588

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

	Current Period		
	Average	Maximum	Minimum
Interest Rate Risk	41,681	47,609	35,753
Common Share Risk	3,659	5,686	1,632
Currency Risk	9,666	10,522	8,809
Commodity Risk	5,477	7,538	3,415
Settlement Risk	-	-	-
Option Risk	5,904	11,111	696
Counterparty Credit Risk	9,685	12,615	6,755
Total Value at Risk^(*)	76,072	95,081	57,060

^(*)Total VaR is the sum of risk values. For the second half of 2012, maximum and minimum values of VaR are TL 83,454 and TL 68,687, respectively.

3. Quantitative information on counterparty risk ^(*)

	Amount
Interest-Rate Contracts	2,002,705
Foreign-Exchange-Rate Contracts	64,398,386
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

^(*)Includes only the counterparty risks arising from trading book and derivative instruments.

For derivative transactions, repurchase agreements’ security and commodity lendings, 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.

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IV. Explanations Related to Operational Risk

Value at operational risk is calculated by the basic indicator approach by 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 4,881,972.

Basic Indicator Approach	2 PY Amount	1 PY Amount	CY Amount	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	2,406,565	2,441,278	2,963,312	2,603,718	15	390,558
Value at Operational Risk (Total*12,5)						4,881,972

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 Consolidated Foreign Currency Exchange Rate Risk

1. Whether the Group is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the Board of Directors of the Parent Bank sets limits for positions that are monitored daily

As of December 31, 2012, the net foreign currency exposure of the Group is TL 409,610 foreign currency short (December 31, 2011 –TL 455,490 net foreign currency short) resulting from on balance sheet short position amounting to TL 5,927,616 (December 31, 2011 – TL 5,364,101) and long off balance sheet position amounting to TL 5,518,006 (December 31, 2011 – TL 4,908,611). 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 performed with banks and customers. The Group used these transactions to manage the foreign currency liquidity risk and to hedge itself from interest rate risk.

The Group enters into foreign currency forward transactions to decrease foreign currency position risk. The Group also engages in foreign currency and Eurobond buy-sell option transactions.

Position limit related with currency risk is determined according to Foreign Currency Net Position Standard Ratio. Measurable and manageable risks are taken within legal limits.

Foreign Currency Exchange Rate Risk is monitored along with potential evaluation differences in foreign currency translations in accordance with “Regulations on Bank’s Internal Control and Risk Management Systems”. Standard method is used in measuring foreign currency exchange rate risk on a weekly basis.

2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

The Group does not hedge foreign currency borrowings and net foreign currency investments by derivative instruments.

3. The Parent Bank’s spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date

US Dollar purchase rate in the balance sheet date	TL 1.7826
Euro purchase rate in the balance sheet date	TL 2.3517

Date	US Dollar	Euro
December 31, 2012	1.7826	2.3517
December 28, 2012	1.7829	2.3657
December 27, 2012	1.7848	2.3566
December 26, 2012	1.7877	2.3586
December 25, 2012	1.7893	2.3651
December 24, 2012	1.7869	2.3605

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4. The basic arithmetical average of the Parent Bank's foreign exchange bid rate for the last thirty days

The arithmetical average of the Parent Bank's US Dollar and Euro purchase rates for December 2012 are TL 1.7791 and TL 2.3332, respectively.

5. Information on the consolidated foreign currency exchange rate risk

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	1,322,564	1,779,092	1,201,251	4,302,907
Due From Banks	27,512	68,717	13,598	109,827
Financial Assets at Fair Value through Profit/Loss ⁽⁴⁾	15,503	110,175	466	126,144
Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	105,245	1,129,529	-	1,234,774
Loans and Receivables ⁽²⁾	2,202,324	2,454,266	109,491	4,766,081
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-
Derivative Financial Assets Hedging Purposes	-	37,919	-	37,919
Tangible Assets	-	-	69	69
Other Assets ⁽³⁾	592,369	419,540	593	1,012,502
Total Assets	4,265,517	5,999,238	1,325,468	11,590,223
Liabilities				
Bank Deposits	186,597	433,381	14,120	634,098
Foreign Currency Deposits	2,633,350	6,219,376	574,436	9,427,162
Money Market Borrowings	81,168	796,913	-	878,081
Funds Provided from Other Financial Institutions	1,653,893	3,212,876	1,445	4,868,214
Securities Issued	-	1,288,923	-	1,288,923
Sundry Creditors	80,203	57,679	657	138,539
Derivative Fin. Liabilities for Hedging Purposes	10,575	110,755	-	121,330
Other Liabilities ⁽⁵⁾	33,146	128,110	236	161,492
Total Liabilities	4,678,932	12,248,013	590,894	17,517,839
Net Balance Sheet Position	(413,415)	(6,248,775)	734,574	(5,927,616)
Net Off-Balance Sheet Position	243,796	6,006,712	(732,502)	5,518,006
Financial Derivative Assets	2,003,509	19,706,843	166,420	21,876,772
Financial Derivative Liabilities	1,759,713	13,700,131	898,922	16,358,766
Non-Cash Loans ⁽¹⁾	752,944	1,769,661	157,041	2,679,646
Prior Period				
Total Assets	4,794,688	5,094,909	443,934	10,333,531
Total Liabilities	4,570,571	10,664,931	462,130	15,697,632
Net Balance Sheet Position	224,117	(5,570,022)	(18,196)	(5,364,101)
Net Off-Balance Sheet Position	(289,244)	5,178,787	19,068	4,908,611
Financial Derivative Assets	3,373,856	20,411,234	784,002	24,569,092
Financial Derivative Liabilities	3,663,100	15,232,447	764,934	19,660,481
Non-Cash Loans ⁽¹⁾	969,080	2,342,380	216,692	3,528,152

(1) Does not affect net off balance sheet position.

(2) Includes foreign currency indexed loans amounting to TL 1,339,570 (December 31, 2011 – TL 1,501,344) that are classified as TL on the balance sheet.

(3) 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 communiqué issued by BRSA and published in the Official Gazette No 26085 dated February 19, 2006, yet includes FC indexed factoring receivables amounting to TL 983 (December 31, 2011 – TL 769) Includes foreign currency indexed factoring receivables amounting to TL 32,401 (December 31, 2011 – TL 4,078) that are classified as TL on the balance sheet.

(4) Does not include foreign exchange income accruals amounting to TL 9,732 (December 31, 2011 – TL 17,180) on derivative transactions.

(5) 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 Group is mainly exposed to EUR and USD currencies.

The following table details the Group's sensitivity to a 10% increase and decrease in USD and EUR. Other variables are assumed to be unchanged.

	Change in Currency Rate in %	Net Effect on Profit or Loss (After Tax)	Net Effect on Equity^(*)	Net Effect on Profit or Loss (After Tax)	Net Effect on Equity^(*)
		Current Period	Current Period	Prior Period	Prior Period
USD	10% increase	(2,087)	(4,226)	(18,770)	(7,236)
	10% decrease	2,087	4,226	18,770	7,236
EUR	10% increase	(4,088)	(4,245)	(5,689)	(4,974)
	10% decrease	4,088	4,245	5,689	4,974

^(*) Effect on equity also includes the effect of the change in foreign currency rates in the income statement.

VI. Explanations Related to Consolidated Interest Rate Risk

Interest rate risk that would arise from the changes in interest rates depending on the Parent Bank's position is managed by the Asset/Liability Committee of the Parent Bank.

Interest rate sensitivity of assets, liabilities and off balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held every two weeks by taking the market developments into consideration.

The management of the Parent Bank follows the interest rates in the market on a daily basis and revises interest rates of the Parent Bank when necessary.

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

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Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items
(Based on repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ^(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	-	-	-	-	-	5,327,943	5,327,943
Due from Banks	1,150	93,269	-	-	-	110,818	205,237
Financial Assets at Fair Value Through Profit/Loss ^(**)	118,010	329,140	230,645	152,337	283,119	102,797	1,216,048
Money Market Placements	1,786,785	-	-	-	-	-	1,786,785
Investment Securities Available for Sale	1,183,866	2,461,940	1,642,514	436,790	1,250,593	190,245	7,165,948
Loans and Receivables	9,829,796	4,358,662	10,588,758	9,247,299	2,035,467	377,857	36,437,839
Other Assets ^(*)	443,138	127,669	472,806	528,931	4,622	1,718,604	3,295,770
Total Assets	13,362,745	7,370,680	12,934,723	10,365,357	3,573,801	7,828,264	55,435,570
Liabilities							
Bank Deposits	841,828	126,173	58,044	-	-	21,529	1,047,574
Other Deposits	21,345,864	6,290,529	615,290	20,598	-	3,385,162	31,657,443
Money Market Borrowings	1,788,801	73	-	-	-	-	1,788,874
Sundry Creditors	-	-	-	-	-	1,293,367	1,293,367
Securities Issued	-	865,427	3,212,886	-	-	-	4,078,313
Funds Provided from Other Financial Institutions	935,978	854,797	3,157,620	203,527	17,476	-	5,169,398
Other Liabilities ^(*)	150,100	93,607	239,667	320,247	46,993	9,549,987	10,400,601
Total Liabilities	25,062,571	8,230,606	7,283,507	544,372	64,469	14,250,045	55,435,570
On Balance Sheet Long Position	-	-	5,651,216	9,820,985	3,509,332	-	18,981,533
On Balance Sheet Short Position	(11,699,826)	(859,926)	-	-	-	(6,421,781)	(18,981,533)
Off-Balance Sheet Long Position	-	205,648	-	-	-	-	205,648
Off-Balance Sheet Short Position	(50,686)	-	(96,755)	(213,374)	(40,032)	-	(400,847)
Total Position	(11,750,512)	(654,278)	5,554,461	9,607,611	3,469,300	(6,421,781)	(195,199)

^(*) "Other Assets" in "Non-Interest Bearing" column include, other assets amounting to TL 867,283, tangible assets amounting to TL 436,494, intangible assets amounting to TL 180,557, associates, subsidiaries and entities under common control amounting to TL 224,055, tax assets amounting to TL 10,215; and "Other Liabilities" in the "Non-Interest Bearing" column includes shareholders' equity amounting to TL 7,448,584, other liabilities amounting to TL 964,806, provisions amounting to TL 975,889, tax liability amounting to TL 123,220 and part of trading derivative financial liabilities amounting to TL 37,488.

