

**FINANSBANK ANONİM ŞİRKETİ
AND ITS FINANCIAL SUBSIDIARIES**

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

*Translated into English from the
Original Turkish Report*

FINANSBANK ANONİM ŞİRKETİ AND ITS FINANCIAL SUBSIDIARIES

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

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

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

Board of Director's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Independent Auditor's Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués, and circulars in respect of accounting and financial reporting made by the Banking Regulation and Supervision Board and pronouncements made by Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

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

İstanbul, March 5, 2012

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


Hasan Kılıç
Partner

Member of Deloitte Touche Tohmatsu Limited

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

Genel Müdürlük
Büyükdere Caddesi No: 129
34394 Mecidiyeköy - İstanbul
Tel : (0212) 318 50 00
Faks : (0212) 318 58 50
www.finansbank.com.tr

The Parent Bank's;
Address of the Head Office : Büyükdere Caddesi No:129 34394 Mecidiyeköy/İSTANBUL
Phone number : (0212) 318 50 00
Facsimile number : (0212) 318 58 50
Web page : www.finansbank.com.tr
E-mail address : name.surname@finansbank.com.tr

The consolidated financial report for the year ended December 31, 2011, 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 listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED TERM
- INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS
- 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 included in the consolidation.

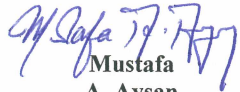
Subsidiaries

1. Finans Finansal Kiralama Anonim Şirketi
2. Finans Yatırım Menkul Değerler Anonim Şirketi
3. Finans Yatırım Ortaklığı Anonim Şirketi
4. Finans Portföy Yönetimi Anonim Şirketi
5. Finans Emeklilik ve Hayat Anonim Şirketi
6. Finans Tüketici Finansmanı Anonim Şirketi
7. Finans Faktoring Hizmetleri Anonim Şirketi

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Preserving 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 the Board of Directors and Chairman of the Audit Committee



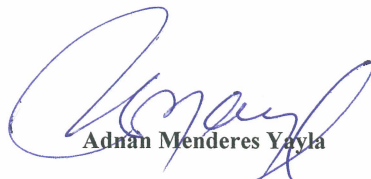
Paul Mylonas
Member of the Board of Directors and of the Audit Committee



Michail Oratis
Member of the Board of Directors and of the Audit Committee



Temel Güzelöglü
General Manager and Member of the Board of Directors



Adnan Menderes Yayla
Executive Vice President Responsible of Financial Control and Planning



Gökhan Yücel
Senior Vice President Responsible of Financial-Legal Reporting and Treasury Control

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

Name - Surname/Title : Gökhan Yücel
Senior Vice President Responsible of Financial-Legal Reporting and Treasury Control
Phone Number : (0 212) 318 55 65
Facsimile Number : (0 212) 318 55 78

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

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

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

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

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

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
Dimitrios Anagnostopoulos	Board Member	September 24, 2009	Graduate
Edward Nassim	Board Member	April 17, 2007	Masters
Anthimos Thomopoulos	Board Member	November 9, 2006	Masters
Dr. Paul Mylonas	Board Member and Audit Committee Member	March 11, 2010	PhD
Christos Alexis Komninos	Board Member	February 16, 2011	Graduate
Temel Güzelöğlu	Board Member and Managing Director	April 16, 2010	Masters
Mustafa Hamdi Gürtin	Board Member	April 16, 2010	Masters
Agis Leopoulos	Board Member	April 16, 2010	Masters
Adnan Menderes Yayla	Assistant Managing Director	May 20, 2008	Masters
Metin Karabiber	Assistant Managing Director	October 8, 2010	Graduate
Hakan Şentinal	Assistant Managing Director	August 18, 2008	Graduate
Murat Şakar	Assistant Managing Director	August 18, 2008	Graduate
Köksal Çoban	Assistant Managing Director	August 18, 2008	Masters
Saruhan Doğan	Assistant Managing Director	October 9, 2009	Masters
Dr. Mehmet Kürşad Demirkol	Assistant Managing Director	October 8, 2010	PhD
Özlem Cinemre	Assistant Managing Director	July 9, 1997	Graduate
Hakan Alp	Assistant Managing Director	July 7, 2010	Graduate
Tunç Erdal	Assistant Managing Director	October 8, 2010	Graduate
Kubilay Güler	Assistant Managing Director	January 16, 2004	Graduate
Filiz Şafak	Assistant Managing Director	September 19, 2007	Graduate
Levent Yörük	Assistant Managing Director	February 1, 2010	Graduate
Bülent Yurdalan	Assistant Managing Director	March 7, 2011	Graduate
Erkin Aydın	Assistant Managing Director	May 16, 2011	Masters
Kunter Kutluay	Assistant Managing Director	May 16, 2011	Masters
Ömür Tan	Assistant Managing Director	October 28, 2011	Graduate
Şebnem Seniye Karaduman (*)	Assistant Managing Director	January 9, 2012	Graduate
Ahmet Cihat Kumuşoğlu	Statutory Auditor	March 27, 2008	Graduate
Sedat Eratalar	Statutory Auditor	April 1, 2000	Graduate

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

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

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

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

IV. Information about the persons and institutions that have qualified shares on the Parent Bank

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

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

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

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

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (Statement of Financial Position)
- II. Consolidated Statement of Off-Balance Sheet Commitments and Contingencies
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- VII. Consolidated Statement of Profit Distribution

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

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

I. CONSOLIDATED BALANCE SHEET – ASSETS

		Audited 31.12.2011			Audited 31.12.2010			
		Section 5 Part I	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	479,788	2,490,490	2,970,278	1,150,341	1,247,979	2,398,320
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	1,429,378	236,681	1,666,059	1,402,806	153,963	1,556,769
2.1	Financial assets held for trading		861,766	236,681	1,098,447	351,201	153,963	505,164
2.1.1	Public sector debt securities		71,004	2,138	73,142	91,403	4,163	95,566
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		775,278	234,520	1,009,798	242,495	149,800	392,295
2.1.4	Other securities		15,484	23	15,507	17,303	-	17,303
2.2	Financial assets at fair value through profit and loss		567,612	-	567,612	1,051,605	-	1,051,605
2.2.1	Public sector debt securities		-	-	-	74,654	-	74,654
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		567,612	-	567,612	976,951	-	976,951
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	(3)	388,499	543,727	932,226	78,366	480,812	559,178
IV.	MONEY MARKET PLACEMENTS	(4)	702,580	390,926	1,093,506	4,977	-	4,977
4.1	Interbank money market placements		-	390,926	390,926	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		702,580	-	702,580	4,977	-	4,977
V.	INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	(5)	5,995,564	845,401	6,840,965	6,548,667	696,118	7,244,785
5.1	Equity Securities		-	-	-	-	-	-
5.2	Public sector debt securities		5,869,410	770,224	6,639,634	6,427,633	602,273	7,029,906
5.3	Other securities		126,154	75,177	201,331	121,034	93,845	214,879
VI.	LOANS AND RECEIVABLES	(6)	26,840,612	3,426,138	30,266,750	22,416,555	2,434,620	24,851,175
6.1	Loans and receivables		26,437,253	3,426,138	29,863,391	22,184,232	2,434,620	24,618,852
6.1.1	Loans to risk group of the Bank		-	34,873	34,873	-	29,061	29,061
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		26,437,253	3,391,265	29,828,518	22,184,232	2,405,559	24,589,791
6.2	Non-performing loans		1,849,496	-	1,849,496	1,757,762	-	1,757,762
6.3	Specific provisions (-)		1,446,137	-	1,446,137	1,525,439	-	1,525,439
VII.	FACTORING RECEIVABLES	(7)	251,562	4,269	255,831	205,716	16,309	222,025
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(8)	-	-	-	-	-	-
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other securities		-	-	-	-	-	-
IX.	INVESTMENT IN ASSOCIATES (Net)	(9)	6,769	-	6,769	5,769	-	5,769
9.1	Equity method associates		-	-	-	-	-	-
9.2	Unconsolidated		6,769	-	6,769	5,769	-	5,769
9.2.1	Financial Investments		-	-	-	-	-	-
9.2.2	Non-financial Investments		6,769	-	6,769	5,769	-	5,769
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)	2,800	-	2,800	2,800	-	2,800
11.1	Equity method entities under common control		-	-	-	-	-	-
11.2	Unconsolidated		2,800	-	2,800	2,800	-	2,800
11.2.1	Financial investments		-	-	-	-	-	-
11.2.2	Non-financial Investments		2,800	-	2,800	2,800	-	2,800
XII.	LEASE RECEIVABLES (Net)	(12)	213,329	769,214	982,543	159,940	658,361	818,301
12.1	Financial lease receivables		254,491	837,542	1,092,033	187,640	720,150	907,790
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		41,162	68,328	109,490	27,700	61,789	89,489
XIII.	DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES	(13)	960,793	40,954	1,001,747	28,648	-	28,648
13.1	Fair value hedge		960,793	40,954	1,001,747	28,648	-	28,648
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(14)	400,297	76	400,373	377,984	39	378,023
XV.	INTANGIBLE ASSETS (Net)	(15)	146,439	-	146,439	110,129	-	110,129
15.1	Goodwill		8,969	-	8,969	8,969	-	8,969
15.2	Others		137,470	-	137,470	101,160	-	101,160
XVI.	INVESTMENT PROPERTIES (Net)	(16)	-	-	-	-	-	-
XVII.	TAX ASSETS	(17)	16,489	-	16,489	30,022	-	30,022
17.1	Current tax assets		533	-	533	614	-	614
17.2	Deferred tax assets		15,956	-	15,956	29,408	-	29,408
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(18)	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(19)	529,486	103,586	633,072	468,919	559,098	1,028,017
TOTAL ASSETS			38,379,371	8,851,462	47,230,833	33,006,625	6,247,299	39,253,924