^(**) This line also includes derivative financial assets hedging purposes amounting to TL 240,486.

Average interest rates applied to monetary financial instruments

Current Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	0.51	-	-	5.88
Financial Assets at Fair Value Through Profit/Loss	3.89	3.06	-	5.54
Money Market Placements	-	-	-	6.66
Investment Securities Available for Sale	4.81	5.37	-	8.24
Loans and Receivables	6.12	5.22	5.31	19.70 ^(*)
Investment Securities Held for Trading	-	-	-	-
Liabilities				
Bank Deposits	2.44	2.28	-	7.67
Other Deposits	3.10	3.30	0.38	8.30
Money Market Borrowings	-	0.97	-	5.54
Sundry Creditors	-	-	-	-
Securities Issued	-	5.36	-	8.61
Funds Provided from Other Financial Institutions	2.06	3.61	-	8.40

^(*) The yield of loans is 14.89% excluding credit cards.

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Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items
(Based on repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ^(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	-	-	-	-	-	2,970,278	2,970,278
Due from Banks	640,419	75,300	10,427	-	-	206,080	932,226
Financial Assets at Fair Value Through Profit/Loss ^(**)	81,588	160,836	650,309	997,470	497,187	280,416	2,667,806
Money Market Placements	1,093,506	-	-	-	-	-	1,093,506
Investment Securities Available for Sale	1,222,212	1,398,075	1,275,305	1,928,613	897,305	119,455	6,840,965
Loans and Other Receivables	8,811,958	3,569,915	8,164,208	7,677,273	1,640,037	403,359	30,266,750
Inv. Securities Held to Maturity	-	-	-	-	-	-	-
Other Assets ^(*)	199,832	132,463	450,657	506,826	8,000	1,161,524	2,459,302
Total Assets	12,049,515	5,336,589	10,550,906	11,110,182	3,042,529	5,141,112	47,230,833
Liabilities							
Bank Deposits	167,388	55,465	26,613	-	-	36,748	286,214
Other Deposits	15,020,524	10,023,293	974,628	28,297	-	2,660,331	28,707,073
Money Market Borrowings	1,534,253	68	-	-	-	-	1,534,321
Sundry Creditors	815	-	-	-	-	1,578,322	1,579,137
Securities Issued	-	-	268,023	989,875	-	-	1,257,898
Funds Provided from Other Financial Institutions	953,347	436,084	3,588,654	335,114	11,624	-	5,324,823
Other Liabilities ^(*)	280,765	476,219	188,458	30,929	7,032	7,557,964	8,541,367
Total Liabilities	17,957,092	10,991,129	5,046,376	1,384,215	18,656	11,833,365	47,230,833
On Balance Sheet Long Position	-	-	5,504,530	9,725,967	3,023,873	-	18,254,370
On Balance Sheet Short Position	(5,907,577)	(5,654,540)	-	-	-	(6,692,253)	(18,254,370)
Off-Balance Sheet Long Position	-	-	447,161	860,705	84,105	-	1,391,971
Off-Balance Sheet Short Position	(298,321)	(330,936)	-	-	-	-	(629,257)
Total Position	(6,205,898)	(5,985,476)	5,951,691	10,586,672	3,107,978	(6,692,253)	762,714

^(*) "Other Assets" in "Non-Interest Bearing" column include, other assets amounting to TL 573,668, tangible assets amounting to TL 400,373, intangible assets amounting to TL 146,439, associates, subsidiaries and entities under common control amounting to TL 24,555, tax assets amounting to TL 16,489; and "Other Liabilities" in the "Non-Interest Bearing" column includes shareholders' equity amounting to TL 5,911,323, other liabilities amounting to TL 548,813, provisions amounting to TL 745,687, tax liability amounting to TL 98,847 and part of trading derivative financial liabilities amounting to TL 253,294.

^(**) This line also includes derivative financial assets hedging purposes amounting to TL 1,001,747.

Average interest rates applied to monetary financial instruments

Prior Period	EUR	USD	JPY	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	2.42	-	10.54
Financial Assets at Fair Value Through Profit/Loss	4.21	3.23	-	9.61
Money Markets 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 ^(*)
Investment Securities Held to Maturity	-	-	-	-
Liabilities				
Bank Deposits	4.59	4.19	-	10.68
Other Deposits	4.72	5.05	0.44	11.59
Money Market Borrowings	3.90	-	-	5.84
Sundry Creditors	-	-	-	-
Securities Issued	-	5.50	-	10.84
Funds Provided from Other Financial Institutions	2.65	3.48	-	11.06

^(*) The yield of loans 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 is 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 Parent 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 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%
Total (of negative shocks)		902,528	10.19%
Total (of positive shocks)		(891,140)	(10.06)%

VII. Explanations Related to Position Risk of Equity Securities

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value (**)	Market Value
1. Investment in Shares- grade A	13,804	-	13,804
Quoted Securities	13,804	-	13,804
2. Investment in Shares- grade B	3	-	3
Quoted Securities	3	-	3
3. Investment in Shares- grade C	-	-	-
Quoted Securities	-	-	-
4. Investment in Shares- grade Other^(*)	224,055	194,916	-

^(*) Associates and subsidiaries not quoted to ISE and not classified as investment in shares by CMB.

^(**) Refers to associates, subsidiaries and entities under common control accounted at fair value but not traded at the quoted markets.

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Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	4,353	-	-	4,019	4,019	-
3. Other Shares	-	-	-	-	-	-
4. Total	4,353	-	-	4,019	4,019	-

VIII. Explanations Related to Consolidated Liquidity Risk

- 1. The sources of the current liquidity risk of the Group; whether the necessary precautions have been taken, whether the Board of Directors of the Parent Bank sets limits on the funds available to meet the urgent liquidity requirements and to be able to pay borrowings when they become due**

Liquidity risk represents risk of not having sufficient cash or cash inflows to meet the cash outflows completely and on time, as a result of instable cash flows. Liquidity risk may also result from inability to penetrate to market and to close open positions quickly at suitable prices and with sufficient amounts due to market disruptions or barriers. To mitigate liquidity risk, the Group diversifies funding sources as customer deposits and funds borrowed from abroad and keep certain level of assets as cash and cash equivalents.

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

The Parent Bank evaluates liquidity position on a daily basis. Cash flow projections and scenarios are analyzed every two weeks by the top management at Asset/Liability Committee meetings. Liquidity ratio, calculated monthly by the Market Risk Committee is used as preliminary indicator of the general liquidity position of the Group. List of available limits, instruments and securities which can be used as collateral to create liquidity in the event of a possible liquidity crisis is updated weekly. Alternative funding strategies to be followed in case of a liquidity problem are evaluated within the current limits and positions to be taken are determined. Moreover, in terms of "Liquidity Emergency Action Plan" early warning signals, stress levels correlated with the level of liquidity risk and actions to be taken at each stress level are defined.

List of available limits, instruments and securities which can be used as collateral to create liquidity in the event of a possible liquidity crisis is updated weekly. Alternative funding strategies to be followed in case of a liquidity problem are evaluated within the current limits and positions to be taken are determined. Moreover, in terms of "Liquidity Emergency Action Plan" early warning signals, stress levels correlated with the level of liquidity risk and actions to be taken at each stress level are defined.

- 2. Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured, if any**
 Group's payments, assets and liabilities match with the interest rates.
- 3. Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized**
 In order to meet urgent liquidity needs 10% (December 31, 2011 – 6%) of the balance sheet is allocated as cash balances.
- 4. Evaluation of the Group's cash flows and their resources**
 Cash flows of the Group are mainly denominated in Turkish Lira, US Dollar and Euro.

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5. Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated^(*)	Total
Assets								
Cash (Cash in Vault, Foreign Currence Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	1,618,183	3,709,760	-	-	-	-	-	5,327,943
Due from Banks	110,912	92,298	2,027	-	-	-	-	205,237
Financial Assets at Fair Value Through Profit/Loss ^(**)	-	93,649	178,192	280,159	379,769	284,279	-	1,216,048
Money Market Placements	-	1,786,785	-	-	-	-	-	1,786,785
Investment Securities Available for Sale	190,245	41,506	4,563	829,750	2,763,580	3,336,304	-	7,165,948
Loans and Receivables	-	9,500,933	4,153,828	10,502,088	9,715,370	2,188,098	377,522	36,437,839
Investment Securities Held to Maturity	-	-	-	-	-	-	-	-
Other Assets	4,761	962,129	197,191	329,816	698,905	5,648	1,097,320	3,295,770
Total Assets	1,924,101	16,187,060	4,535,801	11,941,813	13,557,624	5,814,329	1,474,842	55,435,570
Liabilities								
Bank Deposits	21,529	841,828	126,173	58,044	-	-	-	1,047,574
Other Deposits	3,385,162	21,345,864	6,290,529	615,290	20,598	-	-	31,657,443
Funds Provided from Other Financial Institutions	-	339,607	501,472	1,832,119	757,533	1,738,667	-	5,169,398
Money Market Borrowings	-	1,788,801	73	-	-	-	-	1,788,874
Securities Issued	-	-	865,427	1,923,963	1,288,923	-	-	4,078,313
Sundry Creditors	7,944	1,264,167	2,062	-	-	19,194	-	1,293,367
Other Liabilities(*)	2,195	914,158	37,762	288,140	625,744	81,214	8,451,388	10,400,601
Total Liabilities	3,416,830	26,494,425	7,823,498	4,717,556	2,692,798	1,839,075	8,451,388	55,435,570
Liquidity Gap	(1,492,729)	(10,307,365)	(3,287,697)	7,224,257	10,864,826	3,975,254	(6,976,546)	-
Prior Period								
Total Assets	1,337,664	12,896,673	3,754,784	9,153,384	13,302,708	5,609,182	1,176,438	47,230,833
Total Liabilities	2,705,322	18,993,093	10,592,112	3,711,774	2,635,672	1,887,002	6,705,858	47,230,833
Net Liquidity Gap	(1,367,658)	(6,096,420)	(6,837,328)	5,441,610	10,667,036	3,722,180	(5,529,420)	-

(*) 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 7,448,584 unallocated provisions amounting to TL 879,594 and tax liability of TL 123,220.