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

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

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

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

		Audited 31.12.2011			Audited 31.12.2010			
		Section 5 Part II	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	21,107,102	7,886,185	28,993,287	18,018,607	5,991,727	24,010,334
1.1	Deposits from risk group of the Bank		60,755	30,710	91,465	113,611	14,060	127,671
1.2	Other		21,046,347	7,855,475	28,901,822	17,904,996	5,977,667	23,882,663
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	831,948	215,832	1,047,780	333,765	141,199	474,964
III.	FUNDS BORROWED	(3)	192,492	3,389,690	3,582,182	553,127	4,098,035	4,651,162
IV.	MONEY MARKET BORROWINGS		834,491	699,830	1,534,321	873,625	309,882	1,183,507
4.1	Interbank money markets takings		-	147,695	147,695	-	-	-
4.2	Istanbul Stock Exchange money markets takings		17,648	-	17,648	43,280	-	43,280
4.3	Funds provided under repurchase agreements	(4)	816,843	552,135	1,368,978	830,345	309,882	1,140,227
V.	SECURITIES ISSUED (Net)	(5)	268,023	989,875	1,257,898	-	-	-
5.1	Bills		268,023	-	268,023	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	989,875	989,875	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		968,933	610,204	1,579,137	867,067	122,979	990,046
VIII.	OTHER LIABILITIES	(6)	496,448	52,365	548,813	475,718	21,769	497,487
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)	64,659	124,258	188,917	319,785	7,000	326,785
11.1	Fair value hedge		30,334	124,258	154,592	250,240	7,000	257,240
11.2	Cash flow hedge		34,325	-	34,325	69,545	-	69,545
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
XII.	PROVISIONS	(9)	701,985	43,702	745,687	546,881	31,215	578,096
12.1	General provisions		356,739	43,702	400,441	234,593	31,215	265,808
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		103,242	-	103,242	83,119	-	83,119
12.4	Insurance technical provisions (Net)		78,324	-	78,324	48,609	-	48,609
12.5	Other provisions		163,680	-	163,680	180,560	-	180,560
XIII.	TAX LIABILITY	(10)	98,847	-	98,847	144,693	-	144,693
13.1	Current tax liability		77,957	-	77,957	72,834	-	72,834
13.2	Deferred tax liability		20,890	-	20,890	71,859	-	71,859
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)	-	1,742,641	1,742,641	-	1,010,383	1,010,383
XVI.	SHAREHOLDERS' EQUITY	(13)	6,066,107	(154,784)	5,911,323	5,382,374	4,093	5,386,467
16.1	Paid-in capital	(13)	2,440,000	-	2,440,000	2,205,000	-	2,205,000
16.2	Capital reserves		(104,579)	(154,784)	(259,363)	99,642	4,093	103,735
16.2.1	Share premium	(14)	714	-	714	665	-	665
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	(98,932)	(154,784)	(253,716)	120,153	4,093	124,246
16.2.4	Revaluation funds on tangible assets		-	-	-	-	-	-
16.2.5	Revaluation funds on intangible assets		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)		-	-	-	-	-	-
16.2.8	Hedging funds (effective portion)		(6,361)	-	(6,361)	(21,176)	-	(21,176)
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		2,672,370	-	2,672,370	1,996,424	-	1,996,424
16.3.1	Legal reserves		269,937	-	269,937	204,185	-	204,185
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		2,402,433	-	2,402,433	1,792,239	-	1,792,239
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		898,412	-	898,412	937,603	-	937,603
16.4.1	Prior years' income/ (losses)		14,681	-	14,681	14,681	-	14,681
16.4.2	Current year income/ (loss)		883,731	-	883,731	922,922	-	922,922
16.5	Minority shares		159,904	-	159,904	143,705	-	143,705
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			31,631,035	15,599,798	47,230,833	27,515,642	11,738,282	39,253,924

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

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

FİNANSBANK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AND
CONTINGENCIES AS OF DECEMBER 31, 2011**

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

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

		Audited 31.12.2011			Audited 31.12.2010			
		Section 5 Part III	TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		54,546,443	48,205,280	102,751,723	40,628,183	32,994,251	73,622,434
I.	GUARANTEES	(1), (2), (3),(4)	3,457,506	3,528,152	6,985,658	2,970,060	3,065,622	6,035,682
1.1	Letters of guarantee		3,423,939	1,791,107	5,215,046	2,967,436	1,587,549	4,554,985
1.1.1	Guarantees subject to State Tender Law		187,409	15,510	202,919	181,832	14,443	196,275
1.1.2	Guarantees given for foreign trade operations		2,699,043	1,775,597	4,474,640	2,292,413	1,573,106	3,865,519
1.1.3	Other letters of guarantee		537,487	-	537,487	493,191	-	493,191
1.2	Bank loans		33,348	1,014,981	1,048,329	2,483	719,055	721,538
1.2.1	Import letter of acceptance		33,348	1,014,981	1,048,329	2,483	719,055	721,538
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		219	688,392	688,611	141	722,709	722,850
1.3.1	Documentary letters of credit		219	636,142	636,361	141	697,409	697,550
1.3.2	Other letters of credit		-	52,250	52,250	-	25,300	25,300
1.4	Prefinancing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Securities issue purchase guarantees		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	33,672	33,672	-	36,309	36,309
1.9	Other collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(6)	21,972,487	3,450,324	25,422,811	14,535,418	510,390	15,045,808
2.1	Irrevocable commitments		21,972,487	3,450,324	25,422,811	14,535,418	510,390	15,045,808
2.1.1	Forward asset purchase commitments		1,524,715	3,136,224	4,660,939	193,664	504,197	697,861
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitment to associates and subsidiaries		1,000	-	1,000	2,000	-	2,000
2.1.4	Loan granting commitments		3,229,674	-	3,229,674	1,876,601	-	1,876,601
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Payment commitment for checks		1,100,363	-	1,100,363	673,661	-	673,661
2.1.8	Tax and fund liabilities from export commitments		5,665	-	5,665	5,141	-	5,141
2.1.9	Commitments for credit card expenditure limits		15,984,413	-	15,984,413	11,705,737	-	11,705,737
2.1.10	Commitments for promotions related with credit cards and banking activities		35,807	-	35,807	25,298	-	25,298
2.1.11	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12	Payables for short sale commitments		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		90,850	314,100	404,950	53,316	6,193	59,509
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5)	29,116,450	41,226,804	70,343,254	23,122,705	29,418,239	52,540,944
3.1	Derivative financial instruments for hedging purposes		7,725,392	10,589,390	18,314,782	6,138,670	4,126,450	10,265,120
3.1.1	Fair value hedge		6,662,917	10,589,390	17,252,307	4,828,794	4,126,450	8,955,244
3.1.2	Cash flow hedge		1,062,475	-	1,062,475	1,309,876	-	1,309,876
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Held for trading transactions		21,391,058	30,637,414	52,028,472	16,984,035	25,291,789	42,275,824
3.2.1	Forward foreign currency buy-sell transactions		1,755,826	4,349,180	6,105,006	693,384	1,139,058	1,832,442
3.2.1.1	Forward foreign currency transactions-buy		1,127,282	1,924,927	3,052,209	321,497	590,854	912,351
3.2.1.2	Forward foreign currency transactions-sell		628,544	2,424,253	3,052,797	371,887	548,204	920,091
3.2.2	Swap transactions related to foreign currency and interest rates		15,113,615	19,606,020	34,719,635	10,455,312	16,109,433	26,564,745
3.2.2.1	Foreign currency swap-buy		6,371,959	7,918,158	14,290,117	4,216,018	5,773,181	9,989,199
3.2.2.2	Foreign currency swap-sell		7,540,796	7,924,315	15,465,111	4,204,144	5,854,110	10,058,254
3.2.2.3	Interest rate swaps-buy		600,430	1,815,046	2,415,476	1,017,575	2,171,501	3,189,076
3.2.2.4	Interest rate swaps-sell		600,430	1,948,501	2,548,931	1,017,575	2,310,641	3,328,216
3.2.3	Foreign currency, interest rate and securities options		4,514,905	6,321,019	10,835,924	5,828,545	7,649,636	13,478,181
3.2.3.1	Foreign currency options-buy		2,187,494	3,246,717	5,434,211	2,977,137	3,765,395	6,742,532
3.2.3.2	Foreign currency options-sell		2,287,411	3,074,302	5,361,713	2,855,408	3,884,241	6,719,649
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	8,000	-	8,000
3.2.3.6	Securities options-sell		-	-	-	8,000	-	8,000
3.2.4	Foreign currency futures		6,712	209,429	216,141	6,794	368,280	375,074
3.2.4.1	Foreign currency futures-buy		2,667	105,391	108,058	3,397	184,140	187,537
3.2.4.2	Foreign currency futures-sell		4,045	104,038	108,083	3,397	184,140	187,537
3.2.5	Interest rate futures		-	151,766	151,766	-	25,382	25,382
3.2.5.1	Interest rate futures-buy		-	75,883	75,883	-	12,691	12,691
3.2.5.2	Interest rate futures-sell		-	75,883	75,883	-	12,691	12,691
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		93,856,211	22,097,329	115,953,540	72,958,841	17,809,282	90,768,123
IV.	ITEMS HELD IN CUSTODY		4,912,046	1,053,084	5,965,130	3,407,108	1,236,661	4,643,769
4.1	Assets under management		1,147,341	141,057	1,288,398	1,203,072	144,679	1,347,751
4.2	Investment securities held in custody		729,374	471,607	1,200,981	809,992	659,412	1,469,404
4.3	Checks received for collection		1,150,539	208,681	1,359,220	1,127,774	192,750	1,320,524
4.4	Commercial notes received for collection		356,609	111,143	467,752	266,257	233,451	499,708
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		1,528,180	120,596	1,648,776	10	6,369	6,379
4.8	Custodians		3	-	3	3	-	3
V.	PLEDGED ITEMS		88,944,165	21,044,245	109,988,410	69,551,733	16,572,621	86,124,354
5.1	Marketable securities		340,489	380,744	721,233	282,255	189,201	471,456
5.2	Guarantee notes		99,211	59,196	158,407	548,633	122,585	671,218
5.3	Commodity		28,968	-	28,968	20,737	-	20,737
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		34,833,664	7,669,994	42,503,658	30,517,661	6,008,242	36,525,903
5.6	Other pledged items		53,641,833	12,934,311	66,576,144	38,182,447	10,252,593	48,435,040
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			148,402,654	70,302,609	218,705,263	113,587,024	50,803,533	164,390,557

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

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

FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED

DECEMBER 31, 2011 (STATEMENT OF INCOME/LOSS)

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

III. CONSOLIDATED INCOME STATEMENT

		Audited 01.01-31.12.2011	Audited 01.01-31.12.2010
Section 5 Part IV			
I.	INTEREST INCOME (1)	4,648,373	3,908,931
1.1	Interest on loans	4,076,915	3,337,579
1.2	Interest received from reserve deposits	-	-
1.3	Interest received from banks	17,979	64,178
1.4	Interest received from money market placements	10,767	9,297
1.5	Interest received from marketable securities portfolio	439,944	407,450
1.5.1	Held-for-trading financial assets	5,995	9,108
1.5.2	Financial assets at fair value through profit and loss	618	11,794
1.5.3	Available-for-sale financial assets	433,331	386,548
1.5.4	Investments held-to-maturity	-	-
1.6	Finance lease income	73,108	75,430
1.7	Other interest income	29,660	14,997
II.	INTEREST EXPENSE (2)	2,324,308	1,552,022
2.1	Interest on deposits	1,983,843	1,334,298
2.2	Interest on funds borrowed	181,762	163,543
2.3	Interest on money market borrowings	116,610	53,531
2.4	Interest on securities issued	36,338	-
2.5	Other interest expense	5,755	650
III.	NET INTEREST INCOME (I - II)	2,324,065	2,356,909
IV.	NET FEES AND COMMISSIONS INCOME	885,022	672,288
4.1	Fees and commissions received	1,040,510	781,167
4.1.1	Non-cash loans	43,455	41,827
4.1.2	Other	997,055	739,340
4.2	Fees and commissions paid	155,488	108,879
4.2.1	Non-cash loans	853	1,204
4.2.2	Other	154,635	107,675
V.	DIVIDEND INCOME (3)	254	326
VI.	NET TRADING INCOME (4)	(211,218)	(261,057)
6.1	Securities trading gains/ (losses)	86,972	381,213
6.2	Gains / (losses) from financial derivative transactions	(260,289)	(678,094)
6.3	Foreign exchange gains/ (losses)	(37,901)	35,824
VII.	OTHER OPERATING INCOME (5)	194,219	155,486
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)	3,192,342	2,923,952
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	
X.	OTHER OPERATING EXPENSES (-)	(7)	
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	1,181,955	1,175,425
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER	-	-
XIII.	GAIN / (LOSS) ON EQUITY METHOD	-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION	-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	
XVI.	TAX CHARGE FOR CONTINUED OPERATIONS (±)	(9)	
16.1	Current income tax charge	(230,729)	(256,576)
16.2	Deferred tax charge / benefit	(54,884)	18,728
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	
XVIII.	INCOME ON DISCONTINUED OPERATIONS	896,342	937,577
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)	(8)	
XXI.	TAX CHARGE FOR DISCONTINUED OPERATIONS (±)	(9)	
21.1	Current income tax charge	-	-
21.2	Deferred tax charge / benefit	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(11)	
23.1	Group's profit/loss	883,731	922,922
23.2	Minority shares	12,611	14,655
	Earnings per share	0.03662	0.03827

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

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

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

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

	Audited 01.01 - 31.12.2011	Audited 01.01 - 31.12.2010
I. ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	(240,883)	176,893
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)	13,797	(26,129)
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	92,401	(6,858)
X. TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	(134,685)	143,906
XI. PROFIT/LOSS	(228,462)	(118,583)
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(233,184)	(118,242)
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	4,722	(341)
11.3 Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4 Other	-	-
XII. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X±XI)	(363,147)	25,323

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

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

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

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

VI. CONSOLIDATED CASH FLOWS STATEMENT

	Section 5 Part VI	Audited 01.01- 31.12.2011	Audited 01.01 - 31.12.2010
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		828,610	2,230,181
1.1.1 Interest received (+)		4,561,145	4,034,883
1.1.2 Interest paid (-)		(2,265,200)	(1,520,749)
1.1.3 Dividend received (+)		254	326
1.1.4 Fees and commissions received (+)		1,040,510	781,167
1.1.5 Other income (+)		160,048	124,078
1.1.6 Collections from previously written off loans (+)		356,838	504,310
1.1.7 Payments to personnel and service suppliers (-)		(1,299,716)	(1,182,770)
1.1.8 Taxes paid (-)		(318,001)	(263,705)
1.1.9 Other (+/-)	(1)	(1,407,268)	(247,359)
1.2 Changes in operating assets and liabilities		(2,343,138)	(454,147)
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		22,396	(43,552)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		430,523	571,802
1.2.3 Net (increase) decrease in due from banks (+/-)		(1,971,907)	(4,322)
1.2.4 Net (increase) decrease in loans (+/-)		(5,425,537)	(7,340,227)
1.2.5 Net (increase) decrease in other assets (+/-)	(1)	291,380	(634,647)
1.2.6 Net increase (decrease) in bank deposits (+/-)		(592,560)	(640,057)
1.2.7 Net increase (decrease) in other deposits (+/-)		5,424,596	4,368,545
1.2.8 Net increase (decrease) in funds borrowed (+/-)		(1,538,267)	1,760,052
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(1)	1,016,238	1,508,259
I. Net cash provided from / (used in) banking operations (+/-)		(1,514,528)	1,776,034
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities (+/-)		9,456	(2,013,097)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		(1,000)	(22,516)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		5,027	4,071
2.3 Fixed assets purchases (-)		(112,823)	(73,728)
2.4 Fixed assets sales (+)		6,181	8,571
2.5 Cash paid for purchase of financial assets available for sale (-)		(13,063,753)	(22,515,765)
2.6 Cash obtained from disposal of financial assets available for sale (+)		13,254,662	20,652,070
2.7 Cash paid for purchase of investment securities (-)		-	-
2.8 Cash obtained from disposal of investment securities (+)		-	-
2.9 Other (+/-)	(1)	(78,838)	(65,800)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities (+/-)		1,519,586	28,479
3.1 Cash obtained from funds borrowed and securities issued (+)		1,513,545	-
3.2 Cash used for repayment of funds borrowed and securities issued (-)		-	(495,755)
3.3 Capital increase (+)		116,333	547,143
3.4 Dividends paid (-)		(110,292)	(22,909)
3.5 Payments for finance leases (-)		-	-
3.6 Other (+/-)	(1)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)		48,018	43,088
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		62,532	(165,496)
VI. Cash and cash equivalents at the beginning of the period (+)	(2)	2,955,697	3,121,193
VII. Cash and cash equivalents at end of the period (V+VI)	(3)	3,018,229	2,955,697

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 CASH FLOWS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011

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

VII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION (*)

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

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

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

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

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SECTION THREE
ACCOUNTING POLICIES

I. Basis of presentation

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

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

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

2. Classifications

None.

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

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

Explanation for Convenience Translation to English

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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II. Strategy for the use of financial instruments and the foreign currency transactions

1. Strategy for the use of financial instruments

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

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

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

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

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

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

2. Foreign currency transactions

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

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

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

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

The net foreign exchange loss included in the consolidated income statement as of December 31, 2011 is TL 37,901 (December 31, 2010 - TL 35,824 net foreign exchange gain).

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2.3. Foreign subsidiaries

As of December 31, 2011 the Parent Bank does not have any subsidiaries established abroad.

III. Information on associates and subsidiaries

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

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

		Place of Incorporation	Principal Activity	Effective Shareholding and Voting Rights (%)	
				December 31, 2011	December 31, 2010
1.	Finans Yatırım Menkul Değerler A.Ş. (Finans Invest)	Turkey	Securities Brokerage Intermediary	100.00	100.00
2.	Finans Portföy Yönetimi A.Ş. (Finans Portfolio)	Turkey	Portfolio Management	100.00	100.00
3.	Finans Yatırım Ortaklığı A.Ş. (Finans Investment Trust)	Turkey	Investment Trust	49.36	70.28
4.	Finans Finansal Kiralama A.Ş. (Finans Leasing)	Turkey	Financial Leasing	64.32	64.32
5.	Finans Emeklilik ve Hayat A.Ş. (Finans Pension Fund)	Turkey	Private Pension and Insurance	99.99	99.99
6.	Finans Tüketici Finansmanı A.Ş.	Turkey	Consumer Finance	99.99	99.99
7.	Finans Faktoring Hizmetleri A.Ş.	Turkey	Factoring	99.99	99.99

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

Differences between the accounting policies of the subsidiaries and the Parent Bank are adjusted, if material. The financial statements of the subsidiaries are prepared as of December 31, 2011.

1. Subsidiaries

As of December 31, 2011, the financial subsidiaries are fully consolidated and intercompany balances and income and expenses resulting from intercompany transactions are eliminated.

2. Associates and entities under common control

The Parent Bank does not have any associates or entities under common control that are consolidated in the accompanying financial statements.

IV. Explanations on forwards, option contracts and derivative instruments

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

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

In accordance with TAS 39 "Financial Instruments: Recognition and Measurement", derivative instruments are categorized as "hedging purpose" or "trading purpose" transactions. Derivatives are initially recognized at cost including the transaction costs. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Assets on Trading

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Derivatives”, “Liabilities on Trading Derivatives”, or “Assets on Hedging Purpose Derivatives” and “Liabilities on Hedging Purpose Derivatives” items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts presented on the balance sheet, represent the fair value differences based on the valuation.

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

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

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

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

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

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

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

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

V. Interest income and expenses

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

VI. Fees and commission income and expenses

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

Dividend income is accrued when the subsidiaries’ and associates’ profit distribution decisions are approved. Dividend income from subsidiaries is eliminated in the accompanying financial statements by adjusting in the retained earnings as part of the consolidation principles.

VII. Explanations on financial assets

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

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1. Financial assets at fair value through profit or loss

1.1. Trading securities

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

1.2. Financial assets at fair value through profit or loss

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

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

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

2. Investment securities available for sale

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

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

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

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

3. Investment securities held to maturity

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

As of October 1, 2008, due to the change of the intention, the Group classified securities from trading portfolio and available for sale portfolio to held to maturity portfolio with the nominal values of TL 94,198 and TL 2,571,462, respectively. The intention of the Group for holding the held to maturity portfolio has changed in 2009. As it is stated in TAS 39, paragraph 51, “while the intention or the possibility of holding the securities until the maturity changes, or when the investments become inappropriate to be classified as held to maturity; the related investments should be classified as investment securities available for sale and should be re-measured at their fair values”; the Parent Bank classified TL 2,643,811 nominal amount of

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held to maturity portfolio to available for sale portfolio effective from March 31, 2009 based on the Board of Directors' decision dated April 16, 2009. Because of this classification, the Group will not be able to classify any financial asset as held to maturity investment in 2009 and the following two years.