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

6. Analysis of financial liabilities by remaining contractual maturities

The table below shows the Group's maturity distribution of certain financial liabilities other than derivatives. The tables below are prepared by considering the future cash flows expected on the earliest cash flow dates. The total interest that will be paid for these liabilities is included in the table below.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total	Carrying Amount
Bank deposits	21,529	842,770	127,381	59,541	-	-	1,051,221	1,047,574
Other deposits	3,385,162	21,604,280	6,349,522	631,693	21,211	-	31,991,868	31,657,443
Money market borrowings	-	1,789,537	73	-	-	-	1,789,610	1,788,874
Funds provided from other financial institutions	-	396,734	497,176	1,907,458	952,457	1,743,953	5,497,778	5,169,398
Securities issued	-	-	882,312	2,045,791	1,466,363	-	4,394,466	4,078,313

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Prior Period							Total	Carrying Amount
	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years		
Bank deposits	36,748	167,563	56,291	27,714	-	-	288,316	286,214
Other deposits	2,660,331	15,144,413	10,147,918	1,214,087	29,175	-	29,195,924	28,707,073
Money market borrowings	-	1,535,415	69	-	-	-	1,535,484	1,534,321
Funds provided from other financial institutions	-	325,271	454,394	1,968,303	1,214,351	1,784,605	5,746,924	5,324,823
Securities issued	-	-	-	344,744	1,129,859	-	1,474,603	1,257,898

The table below shows the remaining maturities of derivative financial assets and liabilities.

Current Period							Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years		
Forward Contracts Buy ^(*)	1,452,326	425,031	565,077	227,514	135,223	2,805,171	
Forward Contracts Sell ^(**)	1,447,856	420,506	563,033	224,836	135,223	2,791,454	
Swap Contracts Buy ^(*)	3,533,900	2,289,320	6,742,020	11,478,686	1,793,950	25,837,876	
Swap Contracts Sell ^(*)	3,511,589	2,217,831	6,655,070	12,441,683	2,049,242	26,875,415	
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	
Total	15,618,394	8,181,462	17,361,019	24,372,719	4,113,638	69,647,232	

^(*) This line also includes hedging purpose derivatives.

^(**) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

Prior Period							Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years		
Forward Contracts Buy ^(*)	3,324,821	571,057	1,337,528	-	141,404	5,374,810	
Forward Contracts Sell ^(**)	3,344,551	566,338	1,338,842	-	141,404	5,391,135	
Swap Contracts Buy ^(*)	3,451,474	1,810,960	7,759,964	11,347,996	2,055,864	26,426,258	
Swap Contracts Sell ^(*)	3,406,925	1,766,094	7,559,957	11,599,961	2,275,222	26,608,159	
Futures Buy	-	65,994	117,947	-	-	183,941	
Futures Sell	-	66,020	117,946	-	-	183,966	
Options Buy	1,612,092	966,374	2,875,745	-	-	5,454,211	
Options Sell	1,604,783	962,331	2,814,599	-	-	5,381,713	
Total	16,744,646	6,775,168	23,922,528	22,947,957	4,613,894	75,004,193	

^(*) This line also includes hedging purpose derivatives.

^(**) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

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 Group 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 Group applies Comprehensive Financial Collateral Method for 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.

In order to manage the credit risk, cash and cash equivalents and high-credit-quality debt instruments are used.

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Exposure Categories (**)	Amount(*)	Financial Collaterals	Other/Physical Collaterals	Guaranties and Credit Derivatives
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 organisations	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,414,697	51,522	-	-
Conditional and unconditional exposures to corporates	15,119,979	448,615	-	-
Conditional and unconditional retail exposures	36,859,421	249,646	-	-
Conditional and unconditional exposures secured by real estate property	10,905,665	-	-	-
Past due items	354,791	8	-	-
Items in regulatory high-risk categories	5,734,567	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	2,640,504	-	-	-
Total	84,486,630	792,704	-	-

(*) Includes total risk amounts before credit risk mitigation.

(**) The mortgages used during identification 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 Group's risk strategy is approved by the Board of Directors and implementation of this strategy is under the responsibility of the Parent Bank's Risk Committee and senior management.

Besides the Group's risk principles and targets, the aim of the risk strategy is to describe the Group's current and targeted risk profile and appetite, risk management and organization and the Group's general approach as defined by principle risk management capacities. The scope of the risk strategy includes the Parent 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 Parent 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 Group's Risk Management:

- In accordance with the Group'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,
- In order to maintain the stability of the yields against unpredictable losses, to support Group'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 Group, which is one of the leading and reputable financial institutions in Turkey,
- To promote risk awareness and risk management culture throughout the Group.

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XII. Explanations Related to Presentation of Financial Assets and Liabilities at Their Fair Value

The fair value of the loans and lease receivables is determined based on discounted cash flows using the current market interest rates.

The estimated fair value of the demand deposits is the amount payable on demand. The fair values of the floating rate placements and overnight deposits are considered to approximate the carrying values due to short maturities. The estimated fair value of the deposits with fixed rates is determined by calculating discounted cash flows by using the market interest rates used for other liabilities with similar quality and maturities.

The fair value of funds provided from other financial institutions, is determined based on discounted cash flows using current market interest rates.

In the table below; the fair values and the carrying values of some of the financial assets and liabilities are presented.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	39,772,982	33,530,856	39,920,299	33,333,211
Money Market Placements	1,786,785	1,093,506	1,786,785	1,093,506
Loans and Receivables	36,437,839	30,266,750	36,553,135	30,110,591
Factoring Receivables	366,767	255,831	366,767	255,831
Lease Receivables	976,354	982,543	1,008,375	941,057
Financial Liabilities	45,034,968	38,689,466	44,963,351	38,409,044
Bank Deposits	1,047,574	286,214	1,047,669	286,151
Other Deposits	31,677,443	28,707,073	31,664,129	28,713,140
Funds Provided from Other Financial Institutions	5,169,398	5,324,823	5,112,944	5,191,627
Money Market Borrowings	1,788,874	1,534,321	1,788,874	1,534,321
Securities Issued	4,078,313	1,257,898	4,056,368	1,104,668
Sundry Creditors	1,293,367	1,579,137	1,293,367	1,579,137

TFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

The classification of fair value calculation is as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (market value);
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: Inputs that are not observable for the asset and liability (Fair value calculations which are not observable).

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In the table below the fair value classification of the financial instruments that are recorded at fair value at the financial statements is presented:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets	7,278,386	1,103,610	-	8,381,996
Financial Assets at Fair Value through Profit/Loss	132,527	-	-	132,527
Assets on Trading Derivatives	6,112	484,627	-	490,739
Investment Securities Available for Sale	7,139,747	26,201	-	7,165,948
Loans and Receivables (*)	-	352,296	-	352,296
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-
Derivative Financial Assets Hedging Purposes	-	240,486	-	240,486
			-	-
Financial Liabilities	103	887,999	-	888,102
Liabilities on Trading Derivatives	103	475,128	-	475,231
Derivative Financial Liabilities for Hedging Purposes	-	412,871	-	412,871

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

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets	6,886,786	2,621,995	-	9,508,771
Financial Assets at Fair Value through Profit/Loss	88,649	-	-	88,649
Assets on Trading Derivatives	6,742	1,003,056	-	1,009,798
Investment Securities Available for Sale	6,791,385	49,580	-	6,840,965
Loans and Receivables	-	567,612	-	567,612
Derivative Financial Assets Hedging Purposes	-	1,001,747	-	1,001,747
			-	-
Financial Liabilities	2,138	1,234,559	-	1,236,697
Liabilities on Trading Derivatives	2,138	1,045,642	-	1,047,780
Derivative Financial Liabilities for Hedging Purposes	-	188,917	-	188,917

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

XIII. Explanations Related to Transactions Carried on Behalf of Others and Fiduciary Transactions

The Parent Bank provides buying, selling and custody services and management and financial advisory services in the name of the third parties. The Parent Bank does not involve in fiduciary activities.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS

1.a) Cash and balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	439,800	212,819	320,914	184,673
T.R. Central Bank	584,776	4,090,086	140,547	2,305,467
Others	460	2	18,327	350
Total	1,025,036	4,302,907	479,788	2,490,490

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 Deposit	-	3,709,760	-	1,965,801
Total	584,776	4,090,086	140,547	2,305,467

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 the 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 the deposits (December 31, 2011 – 9% to 11%).

2. Further information on financial assets at fair value through profit/loss (net amounts are expressed)

a) Trading securities given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities (*)	9,105	-	11,520	-
Other	-	-	-	-
Total	9,105	-	11,520	-

(*) Government bonds given as collateral shown above are classified under Held-for-Trading Financial Assets in the financial statements.

b) Trading securities subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds (*)	-	-	-	-
Treasury Bills (*)	1,684	-	2,175	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	1,684	-	2,175	-

(*) Government bonds and treasury bills subject to repurchase agreements shown above are classified under Held-for-Trading Financial Assets in the financial statements.