4. Loans and specific provisions

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

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

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

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

In the case where there is an evidence for the possibility of uncollectibility of loans, the Parent Bank classifies related loans and receivables in non-performing loans and provides specific and general provision in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No 26333 and revised with the Communiqué dated March 6, 2010, published on the Official Gazette No 27513 and the Communiqué dated January 23, 2009, published on the Official Gazette No 27119 "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Additionally, during the current period, the Parent Bank revised its calculation for general provisions in line with the context of the regulations published in the Official Gazette No: 27968 dated June 18, 2011, No: 27947 dated May, 28 2011 and No 28158 dated December, 30 2011. The Parent Bank did not provide any specific provision for performing loans which are classified under non-performing accounts as per the communiqué requiring classifying all loans of the same borrower having non-performing loans into non-performing loans as of December 31, 2010. The Parent Bank restarted to provide specific provision for those loans stated above that are not overdue, according to the amendments on 4th article of the same communiqué as from March 1, 2011. The Parent Bank provides specific provision for the loans under follow-up regarding credit risk and other factors, in accordance with the aforementioned regulation.

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

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

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

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

VIII. Explanations on impairment of financial assets

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

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IX. Explanations on netting of financial instruments

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

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

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

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

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

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

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TL 1,516,898 (December 31, 2010 - TL 1,212,757).

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

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

XI. Explanations on assets held for sale and discontinued operations

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

The Group does not have assets held for sale.

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

XII. Explanations on goodwill and other intangible assets

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

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

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

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

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XIII. Explanations on tangible assets

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

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

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

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

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

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

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

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

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

XIV. Explanations on leasing transactions

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

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

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

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

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XV. Explanations on factoring receivables

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

XVI. Explanations on provisions and contingent liabilities

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

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

XVII. Explanations on obligations of the Group concerning employee benefits

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

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

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

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

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

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

XVIII. Explanations on taxation

1. Corporate tax

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

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

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

Undistributed profit for the period is not subject to withholding tax if it is added to capital or it is distributed to full-fledged taxpayer corporations. However, with the Council of Ministers' decisions numbered 2009/14593 and 2009/14594; published in the Official Gazette No: 27130 dated February 3, 2009 and based on Corporate Tax Law No: 5520, 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.

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2. Deferred taxes

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

XIX. Additional explanations on borrowings

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

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

XX. Explanations on share issues

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

XXI. Explanations on confirmed bills of exchange and acceptances

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

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

XXII. Explanations on government incentives

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

Upon the Constitutional Court's resolution no: 2009/144 published in the Official Gazette on January 8, 2010, the expression of "solely for the periods related to 2006, 2007 and 2008" in the Provisional Article No: 69 of Income Tax Law No: 193, and 5th Article of the Law No: 6009 that came into effect by being published in the Official Gazette No.27659 dated August 1, 2010 have been annulled. The new resolution enables to continue to benefit from investment incentive deduction that is not deducted due to insufficient earnings and that passes on next periods without period limitation, however proposes that the deduction amount will not exceed 25% of the taxable income of the period. Moreover, the effective corporate tax rate for investment incentive deduction beneficiaries will be adopted as 20%, rather than 30%.

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

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

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XXIII. Explanations on reporting according to segmentation

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

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

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

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

Current 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	-	-	-	389,195
Capital Expenditures	-	-	-	259,146
Depreciation and Amortization	-	-	-	128,367
Value Decrease/ (Increase)	-	-	-	1,682

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Prior Period (December 31, 2010)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	1,154,889	410,086	791,934	2,356,909
Net Fees and Commissions Income	837,937	106,664	(272,313)	672,288
Other Operating Income and Net Trading Income	38,850	66,020	(210,441)	(105,571)
Dividend Income	-	-	326	326
Operating Income	2,031,676	582,770	309,506	2,923,952
Other Operating Expenses	930,304	309,275	234,209	1,473,788
Provision for Loan Losses and Other Receivables(-)	179,255	35,998	59,486	274,739
Profit Before Taxes	922,117	237,497	15,811	1,175,425
Tax Charge	-	-	-	(237,848)
Net Profit/Loss	-	-	-	937,577
Total Assets	19,203,086	6,855,200	10,414,940	39,253,924
Segment Assets	19,203,086	6,855,200	10,414,940	36,473,226
Associates, Subsidiaries and Entities Under Common Control	-	-	-	23,555
Undistributed Assets	-	-	-	2,757,143
Total Liabilities	14,862,829	8,164,499	8,525,637	39,253,924
Segment Liabilities	14,862,829	8,164,499	8,525,637	31,552,965
Undistributed Liabilities	-	-	-	2,314,492
Equity	-	-	-	5,386,467
Other Segment Accounts	-	-	-	292,406
Capital Expenditures	-	-	-	182,724
Depreciation and Amortization	-	-	-	108,467
Value Decrease/ (Increase)	-	-	-	1,215

XXIV. Explanations on other matters

None.

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SECTION FOUR

INFORMATION ON GROUP'S FINANCIAL STRUCTURE

I. Explanations related to consolidated capital adequacy standard ratio

As of December 31, 2011, the Group's consolidated capital adequacy ratio is 17.61% (December 31, 2010 - 17.33%).

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

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

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

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

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Consolidated and unconsolidated capital adequacy ratio:

	Risk Weight													
	Parent Bank							Consolidated						
	0%	10%	20%	50%	100%	150%	200%	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk														
Balance Sheet Items (Net)	4,912,247	-	813,271	9,515,006	19,315,211	1,211,508	1,188,283	4,935,407	-	917,096	9,667,643	20,073,621	1,211,508	1,188,283
Cash on Hand	518,760	-	12	-	-	-	-	524,252	-	12	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with the T.R. Central Bank	480,213	-	-	-	-	-	-	480,213	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Head Offices and Branches	-	-	768,943	-	59,921	-	-	-	-	870,584	-	60,484	-	-
Money Market Placements	390,833	-	-	-	-	-	-	390,926	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	700,000	-	-	-	-	-	-	700,000	-	2,184	-	-	-	-
Reserve Deposits	1,965,801	-	-	-	-	-	-	1,965,801	-	-	-	-	-	-
Loans and Receivables	855,576	-	43,718	9,093,999	17,097,983	1,211,508	1,188,283	855,576	-	43,718	9,093,999	17,094,873	1,211,508	1,188,283
Non-performing Loans (Net)	-	-	-	-	403,359	-	-	-	-	-	-	403,359	-	-
Lease Receivables	-	-	-	-	-	-	-	697	-	-	151,493	823,076	-	-
Investment Securities Available-for-Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments Held-to-Maturity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Forward Sale of Assets	-	-	-	-	24,950	-	-	-	-	-	-	24,950	-	-
Sundry Debtors	-	-	-	-	113,640	-	-	-	-	-	-	138,140	-	-
Accrued Interest and Income	489	-	598	421,007	488,963	-	-	878	-	598	422,151	494,487	-	-
Investments in Associates, Subsidiaries and Entities Under Common Control (Net)	-	-	-	-	421,964	-	-	-	-	-	-	24,555	-	-
Tangible Assets	-	-	-	-	283,827	-	-	-	-	-	-	298,394	-	-
Other Assets (*)	575	-	-	-	420,604	-	-	17,064	-	-	-	711,303	-	-
Off-Balance Sheet Items	2,180,612	-	2,257,895	323,916	8,193,287	-	-	2,180,612	-	2,257,895	323,916	8,193,697	-	-
Non-Cash Loans and Commitments	2,180,612	-	204,621	323,916	8,085,189	-	-	2,180,612	-	204,621	323,916	8,085,189	-	-
Derivative Financial Instruments	-	-	2,053,274	-	108,098	-	-	-	-	2,053,274	-	108,508	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Value at Risk	7,092,859	-	3,071,166	9,838,922	27,508,498	1,211,508	1,188,283	7,116,019	-	3,174,991	9,991,559	28,267,318	1,211,508	1,188,283
Total Risk Weighted Assets	-	-	614,233	4,919,461	27,508,498	1,817,262	2,376,566	-	-	634,998	4,995,780	28,267,318	1,817,262	2,376,566

(*) Also includes factoring receivables.

Summary information related to consolidated and unconsolidated capital adequacy ratio:

	Parent Bank		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Value at Credit Risk	37,236,020	29,506,581	38,091,924	30,310,413
Value at Market Risk	1,639,763	1,917,300	1,739,738	1,959,813
Value at Operational Risk	4,195,358	3,805,616	4,581,039	4,195,873
Shareholders' Equity	7,399,378	5,877,201	7,820,009	6,320,171
Shareholders' Equity/(VACR+VAMR+VAOR)x100	17.18%	16.68%	17.61%	17.33%
VACR	: Value at Credit Risk			
VAMR	: Value at Market Risk			
VAOR	: Value at Operational Risk			

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Components of consolidated shareholders' equity items:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,440,000	2,205,000
Nominal Capital	2,440,000	2,205,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	714	665
Share Cancellation Profits	-	-
Legal Reserves	269,937	204,185
I. Legal Reserve (Turkish Commercial Code 466/1)	231,445	179,723
II. Legal Reserve (Turkish Commercial Code 466/2)	38,492	24,462
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	1,883,823	1,274,609
Reserve Allocated as per the Decision Held by the General Assembly	1,883,823	1,274,609
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	898,412	937,603
Current Period Profit	883,731	922,922
Prior Periods Profit	14,681	14,681
Free Reserves for Possible Losses (up to 25% of Core Capital)	63,702	78,265
Income on Sale of Equity Shares and Real Estates to be Used up for Capital Increase	518,610	517,630
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Minority Interest	159,904	143,705
Losses Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	101,979	91,617
Prepaid Expenses (-) ^(*)	-	123,121
Intangible Assets (-)	137,470	101,160
Deferred Tax Asset Excess of 10% of Core Capital (-)	-	-
Limit Excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Consolidation Goodwill (Net) (-)	8,969	8,969
Total Core Capital	5,986,684	5,036,795
SUPPLEMENTARY CAPITAL		
General Provisions	400,441	265,808
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Real Estate	-	-
Bonus Shares of Associates, Subsidiaries and Entities Under Common Control	-	-
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	1,734,435	1,002,551
Securities Value Increase Fund	(253,716)	55,911
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	(253,716)	55,911
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits (Excluding Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves)	-	-
Minority Shares	-	-
Total Supplementary Capital	1,881,160	1,324,270
TIER III CAPITAL		
CAPITAL	7,867,844	6,361,065
DEDUCTIONS FROM CAPITAL	47,835	40,894
Unconsolidated Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at Less than 10% Exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	34,429	28,687
Loan Granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Properties exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years After Foreclosure	13,366	12,207
Others	40	-
TOTAL SHAREHOLDERS' EQUITY	7,820,009	6,320,171

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

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II. Explanations related to consolidated credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Current Period	Prior Period
T.R Central Bank	2,446,014	1,968,847
Financial assets held for trading	88,649	112,869
Financial assets at fair value through profit/loss	-	74,654
Assets on trading derivatives	1,009,798	392,295
Banks	932,226	559,178
Money market placements	1,093,506	4,977
Derivative financial assets hedging purposes	1,001,747	28,648
Investment securities available for sale	6,840,965	7,244,785
Factoring receivables (**)	251,927	222,025
Loans and receivables (*)	30,431,003	25,595,803
Investments in associates, subsidiaries and entities under common control (Net)	24,555	23,555
Lease receivables (**)	928,719	761,414
Other assets	242,510	650,331
Total	45,291,619	37,639,381
Guarantees	6,985,658	6,035,682
Commitments	25,422,811	15,045,808
Total	32,408,469	21,081,490
Total credit risk exposure	77,700,088	58,720,871

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

(**) Non-performing lease receivables and factoring receivables are not included.

Credit rating system

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

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

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

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Credit quality per class of financial assets is shown below;

Current Period	Neither past due nor impaired	Past due but not impaired	Total
T.R. Central Bank	2,446,014	-	2,446,014
Financial assets held for trading	88,649	-	88,649
Banks	932,226	-	932,226
Assets on trading derivatives	1,009,798	-	1,009,798
Money market placements	1,093,506	-	1,093,506
Derivative financial assets hedging purposes	1,001,747	-	1,001,747
Investment securities available for sale (Net)	6,840,965	-	6,840,965
Factoring receivables ^(****)	251,927	-	251,927
Loans and receivables^(**)	29,064,507	1,366,496^(*)	30,431,003
Corporate / commercial loans	11,501,950	45,318	11,547,268
Consumer loans	10,531,522	222,140	10,753,662
Credit cards	7,031,035	1,099,038	8,130,073
Investments in associates, subsidiaries and entities under common control (Net)	24,555	-	24,555
Lease receivables (Net) ^(****)	918,501	10,218 ^(****)	928,719
Other assets	242,510	-	242,510
Total	43,914,905	1,376,714	45,291,619

(*) Balances represent the overdue installments. The principle amounts of "Corporate / Commercial Loans" and "Consumer Loans" are TL 237,158 and TL 1,224,667 respectively.

(**) The loans and receivables amounting to TL 567,612 (December 31, 2010 – 976,951) are presented as "Loans at Fair Value through Profit / Loss" in the consolidated financial statements. Besides, loans and receivables do not include non-performing loans.

(****) Balances represent the overdue installments. The total principle amount of the "Lease Receivables" is TL 52,115.

(*****)Non-performing lease receivables and factoring receivables are not included.

As of December 31, 2011, for the loans and receivables past due but not impaired, the Group has collaterals amounting TL 779,620 for non exceeding portion of the customer risks which are received for the total exposure to the customers including past due and not past due exposures. (December 31, 2010 – TL 820,232).

Prior Period	Neither past due nor impaired	Past due but not impaired	Total
T.R. Central Bank	1,968,847	-	1,968,847
Financial assets held for trading	112,869	-	112,869
Financial assets at fair value through profit/loss	74,654	-	74,654
Banks	559,178	-	559,178
Assets on trading derivatives	392,295	-	392,295
Money market placements	4,977	-	4,977
Derivative financial assets hedging purposes	28,648	-	28,648
Investment securities available for sale (Net)	7,244,785	-	7,244,785
Factoring receivables	222,025	-	222,025
Loans and receivables^(**)	24,710,370	885,433^(*)	25,595,803
Corporate / commercial loans	9,562,431	62,648	9,625,079
Consumer loans	9,439,674	138,993	9,578,667
Credit cards	5,708,265	683,792	6,392,057
Investments in associates, subsidiaries and entities under common control (Net)	23,555	-	23,555
Lease receivables (Net)	749,697	11,717 ^(****)	761,414
Other assets	650,331	-	650,331
Total	36,742,231	897,150	37,639,381

(*) Balances represent the overdue installments. The principle amounts of "Corporate / Commercial Loans" and "Consumer Loans" are TL 260,388 and TL 919,108 respectively.

(**) The loans and other receivables amounting to TL 976,951 (December 31, 2010: TL 1,572,129) are presented as "Loans at Fair Value through Profit / Loss" in the consolidated financial statements.

(****) Balances represent the overdue installments. The principle amounts of the "Lease Receivables" are TL 48,318.

Information related to financial assets whose maturity or terms of agreement are revised is given in section 5, Part 1, footnote 6.

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Credit risk by types of borrowers and geographical concentration:

	Loans to Real People and Entities(*)		Loans to Banks and Other Financial Institutions		Marketable Securities		Other Loans (**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers	29,885,420	25,024,518	4,085,103	2,540,132	6,929,614	7,432,308	4,218,042	2,448,965
Private Sector	11,096,681	9,060,986	1,040,710	538,791	137,880	122,656	1,193,646	963,248
Public Sector	134,129	88,515	3,009,520	1,968,847	6,728,782	7,217,928	32	168
Banks	-	-	34,873	32,494	62,952	91,724	2,874,380	1,346,753
Retail	18,654,610	15,875,017	-	-	-	-	149,984	138,796
Share Certificates	-	-	-	-	-	-	-	-
Information according to geographical concentration	29,885,420	25,024,518	4,085,103	2,540,132	6,929,614	7,432,308	4,218,042	2,448,965
Domestic	28,362,331	24,419,497	4,059,944	2,504,465	5,760,258	6,126,568	2,554,898	1,700,023
European Union Countries	2,474	-	-	34,549	20,438	-	4,204	9,956
OECD Countries	-	-	-	-	-	-	-	-
Off-shore Banking Regions	1,339,315	605,021	-	-	1,148,918	1,305,740	1,658,940	732,634
USA, Canada	1,733	-	-	793	-	-	-	-
Other Countries	179,567	-	25,159	325	-	-	-	6,352

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

(**) This column represents TL 932,226 (December 31, 2010 – TL 559,178) bank placements, TL1,009,798 (December 31, 2010 - TL 392,265) derivative financial assets held for trading, TL 1,001,747 (December 31, 2010 - TL 28,648) derivative financial assets hedging purposes, TL 251,927(December 31, 2010 – TL 222,025) factoring receivables, TL 928,719 (December 31, 2010 – TL 761,237) lease receivables, TL 24,555(December 31, 2010 - TL 23,555) investment in associates, subsidiaries and entities under common control, and TL 69,070 (December 31, 2010- TL 461,851) cash guarantees given to financial institutions.

Information according to geographical concentration:

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	42,623,542	37,554,619	6,909,998	-	883,731
European Union Countries	-	-	-	-	-
OECD Countries (*)	-	-	-	-	-
Off-shore Banking Regions	4,582,736	3,764,891	75,660	-	-
USA, Canada	-	-	-	-	-
Other Countries	-	-	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	24,555	-
Unallocated Assets/Liabilities	-	-	-	-	12,611
Total	47,206,278	41,319,510	6,985,658	24,555	896,342

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

Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Domestic	36,570,142	29,136,284	6,017,122	-	922,922
European Union Countries	-	-	-	-	-
OECD Countries (*)	-	-	-	-	-
Off-shore Banking Regions	2,660,227	4,731,173	18,560	-	-
USA, Canada	-	-	-	-	-
Other Countries	-	-	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	23,555	-
Unallocated Assets/Liabilities	-	-	-	-	14,655
Total	39,230,369	33,867,457	6,035,682	23,555	937,577

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

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Sectoral distribution of cash loans (*)

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	54,962	0.21	15,374	0.45	99,941	0.43	110,086	4.52
Farming and Raising Livestock	45,503	0.17	13,164	0.38	51,811	0.22	17,042	0.70
Forestry	2,302	0.01	173	0.01	43,604	0.19	88,323	3.63
Fishing	7,157	0.03	2,037	0.06	4,526	0.02	4,721	0.19
Manufacturing	1,164,434	4.31	1,709,058	50.00	993,997	4.29	1,070,838	43.99
Mining	20,205	0.07	16,583	0.49	43,538	0.19	43,142	1.78
Production	1,054,658	3.91	1,427,890	41.77	925,295	3.99	1,027,696	42.21
Electric, Gas and Water	89,571	0.33	264,585	7.74	25,164	0.11	-	0.00
Construction	435,082	1.61	150,363	4.40	317,569	1.37	54,878	2.25
Services	2,284,462	8.46	1,281,314	37.48	1,951,689	8.43	1,099,682	45.17
Wholesale and Retail Trade	1,566,127	5.80	540,689	15.81	1,216,027	5.26	412,611	16.95
Hotel, Food and Beverage Services	37,949	0.14	229,489	6.72	34,937	0.15	240,521	9.88
Transportation and Telecommunication	126,699	0.47	284,427	8.32	79,983	0.35	199,244	8.18
Financial Institutions	416,727	1.54	60,907	1.78	496,131	2.14	83,248	3.42
Real Estate and Renting Services	4,689	0.02	-	-	2,967	0.01	1,005	0.04
Self-employment Services	58,353	0.22	46,555	1.36	68,934	0.30	35,952	1.48
Education Services	9,106	0.03	10,017	0.29	14,630	0.06	9,198	0.38
Health and Social Services	64,812	0.24	109,230	3.20	38,080	0.16	117,903	4.84
Other	23,065,925 (**)	85.41	270,029	7.67	19,797,987(**)	85.48	99,136	4.07
Total	27,004,865	100.00	3,426,138	100.00	23,161,183	100.00	2,434,620	100.00