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c) Positive differences on trading derivative instruments

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	18,607	-	76,791	-
Swap Transactions	338,376	96,083	698,073	86,401
Futures Transactions	-	6,109	-	6,742
Options	749	30,815	414	140,680
Other	-	-	-	697
Total	357,732	133,007	775,278	234,520

3. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	4,168	809	388,479	343,154
Foreign	91,242	109,018	20	200,573
Foreign Head Offices and Branches	-	-	-	-
Total	95,410	109,827	388,499	543,727

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	42,809	76,168	-	-
USA and Canada	60,881	58,505	778	59,921
OECD Countries (*)	2,873	4,971	-	-
Off-shore Banking Regions	91,241	-	-	-
Other	1,678	1,028	-	-
Total	199,482	140,672	778	59,921

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

(**)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
Domestic Transactions	1,786,785	-	702,580	-
T.R Central Bank	-	-	-	-
Banks	1,785,748	-	700,409	-
Intermediary Institutions	97	-	2,171	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	940	-	-	-
Real Persons	-	-	-	-
Foreign Transactions	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
Total	1,786,785	-	702,580	-

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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	430,419	-	1,175,542	-
Other	-	-	-	-
Total	430,419	-	1,175,542	-

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	-	-	-	-
Total	859,279	1,125,471	811,442	703,281

c) Investment securities available for sale

	Current Period	Prior Period
Debt securities	6,978,832	6,850,104
Quoted on a stock exchange(*)	6,952,631	6,802,782
Unquoted on a stock exchange	26,201	47,322
Share certificates	190,353	126,491
Quoted on a stock exchange(**)	190,353	126,129
Unquoted on a stock exchange	-	362
Impairment provision(-)	(3,237)	(135,630)
Total	7,165,948	6,840,965

(*)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.

(**) 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 Parent 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(*)	58,761	-	47,740	-
Total	58,761	29,498	47,740	3,072

(*)Included advances also given to the personnel.

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b) Information on the first and second group loans and other receivables including rescheduled or restructured loans

Cash Loans ^(*)	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring			
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms		
				Extension of Repayment Plan	Other	
Non-specialized Loans	33,352,716	944,449	-	1,703,474	411,974	-
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	10,647,113	164,321	-	703,023	176,325	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	33,352,716	944,449	-	1,703,474	411,974	-

(*)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.

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

Extension Periods	Performing Loans and Other Receivables ^(*)	Loans and Other Receivables under Follow-up ^(*)
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

(*) The credit balances are 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: 2794

c) Loans according to their maturity structure

Cash Loans ^(*)	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized Loans	18,325,691	-	255,672	98,822
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	15,027,025	944,449	1,447,802	313,152
Non-specialized Loans	15,027,025	944,449	1,447,802	313,152
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	33,352,716	944,449	1,703,474	411,974

(*)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
Consumer Loans-TL	166,971	10,733,405	10,900,376	562,166
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	-
Consumer Loans-FC Indexed	-	98,068	98,068	57,175
Housing Loans	-	90,842	90,842	54,261
Automobile Loans	-	56	56	21
Personal Need Loans	-	7,170	7,170	2,893
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TL	9,463,053	713,676	10,176,729	108,209
Installment	5,170,659	713,676	5,884,335	62,570
Non- Installment	4,292,394	-	4,292,394	45,639
Individual Credit Cards-FC	3,075	-	3,075	23
Installment	-	-	-	-
Non- Installment	3,075	-	3,075	23
Personnel Loans-TL	2,976	22,717	25,693	159
Housing Loans	-	416	416	1
Automobile Loans	-	224	224	1
Personal Need Loans	2,976	22,077	25,053	157
Other	-	-	-	-
Personnel Loans-FC Indexed	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-TL	29,611	-	29,611	-
Installment	17,307	-	17,307	-
Non-Installment	12,304	-	12,304	-
Personnel Credit Cards-FC	49	-	49	-
Installment	-	-	-	-
Non-Installment	49	-	49	-
Overdraft Accounts-TL (Real Persons)	648,094	-	648,094	78,765
Overdraft Accounts-FC (Real Persons)	-	-	-	-
Total	10,313,829	11,567,866	21,881,695	806,497

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e) **Information on commercial loans with installments and corporate credit cards**

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
Commercial Loans with Installment Facility – TL	385,291	3,549,816	3,935,107	48,587
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	-	-	-	-
Commercial Loans with Installment Facility - FC Indexed	30,657	534,498	565,155	39,834
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	-	-	-	-
Commercial Loans with Installment Facility - FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards –TL	540,118	1,192	541,310	5,739
Installment	244,187	1,192	245,379	2,602
Non-Installment	295,931	-	295,931	3,137
Corporate Credit Cards –FC	347	-	347	2
Installment	-	-	-	-
Non-Installment	347	-	347	2
Overdraft Accounts-TL (Legal Entities)	403,574	-	403,574	603
Overdraft Accounts-FC (Legal Entities)	-	-	-	-
Total	1,359,987	4,085,506	5,445,493	94,765

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

	Current Period	Prior Period
Public	125,458	134,129
Private	36,287,155	30,296,874
Total	36,412,613	30,431,003

(*) 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 ^(*)**

	Current Period	Prior Period
Domestic Loans	36,243,882	30,212,356
Foreign Loans	168,731	218,647
Total	36,412,613	30,431,003

(*) 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**

Loans granted to subsidiaries and associates are eliminated reciprocally in the accompanying consolidated financial statements.

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i) Specific provisions for loans

	Current Period	Prior Period
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
Total	2,135,194	1,446,137

j) Non-performing loans (NPLs) (Net)

j.1) Non-performing loans and other receivables restructured or rescheduled

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
(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
Prior Period			
(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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period End Balance	326,776	289,881	1,232,839
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
Write-offs (-)	-	-	5,075
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	2,121
Credit Cards	-	-	2,954
Others	-	-	-
Current Period End Balance	440,683	494,368	1,577,665
Specific Provision (-) ^(*)	217,150	340,379	1,577,665
Net Balances on Balance Sheet	223,533	153,989	-

^(*) 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 Parent 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 Parent 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
Current Period (Net)	223,533	153,989	-
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)	-	-	-
Prior Period (Net)	260,631	142,728	-
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 Parent Bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, then the Parent Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

l) Explanations on write-off policy

Unrecoverable non-performing loans under legal follow-up, for which 100% provision is provided in compliance with the “Provisioning Decree” and with no collateral that are deemed as uncollectible are written off by the Board of Directors’ decision, in accordance with the laws and regulations.

7. Information on factoring receivables

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	364,145	2,622	251,562	4,269
Medium and Long-Term	-	-	-	-
Total	364,145	2,622	251,562	4,269

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As of December 31, 2012 and 2011, changes in provision for non-performing factoring receivables are as follows:

	Current Period	Prior Period
End of Prior Period	4,060	-
Provided Provision / (reversal), Net	5,052	4,060
Collections	(106)	-
Written off	(6,070)	-
Provision at the end of the period	2,936	4,060

8. Information on investment securities held-to-maturity

The Group does not have any investment securities held to maturity as of December 31, 2012 (December 31, 2011 – None)

9. Information on investments in associates (Net)

9.1. Information on investments in associates

Description	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Bankalararası Kart Merkezi (BKM) ^(*)	Istanbul/Turkey	9.23%	9.23%
Kredi Garanti Fonu A.Ş. ^(*)	Istanbul/Turkey	1.67%	2.00%

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
32,354	19,628	15,445	718	-	1,144	2,619	-
247,800	242,307	2,168	8,322	1	6,695	997	-

^(*) 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.

^(**) 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.

9.2. Movements of investments in associates

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

^(*) The amount represents the capital increase amounting to TL 1,000 in Kredi Garanti Fonu A.Ş.

^(**) The amount represents the 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.

^(***) The amount represents the Parent Bank's share in the capital decrease of Gelişen Bilgi Teknolojileri A.Ş.

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9.3. Sectoral distribution and the related carrying amounts on associates

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	7,977	6,769
Total	7,977	6,769

9.4. Quoted associates

None (December 31, 2011 – None).

9.5. Valuation of investments in associates

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

9.6. Investments in associates sold during the current period

None (December 31, 2011-None).

9.7. Investments in associates acquired during the current period

None (December 31, 2011 - None).

10. Investments in subsidiaries (Net)

a) Information on the Parent Bank's unconsolidated subsidiaries

Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş	Istanbul/Turkey	99.91%	99.91%

(*)	Total Shareholder's Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
	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	64.32
3. Finans Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	83.75 ^(*)	83.78 ^(*)
4. Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	0.01	100.00
5. Finans Faktoring Hizmetleri A.Ş.	Istanbul/Turkey	99.99	99.99

^(*)The share of the Parent Bank is 10.01% whereas the remaining 73.74% shareholding represents the purchases of publicly traded shares on the Istanbul Stock Exchange.

Information on subsidiaries in the order presented in the table above:

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (**)
1. ^(*)	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	-

^(*)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.

^(**)Fair values of publicly traded subsidiaries reflect their stock exchange values as of balance sheet date.

^(***)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
Balance at the Beginning of the Period	397,409	362,058
Movements during the period	79,208	35,351
Purchases	5,902 ⁽¹⁾	18,187 ⁽⁴⁾
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	(27,950) ⁽²⁾	(3,706) ⁽⁵⁾
Changes due to Reclassification	(22,050) ⁽³⁾	-
Revaluation Increase	123,306	20,870
Impairment Provision	-	-
Balance at the End of the Period	476,617	397,409
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ Purchases in the prior period include bonus shares received from the Parent 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.

⁽⁵⁾ Disposal in the prior period amount represents disposal of the shares of the Parent Bank's subsidiary Finans Yatırım Ortaklığı A.Ş. received from ISE amounting to TL 5,027. The Parent Bank recognized profit on sale amounting to TL 1,321.

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b.3) Sectoral distribution of the 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
Total	476,617	397,409

The balances of the subsidiaries have been eliminated as part of the consolidation principles.

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	-	-
Total	373,896	244,688

b.5) Explanation to capital adequacy of major subsidiaries

The Parent Bank does not have any major subsidiaries.

11. 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. ^(*)	49.00%	49.00%	413,859	4,010	48,776	29,031	9,493
Bantaş Nakit ve Kıymetli Mal Taşım ve Güvenlik Hizmetleri A.Ş. ^(*)	33.33%	33.33%	11,183	5,932	535	2,034	1,770

^(*) Current period information represents December 31, 2012 figures.