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

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

III . Explanations related to consolidated market risk

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

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

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

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

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

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1. Information on consolidated market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	78,506
(II) Capital Obligation against Specific Risks - Standard Method	16,512
(III) Capital Obligation against Currency Risk - Standard Method	27,834
(IV) Capital Obligation against Commodity Risks – Standard Method	9,589
(V) Capital Obligation against Settlement Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	6,738
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI+VII)	139,179
(IX) Value-At-Market Risk (12,5 x VIII) or (12,5 x VII)	1,739,738

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	1,092,191	1,379,688	873,150	1,201,947	1,278,200	1,143,250
Common Share Risk	279,941	308,550	238,525	238,934	283,050	189,263
Currency Risk	321,634	415,013	201,163	194,691	329,875	111,188
Commodity Risk	130,378	164,200	79,950	44,897	179,588	-
Settlement Risk	-	-	-	-	-	-
Option Risk	133,269	180,400	84,225	27,194	58,263	15,350
Total Value at Risk	1,957,413	2,447,851	1,477,013	1,707,663	2,128,976	1,459,051

IV. Explanations related to operational risk

Value at operational risk is calculated with basic indicator method by using the gross profits for the last three years (2010, 2009 and 2008) as per the “Calculation of Value at Operational Risk” of the article (4) of “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” which was published in the Official Gazette No: 26333 dated November 1, 2006 and became effective as of June 1, 2007. As of December 31, 2011, the value at operational risk is amounting to TL 4,581,039 (December 31, 2010 - TL 4,195,873).

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V. Explanations related to consolidated foreign currency exchange rate risk

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

As of December 31, 2011, the net foreign currency exposure of the Group is TL 455,490 short (December 31, 2010 – TL 431,810 net foreign currency short) resulting from on balance sheet short position amounting to TL 5,364,870 (December 31, 2010 – TL 4,162,400) and long off balance sheet position amounting to TL 4,908,610 (December 31, 2010 – TL 3,730,590). The long off balance sheet position amounting to TL 6,219,112 (December 31, 2010 - TL 3,747,117) is related with the FC/TL swap transactions performed with banks and customers. The Group used these transactions to manage the foreign currency liquidity risk and to hedge itself from interest rate risk.

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

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

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

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

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

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

US Dollar purchase rate in the balance sheet date TL 1.9065

Euro purchase rate in the balance sheet date TL 2.4592

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
December 31, 2011	TL 1.9065	TL 2.4592
December 29, 2011	TL 1.8897	TL 2.4702
December 28, 2011	TL 1.8847	TL 2.4633
December 27, 2011	TL 1.8833	TL 2.4613
December 26, 2011	TL 1.8809	TL 2.4583
December 23, 2011	TL 1.8779	TL 2.4555

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

The arithmetical average of the Parent Bank’s US Dollar and Euro purchase rates for December 2011 are TL 1.8589 and TL 2.4522, respectively.

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5. Information on the consolidated foreign currency exchange rate risk

Current Period	EUR	USD	JPY	Other FC	Total
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	2,172,875	92,857	92	224,666	2,490,490
Due From Banks	72,836	460,777	875	9,239	543,727
Financial Assets at Fair Value through Profit/Loss ⁽⁴⁾	40,253	135,586	-	43,662	219,501
Money Market Placements	-	390,926	-	-	390,926
Investment Securities Available-for-Sale	95,460	749,941	-	-	845,401
Loans and Receivables ⁽²⁾	1,821,761	2,941,906	94,957	68,858	4,927,482
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-	-
Derivative Financial Assets Hedging Purposes	-	40,954	-	-	40,954
Tangible Assets	-	-	-	76	76
Other Assets ⁽³⁾	591,503	281,962	10	1,499	874,974
Total Assets	4,794,688	5,094,909	95,934	348,000	10,333,531
Liabilities					
Bank Deposits	31,604	125,033	88	5,618	162,343
Foreign Currency Deposits	2,523,596	4,787,400	463	412,383	7,723,842
Money Market Borrowings	219,857	479,973	-	-	699,830
Funds Provided from Other Financial Institutions	1,626,446	3,505,885	-	-	5,132,331
Securities Issued	-	989,875	-	-	989,875
Sundry Creditors	114,899	495,082	10	213	610,204
Derivative Fin. Liabilities for Hedging Purposes	6,496	117,762	-	-	124,258
Other Liabilities ⁽⁵⁾	47,673	163,921	-	43,355	254,949
Total Liabilities	4,570,571	10,664,931	561	461,569	15,697,632
Net Balance Sheet Position	224,117	(5,570,022)	95,373	(113,569)	(5,364,101)
Net Off-Balance Sheet Position	(289,244)	5,178,787	(97,272)	116,340	4,908,611
Financial Derivative Assets	3,373,856	20,411,234	10,977	773,025	24,569,092
Financial Derivative Liabilities	3,663,100	15,232,447	108,249	656,685	19,660,481
Non-Cash Loans ⁽¹⁾	969,080	2,342,380	5,656	211,036	3,528,152
Prior Period					
Total Assets	2,534,877	4,756,861	102,469	137,988	7,532,195
Total Liabilities	4,282,741	7,301,455	1,685	108,714	11,694,595
Net Balance Sheet Position	(1,747,864)	(2,544,594)	100,784	29,274	(4,162,400)
Net Off-Balance Sheet Position	1,524,949	2,329,951	(105,196)	(19,114)	3,730,590
Financial Derivative Assets	3,660,565	12,267,859	31,888	796,631	16,756,943
Financial Derivative Liabilities	2,135,616	9,937,908	137,084	815,745	13,026,353
Non-Cash Loans ⁽¹⁾	768,047	2,055,034	1,520	241,021	3,065,622

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

(2) Includes foreign currency indexed loans amounting to TL 1,501,344 (December 31, 2010 – TL 1,245,591) that are classified as TL on the balance sheet.

(3) Does not include the prepaid expenses amounting to TL 2,095 (December 31, 2010 – TL 835) that are classified as FC on the balance sheet in accordance with the communiqué issued by BRSA and published in the Official Gazette No 26085 dated February 19, 2006, yet includes FC indexed factoring receivables amounting to TL 769 (December 31, 2010 – None).

(4) Does not include foreign exchange income accruals amounting to TL 17,180 (December 31, 2010 – TL 9,576).

(5) Foreign exchange expense accruals amounting to TL 13,248 (December 31, 2010 – TL 10,037) on derivative transactions and the general loan loss provisions amounting to TL 43,702 (December 31, 2010 – TL 31,215) computed for foreign currency loans and accounted as foreign currency amount in order to be in compliance with the Uniform Charts of Accounts are excluded.

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6. Foreign currency sensitivity

The Group is mainly exposed to EUR and USD currencies.

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

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	(18,770)	(7,236)	(6,672)	(7,349)
	10% decrease	18,770	7,236	6,672	7,349
EUR	10% increase	(5,689)	(4,974)	(43,568)	(43,430)
	10% decrease	5,689	4,974	43,568	43,430

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

VI. Explanations related to consolidated interest rate risk

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

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

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

The assets and liabilities of the Parent Bank carry a positive interest yield, assets and liabilities are repriced within an average of 6 months. Consequently the Parent Bank carries limited interest rate risk.

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

The Parent Bank's sensitivity of interest income and expenses are analyzed against the changes in interest rates. In this analysis, it was assumed that the year-end balances remained same during the year.

During the interest rate sensitivity calculation, the difference between interest gains/losses calculated by using current market interest rates and interest gains/losses calculated by using shock applied interest rates is considered as the effect of the interest shock on the income accounts.

In interest rate sensitivity calculation, maturity of the fixed rate assets and liabilities and repricing terms of the variable interest rate assets and liabilities are considered.

As of the reporting date, 1% increase in interest rates would decrease the Parent Bank's net profit by TL 19,491 (December 31, 2010 – TL 85,763), 1% decrease in interest rates would increase the Parent Bank's net profit by TL 23,603 (December 31, 2010 – TL 93,983), when all the other variables are assumed to be constant.

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

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	-	-	-	-	-	2,970,278	2,970,278
Due from Banks	640,419	75,300	10,427	-	-	206,080	932,226
Financial Assets at Fair Value Through Profit/Loss(**)	81,588	160,836	650,309	997,470	497,187	280,416	2,667,806
Money Market Placements	1,093,506	-	-	-	-	-	1,093,506
Investment Securities Available for Sale	1,222,212	1,398,075	1,275,305	1,928,613	897,305	119,455	6,840,965
Loans and Receivables	8,811,958	3,569,915	8,164,208	7,677,273	1,640,037	403,359	30,266,750
Other Assets (*)	199,832	132,463	450,657	506,826	8,000	1,161,524	2,459,302
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

	EUR	USD	JPY	TL
Current Period	%	%	%	%
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 Market Placements	-	4.28	-	9.84
Investment Securities Available for Sale	4.85	5.73	-	7.57
Loans and Receivables	6.29	5.44	5.31	18.51 ^(*)
Investment Securities Held for Trading	-	-	-	-
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 is 15.38% excluding credit cards.