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

12. Information on financial lease receivables (Net)

12.1. Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	503,606	436,353	501,635	446,763
Between 1-4 years	579,471	512,100	547,285	494,995
Over 4 years	31,708	27,901	43,113	40,785
Total	1,114,785	976,354	1,092,033	982,543

Financial lease receivables include non performing financial lease receivables amounting to TL 110,833 (December 31, 2011 – TL 123,172) and specific provisions amounting to TL 64,549 (December 31, 2011 – TL 69,348).

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Changes in non-performing financial lease receivables provision as of December 31, 2012 and 2011 are as follows:

	Current Period	Prior Period
End of prior period	69,348	65,665
Provided provision / (Cancellation), Net	11,896	18,881
Collections	(4,119)	(3,244)
Written off (*)	(12,576)	(11,954)
Provision at the end of the period	64,549	69,348

(*)On November 30, 2012, Finans Finansal Kiralama A.Ş., transferred financial lease receivables amounting to TL 17,630 as of sales date total of TL 550 in cash. TL 4,678 of mentioned receivables comprises of receivables previously written-off. The remaining amount of TL 12,952 which is non-performing lease receivables and TL 12,576 which is provision for non-performing lease receivables are written-off.

Finans Finansal Kiralama A.Ş. disposed finance lease receivables of TL 22,630 as of the transaction date. TL 15,478 receivables are disposed for TL 525 in cash under the circumstances of 5% sales revenue will be paid and the remaining part amounting to TL 7,152 is disposed for TL 235 in cash, as of November 30, 2011, totaling TL 760. TL 10,325 portion of the mentioned receivables comprised of receivables written-off previously. The remaining finance lease receivables amounting to TL 12,305 and provisions for non-performing finance lease receivables amounting to TL 11,954 are written-off.

12.2. Information on net investments in financial leases

	Current Period	Prior Period
Gross Financial Lease Investments	1,114,785	1,092,033
Unearned Finance Income (-)	(138,431)	(109,490)
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	976,354	982,543

12.3. Information of financial lease contracts of the Parent Bank

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

13. Information on hedging purpose derivatives

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

(*) Derivative financial instruments for hedging purposes include 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 TL202,567 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; whereas TL 953,564 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans as of December 31, 2011.

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14. Explanations on tangible assets

	Land and Buildings	Fixed Assets under Finance Lease	Vehicles	Other Fixed Assets	Total
Prior Period End					
Cost	61,519	337,515	2,196	640,045	1,041,275
Accumulated Depreciation (-)	5,797	233,593	1,133	400,379	640,902
Net Book Value	55,722	103,922	1,063	239,666	400,373
Current Period End					
Cost at the Beginning of the Period	61,519	337,515	2,196	640,045	1,041,275
Additions	2,072	804	420	130,884	134,180
Disposals (-)	584	5,588	149	18,125	24,446
Impairment (-) / (increase)	1,651	-	-	-	1,651
Current Period Cost	61,356	332,731	2,467	752,804	1,149,358
Accumulated Depreciation at the Beginning of the Period	5,797	233,622	1,131	400,352	640,902
Disposals (-)	-	5,377	79	15,540	20,996
Depreciation amount	1,362	15,119	283	76,194	92,958
Accumulated Depreciation at the End of the Period (-)	7,159	243,364	1,335	461,006	712,864
Net Book Value at the End of the Period	54,197	89,367	1,132	291,798	436,494

- 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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15. Explanations on intangible assets

	Rights	Goodwill	Total
Prior Period End			
Cost	295,081	19,209	314,290
Accumulated Amortization (-)	157,611	10,240	167,851
Net Book Value	137,470	8,969	146,439
Current Period End			
Cost at the Beginning of the Period	295,081	19,209	314,290
Additions	90,719	-	90,719
Disposals (-)	4,238	-	4,238
Current Period Cost	381,562	19,209	400,771
Acc. Amort. at the Beginning of the Period	157,611	10,240	167,851
Disposals (-)	3,236	-	3,236
Amortization charge	55,599	-	55,599
Current Period Accumulated Amortization (-)	209,974	10,240	220,214
Net Book Value-End of the Period	171,588	8,969	180,557

- 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 - None).
- c) **The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:** None (December 31, 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:**
The goodwill amounting to TL 8,969 recorded to the accompanying consolidated financial statements for the Parent Bank purchasing its subsidiary Finans Finansal Kiralama A.Ş. (December 31, 2011 – TL 8,969).
- i) **Information on book value of goodwill at the beginning of the period, end of the period and movement for the period:**
The details have been disclosed at explanations and disclosures related to asset section, at disclosure 15.

16. Explanations on investment property

None (December 31, 2011 - None).

17. Explanations on tax asset

The Group does not have any current tax asset (December 31, 2011 – TL 533). The Group has deferred tax asset of TL 10,215 (December 31, 2011 – TL 15,956) calculated in line with related regulations. The information about current and deferred tax is presented in the disclosures and explanations about liability accounts in footnote number 10.1 and 10.2.

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18. Explanations on assets held for sale and discontinued operations

None (December 31, 2011 – None).

19. Information on other assets

19.1. 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	249,618	69,070
Other Prepaid Expenses	224,223	178,389
Assets Held for Resale (Net)	158,966	125,432
Sundry Debtors	79,171	69,073
Prepaid Rent Expenses	28,210	10,689
Prepaid Agency Commissions	25,318	20,188
Advances Given	6,671	4,993
Other	4,972	2,298
Cheques Receivables from Other Banks	69,679	60,980
Total	1,101,328	633,072

19.2. If other assets exceed 10% of total assets excluding the off-balance sheet items, the names and the amount of the subaccounts which create at least 20% of them are:

Details of the other assets are described in note 19.1 section of disclosure.

20. Information on accrued interest and income

The details of accrued interest and income allocated to the related items on the assets side of the balance sheet are as follows.

	Current Period		Prior Period	
	TL	FC	TL	FC
Assets on Trading Derivatives	357,732	133,007	775,278	234,520
Derivative Financial Instruments Held for Hedging	202,567	37,919	960,793	40,954
Loans and Receivables	447,956	49,012	557,874	31,273
Investment Securities Available for Sale	328,828	161,758	54,821	5,959
Lease Receivables	2,853	4,353	1,933	5,344
Investment Securities Held for Trading	2,178	90	1,349	53
Banks	614	25	1,152	6
Factoring Receivables	542	62	324	59
Money Market Receivables	748	-	-	-
Other Accruals	16,008	-	965	93
Total	1,360,026	386,226	2,354,489	318,261

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SECTION FIVE

II. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity structure of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	867,610	-	1,665,278	9,925,707	609,492	273,809	15,616	15,286	13,372,798
Foreign Currency Deposits	891,467	-	1,362,776	5,839,836	593,895	210,169	2,620	5,130	8,905,893
Residents in Turkey	853,468	-	1,341,600	5,739,827	560,225	120,732	2,620	5,130	8,623,602
Residents Abroad	37,999	-	21,176	100,009	33,670	89,437	-	-	282,291
Public Sector Deposits	162,871	-	2,687	837,007	1,464	61	-	-	1,004,090
Commercial Deposits	982,592	-	1,679,869	3,921,557	527,438	63,520	98	-	7,175,074
Other Ins. Deposits	18,476	-	32,675	572,391	54,064	710	-	-	678,316
Precious Metal Deposits	462,149	-	-	-	-	58,985	138	-	521,272
Bank Deposits	21,529	-	841,828	126,173	49,607	8,437	-	-	1,047,574
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	-	-	-	-	-	-	-	-	-
Total	3,406,694	-	5,585,113	21,222,671	1,835,960	615,691	18,472	20,416	32,705,017

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	541,194	-	692,737	12,136,105	1,731,329	244,484	16,529	15,900	15,378,278
Foreign Currency Deposits	816,888	-	925,350	4,574,504	594,057	399,517	53,146	5,533	7,368,995
Residents in Turkey	792,069	-	912,102	4,472,326	564,043	257,225	53,146	5,533	7,056,444
Residents Abroad	24,819	-	13,248	102,178	30,014	142,292	-	-	312,551
Public Sector Deposits	42,342	-	14,276	17,755	400	-	-	-	74,773
Commercial Deposits	986,320	-	754,436	1,974,661	708,499	181,485	63,178	-	4,668,579
Other Ins. Deposits	15,380	-	77,931	677,110	77,923	2,594	10,663	-	861,601
Precious Metal Deposits	258,207	-	96,640	-	-	-	-	-	354,847
Bank Deposits	36,748	-	167,388	55,465	7,190	19,423	-	-	286,214
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	-	-	-	-	-	-	-	-	-
Total	2,697,079	-	2,728,758	19,435,600	3,119,398	847,503	143,516	21,433	28,993,287

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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	-	-	-	-
Total	5,398,493	5,178,206	13,692,190	14,586,674

1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarters of the Group is not located abroad.

1.3. Savings deposits that are not covered under the guarantee of deposit insurance fund

	Current Period	Prior Period
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	-	-
Deposits obtained through illegal acts defined in the 282 nd 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
Total	2,027	18,979

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	355,115	84,465	736,219	104,091
Futures	-	100	-	2,138
Options	1	22,077	78	108,978
Other	-	-	-	625
Total	368,589	106,642	831,948	215,832

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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	227,540	145,058	128,851	121,886
Foreign Bank, Institutions and Funds	73,644	3,093,566	63,641	3,267,804
Total	301,184	3,238,624	192,492	3,389,690

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	301,184	1,722,249	192,492	2,029,154
Medium and Long-Term	-	1,516,375	-	1,360,536
Total	301,184	3,238,624	192,492	3,389,690

In accordance with the diversified payment rights programme, the Parent 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 Parent 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 Group's liabilities

As of December 31, 2012, the Group's liabilities comprise; 59% deposits (December 31, 2011 – 61%), 9% funds borrowed (December 31, 2011 – 11%) 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
From domestic transactions	846,251	-	816,309	-
Financial institutions and organizations	834,084	-	789,989	-
Other institutions and organizations	4,239	-	9,099	-
Real persons	7,928	-	17,221	-
From foreign transactions	4,542	878,081	534	552,135
Financial institutions and organizations	-	878,081	-	552,135
Other institutions and organizations	4,542	-	333	-
Real persons	-	-	201	-
Total	850,793	878,081	816,843	552,135

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
Total	2,789,390	1,288,923	268,023	989,875

The Group 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. Additionally, the Group issued bonds with USD 500 million nominal value on May 11, 2011 and USD 350 million nominal value on November 1, 2012.