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing ^(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	3,841	-	-	-	-	2,394,479	2,398,320
Due from Banks	56,851	303,244	4,322	-	-	194,761	559,178
Financial Assets at Fair Value Through Profit/Loss(**)	127,908	179,663	157,506	300,788	627,020	192,532	1,585,417
Money Market Placements	4,977	-	-	-	-	-	4,977
Investment Securities Available for Sale	1,092,085	416,653	2,128,227	2,456,528	1,030,969	120,323	7,244,785
Loans and Other Receivables	6,918,850	2,791,409	6,862,344	6,800,376	1,341,823	136,373	24,851,175
Inv. Securities Held to Maturity	-	-	-	-	-	-	-
Other Assets (*)	592,118	171,391	335,486	379,314	9,555	1,122,208	2,610,072
Total Assets	8,796,630	3,862,360	9,487,885	9,937,006	3,009,367	4,160,676	39,253,924
Liabilities							
Bank Deposits	765,871	89,021	2,247	-	-	21,695	878,834
Other Deposits	14,727,414	5,816,977	371,419	27,177	-	2,188,513	23,131,500
Money Market Borrowings	1,183,465	42	-	-	-	-	1,183,507
Sundry Creditors	20,297	-	-	-	-	969,749	990,046
Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1,176,044	2,270,184	1,954,092	187,766	73,285	174	5,661,545
Other Liabilities (*)	133,815	53,644	194,926	203,122	55,166	6,767,819	7,408,492
Total Liabilities	18,006,906	8,229,868	2,522,684	418,065	128,451	9,947,950	39,253,924
On Balance Sheet Long Position	-	-	6,965,201	9,518,941	2,880,916	-	19,365,058
On Balance Sheet Short Position	(9,210,276)	(4,367,508)	-	-	-	(5,787,274)	(19,365,058)
Off-Balance Sheet Long Position	34,550	79,703	-	-	-	-	114,253
Off-Balance Sheet Short Position	-	-	(147,163)	(315,453)	(45,913)	-	(508,529)
Total Position	(9,175,726)	(4,287,805)	6,818,038	9,203,488	2,835,003	(5,787,274)	(394,276)

(*)"Other Assets" in "Non Interest Bearing" column include, other assets amounting to TL 580,479, tangible assets amounting to TL 378,023, intangible assets amounting to TL 110,129, associates and subsidiaries amounting to TL 23,555, tax asset amounting to TL 30,022 and "Other Liabilities" in the "Non Interest Bearing" column includes shareholders' equity amounting to TL 5,386,467, other liabilities amounting to TL 497,487, provisions amounting to TL 578,096, tax liability amounting to TL 144,693 and part of trading derivative financial liabilities amounting to TL 161,076.

(**)This line also includes derivative financial assets for hedging purposes amounting to TL 28,648.

Average interest rates applied to monetary financial instruments

Prior Period	EUR %	USD %	JPY %	TL %
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	3.75	3.53	-	9.27
Financial Assets at Fair Value Through Profit/Loss	5.86	7.51	-	9.63
Money Markets Placements	-	-	-	7.20
Investment Securities Available for Sale	5.05	7.51	-	9.37
Loans and Receivables	4.96	4.20	5.23	17.19 ^(*)
Investment Securities Held to Maturity	-	-	-	-
Liabilities				
Bank Deposits	2.44	1.84	-	7.81
Other Deposits	2.96	2.94	0.90	8.87
Money Market Borrowings	-	-	-	6.57
Sundry Creditors	-	-	-	-
Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	2.07	2.88	-	10.14

(*) The yield of loans and receivables is 12.81% excluding credit cards

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VII. Explanations related to consolidated liquidity risk

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

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

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

- 2. Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured, if any**

Group's payments, assets and liabilities match with the interest rates.

- 3. Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized**

In order to meet urgent liquidity needs 6% (December 31, 2010 – 6%) of the balance sheet is allocated as cash balances.

- 4. Evaluation of the Group's cash flows and their resources**

Cash flows of the Group are mainly denominated in Turkish Lira, US Dollar and Euro.

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

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 Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	999,049	1,971,229	-	-	-	-	-	2,970,278
Due from Banks	206,080	640,419	75,300	10,427	-	-	-	932,226
Financial Assets at Fair Value Through Profit/Loss (**)	-	133,693	139,876	711,241	1,107,890	575,106	-	2,667,806
Money Market Placements	-	1,093,506	-	-	-	-	-	1,093,506
Investment Securities Available for Sale	119,455	8,337	105	18,665	3,558,378	3,136,025	-	6,840,965
Loans and Receivables	-	8,609,721	3,362,486	8,018,772	7,987,310	1,885,102	403,359	30,266,750
Investment Securities Held to Maturity	-	-	-	-	-	-	-	-
Other Assets	13,080	439,768	177,017	394,279	649,130	12,949	773,079	2,459,302
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
Liabilities								
Bank Deposits	36,748	167,388	55,465	26,613	-	-	-	286,214
Other Deposits	2,660,331	15,020,524	10,023,293	974,628	28,297	-	-	28,707,073
Funds Provided from Other Financial Institutions	-	277,404	436,661	1,836,093	1,007,598	1,767,067	-	5,324,823
Money Market Borrowings	-	1,534,253	68	-	-	-	-	1,534,321
Securities Issued	-	-	-	268,023	989,875	-	-	1,257,898
Sundry Creditors	3,774	1,563,655	2,618	1,894	-	7,196	-	1,579,137
Other Liabilities(*)	4,469	429,869	74,007	604,523	609,902	112,739	6,705,858	8,541,367
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
Liquidity Gap	(1,367,658)	(6,096,420)	(6,837,328)	5,441,610	10,667,036	3,722,180	(5,529,420)	-
Prior Period								
Total Assets	2,710,364	7,948,258	3,300,217	7,451,402	12,191,519	4,880,963	771,201	39,253,924
Total Liabilities	2,225,533	18,145,878	6,765,531	3,341,533	2,279,451	426,939	6,069,059	39,253,924
Net Liquidity Gap	484,831	(10,197,620)	(3,465,314)	4,109,869	9,912,068	4,454,024	(5,297,858)	-

(*) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, common shares unquoted on stock exchange, office stationery, and prepaid expenses are classified under this column.

Unallocated other liabilities column includes shareholders' equity amounting to TL 5,911,323, unallocated provisions amounting to TL 695,688 and tax liability of TL 98,847.

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

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6. Analysis of financial liabilities by remaining contractual maturities

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total	Carrying Amount
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
Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total	Carrying Amount
Bank deposits	21,695	767,111	89,379	2,352	-	-	880,537	878,834
Other deposits	2,188,513	14,756,720	5,865,837	381,888	27,219	-	23,220,177	23,131,500
Money market borrowings	-	1,184,150	43	-	-	-	1,184,193	1,183,507
Funds provided from other financial institutions	-	170,618	895,351	2,830,643	1,765,664	324,608	5,986,884	5,661,545
Securities issued	-	-	-	-	-	-	-	-

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
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.

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forward Contracts Buy(**)	621,579	172,198	296,332	171,211	-	1,261,320
Forward Contracts Sell(**)	623,272	172,052	302,402	171,257	-	1,268,983
Swap Contracts Buy(*)	3,467,472	1,747,996	3,115,234	8,118,020	1,361,739	17,810,461
Swap Contracts Sell(*)	3,432,322	1,756,441	3,191,887	8,935,393	1,703,361	19,019,404
Futures Buy	-	178,297	21,931	-	-	200,228
Futures Sell	-	178,297	21,931	-	-	200,228
Options Buy	2,194,466	1,160,999	3,281,938	113,129	-	6,750,532
Options Sell	2,197,480	1,144,743	3,271,865	113,561	-	6,727,649
Total	12,536,591	6,511,023	13,503,520	17,622,571	3,065,100	53,238,805

(*) This line also includes hedging purpose derivatives.

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

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VIII. Explanations related to presentation of financial assets and liabilities at their fair value

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

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

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	33,530,856	26,455,656	33,333,211	26,544,796
Due From Banks	932,226	559,178	932,226	559,178
Money Market Placements	1,093,506	4,977	1,093,506	4,977
Loans and Receivables	30,266,750	24,851,175	30,110,591	24,909,927
Factoring Receivables	255,831	222,025	255,831	222,025
Lease Receivables	982,543	818,301	941,057	848,689
Financial Liabilities	38,689,466	31,845,432	38,409,044	31,843,182
Bank Deposits	286,214	878,834	286,151	878,420
Other Deposits	28,707,073	23,131,500	28,713,140	23,129,567
Funds Provided from Other Financial Institutions	5,324,823	5,661,545	5,191,627	5,661,642
Money Market Borrowings	1,534,321	1,183,507	1,534,321	1,183,507
Securities Issued	1,257,898	-	1,104,668	-
Sundry Creditors	1,579,137	990,046	1,579,137	990,046

IFRS 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	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".

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets	7,300,457	1,529,745	-	8,830,202
Financial Assets at Fair Value through Profit/Loss	187,523	-	-	187,523
Assets on Trading Derivatives	1,488	390,807	-	392,295
Investment Securities Available for Sale	7,111,446	133,339	-	7,244,785
Loans and Receivables	-	976,951	-	976,951
Derivative Financial Assets Hedging Purposes	-	28,648	-	28,648
Financial Liabilities	2,753	798,996	-	801,749
Liabilities on Trading Derivatives	2,753	472,211	-	474,964
Derivative Financial Liabilities for Hedging Purposes	-	326,785	-	326,785

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

IX. Explanations related to transactions carried on behalf of others and fiduciary transactions

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	320,914	184,673	223,045	177,056
T.R. Central Bank	140,547	2,305,467	923,452	1,045,395
Others	18,327	350	3,844	25,528
Total	479,788	2,490,490	1,150,341	1,247,979

b) Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	140,547	339,666	923,452	285,108
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposit	-	1,965,801	-	760,287
Total	140,547	2,305,467	923,452	1,045,395

As of December 31, 2011, the reserve rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11% depending on the maturity of the deposits (December 31, 2010 – 5.5%) and the reserve rates for the foreign currency liabilities are within an interval from 9% to 11% depending on the maturity of the deposits (December 31, 2010 – 11%).

With the changes in the "Communiqué on Reserve Requirements", at most 40% of required reserves on TL liabilities could be maintained as foreign currency and at most 10% could be maintained as standard gold, required reserves on precious metal deposit accounts in FC liabilities could be maintained as standard gold, at most 10% of required reserves on FC liabilities other than precious metal deposit accounts could be maintained as standard gold in T.R. Central Bank accounts.