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6. If other liabilities account exceeds 10% of total liabilities excluding the off-balance sheet items, information given about components of other liabilities account that exceed 20% of the individual liability item in the consolidated balance sheet

Other liabilities account does not exceed 10% of total liabilities excluding the off-balance sheet items (December 31, 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 flows of the Group are the main criteria which are taken into consideration for the determination of payment plans in the leasing contracts.

7.1. Explanations on changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period (December 31, 2011 – None).

7.2. Explanations on financial lease payables

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

7.3. Explanations and footnotes on operational lease

Operational lease payments are recognized as an expense in the income statement on a straight-line basis over the lease terms.

7.4. Explanations on “Sale -and- lease back” agreements

The Group does not have any sale and lease back transactions in the current period (December 31, 2011 – None).

8. Information on liabilities arising from hedging purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge ^(*)	257,139	121,330	30,334	124,258
Cash Flow Hedge ^(**)	34,402	-	34,325	-
Net Investment Hedge	-	-	-	-
Total	291,541	121,330	64,659	124,258

^(*)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 loans which are the hedging instruments of hedged investment securities available for sale portfolio.

^(**)Represents the fair value of derivatives which are the hedging instruments of deposits' cash flow risk.

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
Total	617,684	400,441

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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 ^(*)	6,906	1,647

^(*) 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).

9.4 Information on employee termination benefits and unused vacation accrual

The Group has calculated reserve for employee termination benefits by using actuarial valuations as set out in TAS 19 and reflected these accompanying financial statements.

As of December 31, 2012, TL 39,647 (December 31, 2011 - TL 32,870) reserve for employee termination benefits was provided in the accompanying financial statements.

As of December 31, 2012, the Group accrued TL 21,351 (December 31, 2011 - TL 18,779) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of December 31, 2012, TL 97,488 (December 31, 2011 – TL 51,593) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying financial statements.

9.4.1 Movement of employee termination benefits

	Current Period	Prior Period
	01.01–31.12.2012	01.01-31.12.2011
As of January 1	32,870	26,826
Service cost	9,026	7,234
Interest cost	4,880	4,039
Settlement/ curtailment/ termination loss	10,581	8,474
Paid during the period	(17,710)	(13,703)
Total	39,647	32,870

9.5. Information on other provisions

9.5.1. Information on free reserves for possible loan losses

	Current Period	Prior Period
Free Reserves for Possible Loan Losses	99,747	63,702

As of December 31, 2012 the Group 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, other provisions are presented as follows:

	Current Period	Prior Period
Provision for Promotion Expenses of Credit	16,187	13,832
Other Provisions	35,796	26,936
Total	51,983	40,768

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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 Group has current tax liability of TL 382,188 (December 31, 2011 - TL 226,159) and advance taxes of TL 283,153 (December 31, 2011 - TL 148,735).

The current tax liability and the advance taxes of the consolidated subsidiaries have been offset separately in their financial statements. As of December 31, 2012, after the offsetting, the current tax liability amounting TL 99,035 (December 31, 2011 – TL 77,957) is disclosed. The Group does not have current tax asset (December 31, 2011 – TL 533).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	99,035	77,957
Banking and Insurance Transaction Tax (BITT)	33,110	30,496
Taxation on Securities Income	36,055	32,463
Taxation on Real Estates Income	1,522	1,210
Other	18,856	19,997
Total	188,578	162,123

10.1.3 Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	5,590	9,387
Social Security Premiums – Employer Share	5,762	9,922
Unemployment Insurance - Employee Share	394	659
Unemployment Insurance - Employer Share	786	1,325
Total	12,532	21,293

10.2. Information on deferred tax liabilities

According to TAS 12, the deferred tax assets and liabilities are netted off separately in the accompanying financial statements.

Deferred tax asset is TL 10,215 (December 31, 2011 – TL 15,956) and deferred tax liability is TL 24,185 (December 31, 2011- TL 20,890) after deferred tax asset and liability balances in the financial statements of the consolidated subsidiaries are netted off separately.

In cases whereby such differences are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax assets amounting to TL 48,460 are netted under equity. (December 31, 2011 – TL 66,106 deferred tax liability).

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	Temporary Differences		Deferred Tax Asset/(Liability)	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Reserve for employee benefits	158,486	103,242	31,697	20,648
The differences between carrying and taxable amounts of financial assets	191,770	347,075	38,354	69,415
Unused investment incentive certificates	2,968	38,671	6	7,734
Other	353,813	27,091	70,763	5,419
Deferred Tax Assets			140,820	103,216
The differences between carrying and taxable amounts of tangible assets	(120,173)	(105,565)	(24,035)	(21,113)
The differences between carrying and taxable amounts of financial assets	(557,890)	(380,220)	(111,578)	(76,044)
Other	(95,887)	(54,962)	(19,177)	(10,993)
Deferred Tax Liability			154,790	(108,150)
Deferred Tax Asset/(Liability), Net			(13,970)	(4,934)
			Current Period	Prior Period
Deferred Tax Asset/(Liability) as of January 1 (Net)			(4,934)	(42,451)
Deferred Tax (Charge)/Benefit			105,530	(54,884)
Deferred Tax Accounted for under the Equity			(114,566)	92,401
Deferred Tax Asset/(Liability) as of December 31 (Net)			(13,970)	(4,934)

11. Information on payables related to assets held for sale

None (December 31, 2011 – None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1,629,590	-	1,742,641
From Other Foreign Institutions	-	-	-	-
Total	-	1,629,590	-	1,742,641

The Parent 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 repayment option at the end of the 5th year. In addition, interest is paid every six months and principal payment will be realized at maturity. The loan amounting to USD 325 million which was received in 2008 is closed in the prior period to be used in capital increase. In addition, the Parent Bank received USD 260 million of subordinated loans in the current period from National Bank of Greece S.A.

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13. Information on shareholder's equity

13.1. Paid-in capital

	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 Subject to Increase	Capital Reserves 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 Group does not have any capital commitment; the capital is fully paid-in.

13.6. Prior periods' indicators related with the Parent Bank's income, profit and liquidity and the possible effects of the uncertainties in these indicators on the Parent Bank's equity

None (December 31, 2011 – None).

13.7. Information on the privileges given to stocks representing the capital

The Parent Bank has 100 founder shares stated in the Articles of Association. The profit distribution of the Parent Bank is calculated in accordance with prevailing statutory regulations and its Article of Association. According to these regulations, after deducting the statutory and fiscal obligations of the Parent Bank, 5% of the remaining net income is appropriated as legal reserves, 5% of the paid in capital might be distributed to shareholders as first dividend and 10% of the remaining net profit might be distributed to founder shares. Moreover, additional 10% legal reserve is provided from the dividends distributed to founder shares.

14. Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Stocks (Thousands)	25,650,000	24,440,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums (*)	714	714
Common Stock Withdrawal Profits	-	-

(*) Due to the Parent Bank's prior years capital increase, common stock issue premiums accounted amounting to TL 714, respectively

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15. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Entities under Common Control	-	-	-	-
Valuation Difference	-	-	-	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	168,496	28,059	(98,932)	(154,784)
Valuation Difference	168,496	28,059	(98,932)	(154,784)
Foreign Exchange Rate Difference	-	-	-	-
Total	168,496	28,059	(98,932)	(154,784)

16. Information on accrued interest and expenses

The details of accrued interest and expenses allocated to the related items on the liabilities side of the balance sheet are as follows:

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	114,732	17,784	135,902	26,499
Derivative Financial Liabilities Held for Trading	368,589	106,642	831,948	215,832
Funds Borrowed	3,432	21,181	1,424	27,212
Money Market Borrowings	1,197	1,276	642	587
Derivative Financial Liabilities for Hedging Purposes	291,541	121,330	64,659	124,258
Other Accruals	25,325	44,535	23,971	47,546
Total	804,816	312,748	1,058,546	441,934

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SECTION FIVE

III. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS

1. Information related to consolidated off-balance sheet contingencies

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
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
Total	6,359,677	6,985,658

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 not liquidated yet.

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

	Current Period	Prior Period
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
Total	5,210,357	5,215,046

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	306,450	383,661
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
Other Non-Cash Loans	6,053,227	6,601,997
Total	6,359,677	6,985,658

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3. Information on risk concentration in sector terms in non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	16,824	0.46	2,708	0.10	11,480	0.33	4,632	0.13
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	-	0.00
Fishing	1,326	0.04	2,040	0.08	782	0.02	3,178	0.09
Manufacturing	644,791	17.52	1,289,546	48.56	628,915	18.19	1,624,198	46.47
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
Construction	925,880	25.16	407,535	15.35	848,019	24.53	572,361	16.38
Services	2,037,904	55.38	934,644	35.20	1,918,313	55.48	1,276,181	36.53
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	-	0.00
Health and Social Services	179,749	4.88	7,809	0.29	178,035	5.15	74,293	2.13
Other (*)	54,632	1.48	21,158	0.80	50,779	1.47	17,108	0.49
Total	3,680,031	100.00	2,655,591	100.00	3,457,506	100.00	3,494,480	100.00

(*) 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	-	-
Non-cash Loans	3,455,302	2,569,289	197,671	89,426

(*) 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
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	45,690,221	51,533,238
Forward transactions (*)	5,596,626	10,765,945
Swap transactions	28,774,885	29,755,228
Futures transactions	225,260	216,141
Option transactions	11,093,450	10,795,924
Interest Related Derivative Transactions (II)	5,875,840	5,156,173
Forward rate transactions	-	-
Interest rate swap transactions	5,857,234	4,964,407
Interest option transactions	-	40,000
Futures interest transactions	16,590	151,766
Securities sales/purchases option transactions	2,016	-
Other trading derivative transactions (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	51,566,061	56,689,411
Types of hedging transactions	18,081,171	18,314,782
Fair value hedges	17,540,286	17,252,307
Cash flow hedges	540,885	1,062,475
Net investment hedges	-	-
B. Total Hedging Related Derivatives	18,081,171	18,314,782
Total Derivative Transactions (A+B)	69,647,232	75,004,193

(*)This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

5.1 Fair value hedge accounting

a) Loans

The Parent 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 (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 Parent Bank has booked the valuation effect amounting to TL 61,360 (December 31, 2011 –TL 87,592) related to the loans that are ineffective for hedge accounting under “securities trading gains/losses” as loss during the current period.

b) Investment securities available for sale

The Parent 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 322,000 and EUR 26,000 (December 31, 2011 – USD 214,000 and EUR 26,000) were subject to hedge accounting by interest rate swaps with the same nominal values. The net market valuation difference gain amounting to TL 142 due to loss (December 31, 2011-TL 115 gain) 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 111,2011 loss) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

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The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon held by the Bank using swaps as hedging instruments. As at the balance sheet date; the government bonds with the nominal values of TL 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 loss amounting to TL 907(December 31, 2011- TL 237 loss) due to gains from government bonds amounting to TL 10,688 (December 31, 2011 – TL 994) and losses from swaps amounting to TL 11,595 (December 31, 2011 - 1,231) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

c) Bonds issued

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to foreign currency bonds issued by the Bank using interest rate swaps as hedging instruments. As at the balance sheet date; bonds with USD 367,000 nominal value (December 31, 2011 – USD 497,000) 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 gain from government bonds amounting to TL 6,004 (December 31, 2011 – TL 40,131 loss) and loss from swaps amounting to TL 6,005 (December 31, 2011 - 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 Parent 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 Parent Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at income statement as defined in TAS 39. The swaps amounting to TL 270,442 (December 31, 2011-TL 531,238) are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, the 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) for the ineffective portions are accounted for at the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. Effective parts classified under equity due to hedge accounting are amortized through income statement until the maturity of swaps in case of ineffectiveness. The Parent Bank transferred losses amounting to TL 3,692 from the equity to the income statement due to the swaps that are matured or whose effectiveness deteriorated during the current period (December 31, 2011 – TL 4,722 loss).

As of December 31, 2012 breakdown of the Group’s foreign currency forward and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy^(*)	Forward Sell^(**)	Swap Buy^(*)	Swap Sell^(*)	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TL	1,219,391	888,393	8,619,195	15,375,623	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	560,830	624,192	598,397	740,150	734,985	724	724
Other	100,963	65,782	45,477	833,139	19,978	-	-	-
Total	2,805,171	2,791,454	25,837,876	26,875,415	5,575,292	5,520,174	120,925	120,925

(*) This column also includes hedging purpose derivatives.

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

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	Forward Buy^(**)	Forward Sell^(**)	Swap Buy^(*)	Swap Sell^(*)	Option Buy	Option Sell	Future Buy	Future Sell
Prior Period								
TL	2,374,243	906,298	8,285,726	14,553,282	2,207,494	2,307,411	2,667	4,045
USD	1,595,058	2,783,388	16,864,863	10,533,469	1,771,968	1,869,700	179,345	179,344
EURO	1,174,180	1,471,895	1,094,213	1,340,533	1,103,534	850,095	1,929	577
Other	231,329	229,554	181,456	180,875	371,215	354,507	-	-
Total	5,374,810	5,391,135	26,426,258	26,608,159	5,454,211	5,381,713	183,941	183,966

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

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

As of December 31, 2012, the Group has no derivatives 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 Parent 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 Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

9. Information on the Parent Bank’s rating by international rating institutions

MOODY’S November 2012	FITCH April 2012	CI February 2013
Long-Term Deposit Rating (FC)	Ba2	Long-Term Foreign Curr. BBB-
Long-Term Deposit Rating (TL)	Ba2	Short-Term Foreign Curr. F3
Short-Term Deposit Rating (TL)	NP	Long-Term TL BBB-
Financial Strength	E+	Short-Term TL F3
		Long-Term National AAA(tur)
		Support 3
		Viability bbb-
		Financial Strength BBB+
		Support 3
		BB+
		B
		BBB+
		3

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IV. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED INCOME STATEMENT

1. a) Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans				
Short-Term Loans	2,844,868	58,388	2,220,107	52,173
Medium and Long-Term Loans	1,855,576	128,132	1,604,607	103,187
Non-Performing Loans	97,535	-	96,841	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	4,797,979	186,520	3,921,555	155,360

b) Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank	-	229	-	-
Domestic Banks	9,435	10	11,889	265
Foreign Banks	3,512	255	1,940	3,885
Foreign Headquarters and Branches	-	-	-	-
Total	12,947	494	13,829	4,150

c) Information on interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	17,812	466	5,751	244
Financial Assets at FVTPL	11	-	618	-
Investment Securities Available for Sale	503,054	50,762	385,609	47,722
Investment Securities Held to Maturity	-	-	-	-
Total	520,877	51,228	391,978	47,966

d) Information on interest income received from associates and subsidiaries

None (December 31, 2011 – None).

2. a) Information on interest expense related to funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
T.R. Central Bank	-	-	-	-
Domestic Banks	14,847	3,041	14,462	3,276
Foreign Banks	9,889	150,320	16,313	147,711
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	24,736	153,361	30,775	150,987

b) Information on interest expense paid to associates and subsidiaries

None (December 31, 2011 – None).

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c) Information on interest expense paid to securities issued

The Group'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 Group 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)

Account Name	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
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	109,240	263,300	72,404	12,937	4,168	-	462,050
Other Deposits	-	2,096	71,149	21,497	157	434	-	95,333
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	3	264,258	1,391,268	305,652	39,167	7,140	1,752	2,009,240
Foreign Currency								
Foreign Currency								
Deposits	-	34,042	192,347	29,467	10,486	282	552	267,176
Bank Deposits	124	1,983	8,149	1,131	401	-	-	11,788
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	778	2	-	780
Total	124	36,025	200,496	30,598	11,665	284	552	279,744
Grand Total	127	300,283	1,591,764	336,250	50,832	7,424	2,304	2,288,984

Information on maturity structure of interest expense on deposits (Prior Period)

Account Name	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
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	80,476	301,521	52,829	26,934	3,242	-	465,005
Other Deposits	-	1,809	70,103	8,148	765	663	-	81,488
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	7	165,118	1,321,037	203,196	45,007	5,869	711	1,740,945
Foreign Currency								
Foreign Currency								
Deposits	-	26,028	175,714	19,231	11,250	2,007	209	234,439
Bank Deposits	115	8	5,626	1,280	-	813	-	7,842
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	617	-	-	-	-	-	617
Total	115	26,653	181,340	20,511	11,250	2,820	209	242,898
Grand Total	122	191,771	1,502,377	223,707	56,257	8,689	920	1,983,843

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e) Information on interest expenses on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Repurchase Agreements ^(*)	97,477	7,206	107,824	5,892

^(*) Disclosed in "Interest on Money Market Transactions".

f) Information on finance lease expenses

None (December 31, 2011 – None).

g) Information on interest expenses on factoring payables

None (December 31, 2011 – None).

3. Information on dividend income

	Current Period	Prior Period
Financial Assets Held for Trading	62	141
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	186	113
Other	-	-
Total	248	254

4. Information on trading income/loss

	Current Period	Prior Period
Trading Income	5,122,117	7,747,109
Gains on Capital Market Operations	144,820	172,727
Derivative Financial Instruments	1,952,427	2,362,183
Foreign Exchange Gains	3,024,870	5,212,199
Trading Loss (-)	(5,470,767)	7,958,327
Losses on Capital Market Operations	(57,429)	85,755
Derivative Financial Instruments	(2,384,436)	2,622,472
Foreign Exchange Losses	(3,028,902)	5,250,100
Net Trading Income/Loss	(348,650)	(211,218)

5. Information on other operating income

The Group recorded the current year collections from loans written off in the previous periods, portfolio management fees and commissions and expense accruals in "Other Operating Income" account.

The Group disposed 51% of shares of Finans Emeklilik ve Hayat A.Ş.'s ("FEHAŞ") to Cigna Nederland Gamma B.V. ("Cigna") on October 31, 2012 after getting the legal approvals as of November 9, 2012. After the transfer of the shares, remaining 49% of the shares of FEHAŞ is accounted for as entity under common control instead of a "subsidiary" as a result of the new shareholding structure as a result of share transfer agreement signed between the Parent Bank and Cigna. Accordingly, FEHAŞ is reported by equity method of accounting instead of line by line consolidation. Gain on sale of 51% of the shares of FEHAŞ, amounting to TL 179,922 and fair value gain amounting to TL 171,534 of the remaining 49% shares were 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
Specific Provisions For Loans and Other Receivables	694,132	164,232
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
Doubtful Fee, Commission and Other Receivables	-	-
General Provisions	217,243	134,633
Provision Expenses for Possible Losses	36,045	-
Impairment Losses on Securities	-	164
Financial assets at fair value through profit or loss	-	164
Investment securities available for sale	-	-
Impairment Losses on Associates, Subsidiaries and Investment Securities Held-to-Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held-to-maturity	-	-
Other	30,734	26,509
Total	978,154	325,538

7. Information on other operating expenses

	Current Period	Prior Period
Personnel costs	818,567	752,015
Reserve for employee termination benefits	7,062	6,044
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	1,651	1,594
Depreciation charge of tangible assets	93,175	84,236
Impairment losses of intangible assets	-	-
Impairment losses of goodwill	-	-
Amortization charge of intangible assets	56,415	42,423
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	-	-
Other operating expenses	676,688	567,825
Operational lease related expenses	142,009	121,592
Repair and maintenance expenses	53,705	47,318
Advertisement expenses	87,378	52,791
Other expenses	393,595	346,124
Losses on sales of assets	1,497	699
Other	254,614	228,216
Total	1,913,916	1,684,849

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

For the period ended December 31, 2012, net interest income of TL 2,999,119 (December 31, 2011 – TL 2,324,065), net fees and commission income of TL 1,114,569 (December 31, 2011 – TL 885,022) and other operating income of TL 531,571 (December 31, 2011 – TL 194,219) constitute an important part of the income.

9. Explanations on tax provision for continued and discontinued operations

9.1. Current period taxation benefit or charge and deferred tax benefit or charge

As of December 31, 2012, the Group recorded tax charge of TL 395,527 (December 31, 2011 – TL 230,729) and a deferred tax income of TL 105,530 (December 31, 2011 – TL 54,884 benefit).

	Current Period	Prior Period
Current Tax Provision	(395,527)	(226,159)
Adjustment concerning the prior period's corporate tax (*)	-	(4,570)
Deferred Tax Income Income/(Expense)	105,530	(54,884)
Total	(289,997)	(285,613)

(*) The Parent Bank has increased the corporate tax base concerning prior periods within the scope of "Law on the Restructuring of Some of the Receivables, and on the amendment of Social Insurances and General Health Insurance Law, and that of Other Several Laws and Legislative Decrees", No: 6111 and accrued a liability amounting to TL 4,570.

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, there is no profit of the Group from discontinued operations (December 31, 2011 – TL - None), whereas the net profit of the Group from continued operations is TL 1,118,165 (December 31, 2011 – TL 896,342).

11. Explanations on net income/loss for the period

11.1. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance for the period

None (December 31, 2011 – None).

11.2. There is no material effect of changes in accounting estimates by the Group on income statement for the current and, for subsequent periods.

11.3. Profit or loss attributable to minority shares

	Current Period	Prior Period
Profit / Loss Attributable to Minority Shares	16,333	12,611

11.4. There are no changes in the accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods.

12. Information on the components of other items in the income statement exceeding 10% of the total, or items that comprise at least 20% of the income statement

Fees and commissions from credit cards, transfers and insurance intermediaries are recorded in the "Others" line under "Fees and Commissions Received" account and fees and commissions given to credit cards are recorded to the "Others" line under "Fees and Commissions Paid" account by the Parent Bank.

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SECTION FIVE

V. EXPLANATIONS AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. Changes resulting from valuation of available for sale securities

Net decrease of TL 450,271 (December 31, 2011 – TL 377,962 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:

Current year profit	848,112
A - I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	(42,405)
B - The First Dividend for Shareholders ^(*)	(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)

^(*) 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

	Current Period	Prior Period
Amount Transferred to Reserves from Retained Earnings	44,314	65,752

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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VI. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED CASH FLOWS STATEMENT

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents

“Other items” amounting to TL 281,954 (December 31, 2011 – TL 1,407,268) in “Operating profit before changes in operating assets and liabilities” consist of commissions paid amounting to TL 185,584 (December 31, 2011 – TL 159,722), net trading income/loss amounting to TL 161,010 (December 31, 2011 – TL 1,188,883 net trading income/loss) and other operating expenses amounting to TL 257,379 (December 31, 2011 – TL 58,663).

“Other items” in changes in operating assets amounting to TL 702,562 (December 31, 2011 - TL 291,380) consist of the increase in collaterals given amounting to TL 180,548 (December 31, 2011 - TL 392,781 increase), the decrease in lease receivables amounting to TL 22,402 (December 31, 2011 – TL 186,367 decrease), the decrease in factoring receivables amounting to TL 110,936 (December 31, 2011 – TL 33,806 increase) and the decrease in other assets amounting to TL 749,772 (December 31, 2011 - TL 904,334 increase).

“Other items” in changes in operating liabilities amounting to TL 511,813 (December 31, 2011 - TL 1,016,238) consist of the increase in money market borrowings by TL 253,309 (December 31, 2011 - TL 350,272 increase) and the increase in sundry debtors and other liabilities by TL 258,504 (December 31, 2011 - TL 665,966 increase).

“Other items” in net cash provided from / (used in) investing activities amounting to TL 90,719 (December 31, 2011 – TL 78,886) includes increase in intangible assets.

2. Information regarding the balances of cash and cash equivalents at the beginning of the period

	Current Period	Prior Period
	January 1, 2012	January 1, 2011
Cash	524,265	429,473
Cash	320,914	223,045
Cash in Foreign Currencies	184,674	177,056
Other	18,677	29,372
Cash Equivalents	2,493,964	2,526,224
Balances with the T.R. Central Bank	480,213	1,968,847
Banks and Other Financial Institutions	932,227	559,178
Money Market Placements	1,093,505	4,977
Less: Placements with Banks with Maturities		
Longer than 3 Months	(10,428)	(4,322)
Less: Accruals	(1,553)	(2,456)
Cash and Cash Equivalents	3,018,229	2,955,697

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3. Information regarding the balances of cash and cash equivalents at the end of the period

	Current Period	Prior Period
	December 31, 2012	December 31, 2011
Cash	653,081	524,265
Cash	439,800	320,914
Cash in Foreign Currencies	212,819	184,674
Other	462	18,677
Cash Equivalents	2,955,737	2,493,964
Balances with the T.R. Central Bank	965,102	480,213
Banks and Other Financial Institutions	205,237	932,227
Money Market Placements	1,786,785	1,093,505
Less: Placements with Banks with Maturities Longer than 3 Months	-	(10,428)
Less: Accruals	(1,387)	(1,553)
Cash and Cash Equivalents	3,608,818	3,018,229

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 Parent Bank's potential borrowings that can be used for ordinary operations or capital commitment

None (December 31, 2011 – None).

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VII. EXPLANATIONS AND DISCLOSURES RELATED TO THE PARENT BANK'S RISK GROUP

1. Information on the volume of transactions with the Parent Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period

- 1.1.** As of December 31, 2012, the Parent Bank's risk group has deposits and non-cash loans at the Bank amounting to TL 213,416 (December 31, 2011 - TL 91,465), TL 29,498 (December 31, 2011 - TL 3,074) respectively. The Parent Bank's risk group does not have cash loan at the bank as of balance sheet date (December 31, 2011- TL 34,873)

Current Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	3,072	34,873	2
Balance at the End of the Period	-	-	-	29,498	-	-
Interest and Commission Income	-	-	5	20	2,195	1

(*) As described in the Article 49 of Banking Law No 5411.

Prior Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	270	-	48,794	29,061	2
Balance at the End of the Period	-	-	-	3,072	34,873	2
Interest and Commission Income	-	1	-	9	2,360	-

(*) As described in the Article 49 of Banking Law No 5411.

1.2. Information on deposits held by the Parent Bank's risk group

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	58,340	27,579	31,009	1,707	2,116	98,385
Balance at the End of the Period	186,538	58,340	18,692	31,009	8,186	2,116
Interest on deposits	906	32,425	-	102	-	679

(*) As described in the Article 49 of Banking Law No 5411.

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1.3. Information on forward and option agreements and similar agreements made with the Parent Bank's risk group

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

^(*) As described in the Article 49 of Banking Law No 5411.

^(**) Profit and loss amounts of transactions for trading purposes made with own Group cannot be differentiated in total profit and loss accounts.

1.4. As of December 31, 2012 the total amount of remuneration and bonuses paid to the top management of the Group is TL 43,129 (December 31, 2011 – TL 33,879).

2. Disclosures of transactions with the Parent Bank's risk group

2.1. Relations with entities in the risk group of / or controlled by the Parent Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

2.2. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

The pricing of transactions with the risk group companies is set in compliance with the market prices. As of December 31, 2012, the risk group does not have cash loans at the Bank (December 31, 2011 - 0.1%), the deposits represented 0.7% of the Parent Bank's total deposits (December 31, 2011 – 0.3%) and derivative transactions with the risk group represented 1.6% of the Parent Bank's total derivative transactions (December 31, 2011 – 0.2%).

2.3. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts

The Parent Bank enters into finance lease agreements with Finans Finansal Kiralama A.Ş. As of December 31, 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) related to these finance lease agreements, which are eliminated in the financial statements within the context of consolidation.

The Parent Bank places certain amount of its funds from time through time to Finans Portföy Yönetimi A.Ş.

The Parent Bank has signed an agreement with Ibttech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Parent Bank participated with 33.33% shareholding, provides cash transfer services to the Parent Bank.

Information about the Parent Bank's subordinated loans obtained from NBG S.A. is explained under Section 5, Part II, Footnote 12.

The Bank provides agency services to Finans Emeklilik ve Hayat A.Ş., which is a jointly controlled entity with 49.00% shares held by the Bank.

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VIII. EXPLANATIONS ON THE PARENT BANK'S DOMESTIC, FOREIGN AND OFF-SHORE BANKING BRANCHES AND FOREIGN REPRESENTATIVES OF THE GROUP

1. Information relating to the Parent Bank's domestic and foreign branch and representatives

	Number	Employees			
Domestic Branch	581	12,053			
				<u>Country</u>	
Foreign Representation	-	-	1-		
			2-		
			3-		
				<u>Total Assets</u>	<u>Capital</u>
Foreign Branch	-	-	1-	-	-
			2-		
			3-		
Off-shore Banking and Region Branches	1	8	1- Bahrain	5,671,012	

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SECTION SIX

OTHER EXPLANATIONS AND DISCLOSURES

I. OTHER EXPLANATIONS RELATED TO THE GROUP'S OPERATIONS

1. Disclosure related to subsequent events and transactions that have not been finalized yet, and their impact on the financial statements

In the meeting of the Board of Directors dated February 21, 2013, the Parent 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 Group

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision making process of the readers of the financial statements.

3. Other matters

None.

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SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements of the Group have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditor's report dated March 4, 2013 is presented preceding the financial statements.

II. EXPLANATIONS ON THE NOTES PREPARED BY INDEPENDENT AUDITOR

None. (December 31, 2011 – None)