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

a) Trading securities given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities (*)	11,520	-	10,716	-
Other	-	-	-	-
Total	11,520	-	10,716	-

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

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b) Trading securities subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds (*)	-	-	2,876	-
Treasury Bills (*)	2,175	-	13,339	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	2,175	-	16,215	-

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

c) Positive differences on trading derivative instruments

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	76,791	-	13,823	-
Swap Transactions	698,073	86,401	228,564	39,677
Futures Transactions	-	6,742	-	1,488
Options	414	140,680	108	105,945
Other	-	697	-	2,690
Total	775,278	234,520	242,495	149,800

3. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	388,479	343,154	61,172	24,149
Foreign	20	200,573	17,194	456,663
Foreign Head Offices and Branches	-	-	-	-
Total	388,499	543,727	78,366	480,812

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	76,168	185,116	-	-
USA and Canada	58,505	84,998	59,921	49,600
OECD Countries (*)	4,971	2,954	-	-
Off-shore Banking Regions	-	150,589	-	-
Other	1,028	600	-	-
Total	140,672	424,257	59,921	49,600

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

(**)Includes blocked placements at foreign banks amounting to TL 59,921 (December 31, 2010 - TL 49,600) for the syndication and securitization loans received.

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4. Information on receivables from reverse repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	702,580	-	4,977	-
T.R Central Bank	-	-	-	-
Banks	700,409	-	152	-
Intermediary Institutions	2,171	-	4,825	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	-	-	-	-
Foreign Transactions	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
Total	702,580	-	4,977	-

5. Information on investment securities available for sale

a) Investment securities available-for-sale given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Marketable Securities	1,175,542	-	329,900	-
Other	-	-	-	-
Total	1,175,542	-	329,900	-

b) Investment securities available for sale subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	811,442	703,281	824,370	372,172
Treasury Bills	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	811,442	703,281	824,370	372,172

c) Investment securities available for sale

	Current Period	Prior Period
Debt securities	6,850,104	7,124,105
Quoted on a stock exchange(*)	6,802,782	7,032,381
Unquoted on a stock exchange	47,322	91,724
Share certificates	126,491	121,333
Quoted on a stock exchange(**)	126,129	120,971
Unquoted on a stock exchange	362	362
Impairment provision(-)	(135,630)	(653)
Total	6,840,965	7,244,785

(*)The Eurobond Portfolio amounting to TL 537,063 (December 31, 2010 – TL 192,007) which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from March and April 2009 and the government bonds portfolio amounting to TL 101,261 which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from August 2011. The mentioned financial assets are accounted for as Investment Securities Available for Sale in order to be in line with balance sheet presentation.

(**) Share certificates that are quoted on a stock exchange include “exchange traded mutual funds” amounting to TL 107,682 (December 31, 2010 – TL 113,339).

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6. Information related to loans

a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	3,072	-	48,794
Corporate Shareholders	-	3,072	-	48,794
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	47,740	-	42,042	-
Total	47,740	3,072	42,042	48,794

(*) Includes the advances given to the bank personnel.

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

Cash Loans(*)	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized Loans	28,674,985	174,094	1,276,189	305,735
Discount Notes	226,687	-	1,923	-
Export Loans	743,458	12,972	79,720	2,160
Import Loans	-	-	-	-
Loans Given to Financial Sector	455,696	-	-	-
International Loans	218,647	-	-	-
Retail Loans	10,086,645	-	544,389	122,628
Credit Cards	7,802,015	-	281,182	46,876
Precious Metals Loans	-	-	-	-
Other	9,141,837	161,122	368,975	134,071
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	28,674,985	174,094	1,276,189	305,735

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

c) Loans according to their maturity structure

Cash Loans (*)	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans	14,289,218	-	281,182	46,876
Non-specialized Loans	14,289,218	-	281,182	46,876
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	14,385,767	174,094	995,007	258,859
Non-specialized Loans	14,385,767	174,094	995,007	258,859
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	28,674,985	174,094	1,276,189	305,735

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

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d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
Consumer Loans-TL	65,339	9,448,728	9,514,067	377,632
Housing Loans	388	5,588,668	5,589,056	337,564
Automobile Loans	345	147,996	148,341	1,976
Personal Need Loans	59,365	3,712,064	3,771,429	38,092
Other	5,241	-	5,241	-
Consumer Loans-FC Indexed	-	140,599	140,599	102,329
Housing Loans	-	128,863	128,863	96,448
Automobile Loans	-	408	408	173
Personal Need Loans	-	11,328	11,328	5,708
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TL	7,585,340	176,428	7,761,768	111,691
Installment	3,201,481	176,428	3,377,909	48,617
Non- Installment	4,383,859	-	4,383,859	63,074
Individual Credit Cards-FC	2,678	-	2,678	27
Installment	-	-	-	-
Non- Installment	2,678	-	2,678	27
Personnel Loans-TL	494	20,835	21,329	126
Housing Loans	-	701	701	2
Automobile Loans	-	150	150	-
Personal Need Loans	494	19,984	20,478	124
Other	-	-	-	-
Personnel Loans-FC Indexed	-	8	8	7
Housing Loans	-	8	8	7
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-TL	24,727	-	24,727	-
Installment	11,394	-	11,394	-
Non-Installment	13,333	-	13,333	-
Personnel Credit Cards-FC	57	-	57	-
Installment	-	-	-	-
Non-Installment	57	-	57	-
Overdraft Accounts-TL (Real Persons)	541,008	-	541,008	56,557
Overdraft Accounts-FC (Real Persons)	-	-	-	-
Total	8,219,643	9,786,598	18,006,241	648,369

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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	99,514	3,012,913	3,112,427	39,451
Real Estate Loans	-	139,241	139,241	4,335
Automobile Loans	828	279,875	280,703	3,614
Personal Need Loans	98,686	2,593,797	2,692,483	31,502
Other	-	-	-	-
Commercial Loans with Installment Facility - FC Indexed	18,149	582,544	600,693	112,369
Real Estate Loans	-	14,640	14,640	4,577
Automobile Loans	130	64,879	65,009	9,325
Personal Need Loans	18,019	503,025	521,044	98,467
Other	-	-	-	-
Commercial Loans with Installment Facility - FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards -TL	225,276	216	225,492	3,234
Installment	53,757	216	53,973	774
Non-Installment	171,519	-	171,519	2,460
Corporate Credit Cards -FC	395	-	395	4
Installment	-	-	-	-
Non-Installment	395	-	395	4
Overdraft Accounts-TL (Legal Entities)	229,044	-	229,044	710
Overdraft Accounts-FC (Legal Entities)	-	-	-	-
Total	572,378	3,595,673	4,168,051	155,768

f) Loans according to borrowers (*)

	Current Period	Prior Period
Public	134,129	88,515
Private	30,296,874	25,507,288
Total	30,431,003	25,595,803

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

g) Domestic and foreign loans (*)

	Current Period	Prior Period
Domestic Loans	30,212,356	25,560,136
Foreign Loans	218,647	35,667
Total	30,431,003	25,595,803

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

h) Loans granted to subsidiaries and associates

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

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i) Specific provisions for loans

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectability	66,145	121,658
Loans and Receivables with Doubtful Collectability	147,153	235,475
Uncollectible Loans and Receivables	1,232,839	1,168,306
Total	1,446,137	1,525,439

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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current 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
Prior Period			
(Gross Amounts Before the Specific Provisions)	2,818	6,193	39,008
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	2,818	6,193	39,008

j.2) Movement of non-performing loans

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Prior Period End Balance	218,237	348,387	1,191,138
Additions (+)	763,282	19,664	33,257
Transfers from Other Categories of Non-Performing Loans (+)	-	589,796	516,078
Transfers to Other Categories of Non-Performing Loans (-)	589,796	516,078	-
Collections (-)	64,944	150,772	265,219
Write-offs (-)**	3	1,116	242,415
Corporate and Commercial Loans	-	636	180,753
Consumer Loans	-	338	56,254
Credit Cards	3	142	5,408
Others	-	-	-
Current Period End Balance	326,776	289,881	1,232,839
Specific Provision (-) ^(*)	66,145	147,153	1,232,839
Net Balances on Balance Sheet	260,631	142,728	-

^(*) Based on the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" ("Provisioning Decree"), the Parent Bank provides specific provisions for its non-performing loans considering the credit risk and other factors. In this context, the Parent Bank revised the provision rates and the provision amount decreased by TL 174,261 in the current period as compared to the provisioning method used in the prior period. In accordance with the provisioning decree, the Bank provided provision for the non-performing loans, not considering the guarantees received.

^(**) During the current period, TL 237,408 of the loans which are under legal follow-up and for which 100% provision is provided are disposed. TL 160,516 portion of aforementioned loans are disposed for TL 14,500 in cash, and the remaining portion amounting to TL 76,892 is disposed for TL 3,000 in cash and a method of sharing future collections.

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

None (December 31, 2010 – None).

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups

	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)	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)	-	-	-
Prior Period (Net)	96,579	112,912	22,832
Loans to Real Persons and Legal Entities (Gross)	218,237	347,516	1,183,789
Specific provision (-)	(121,658)	(234,604)	(1,160,957)
Loans to Real Persons and Legal Entities (Net)	96,579	112,912	22,832
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	871	7,349
Specific provision (-)	-	(871)	(7,349)
Other Loans and Receivables (Net)	-	-	-

k) Liquidation policies for uncollectible loans and other receivables

For the unrecoverable non-performing loans under legal follow up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The Parent Bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, then the Parent Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

l) Explanations on write-off policy

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

7. Information on factoring receivables

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	251,562	4,269	196,442	16,309
Medium and Long-Term	-	-	9,274	-
Total	251,562	4,269	205,716	16,309

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As of December 31, 2011 and 2010, changes in provision for non-performing factoring receivables are as follows:

	Current Period	Prior Period
End of Prior Period	-	-
Provided Provision / (reversal), Net	4,060	-
Collections	-	-
Written off	-	-
Provision at the end of the period	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, 2011 (December 31, 2010 – None)

9. Information on investments in associates (Net)

9.1. Information on investments in associates

Description	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Gelişen Bilgi Teknolojileri A.Ş. (*)	Istanbul/Turkey	5.00%	5.00%
Bankalararası Kart Merkezi (BKM) (**)	Istanbul/Turkey	9.23%	9.23%
Kredi Garanti Fonu A.Ş. (*)	Istanbul/Turkey	1.67%	1.67%

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
429	426	-	22	-	(4)	356	-
25,225	18,484	10,481	1,116	-	2,619	1,465	-
207,899	201,048	1,850	3,979	-	7,672	4,321	-

(*) Current period information is obtained from financial statements as of September 30, 2011; prior period profit and loss information is obtained from financial statements as of December 31, 2010.

(**) Current period information is obtained from financial statements as of December 31, 2011; prior period profit and loss information is obtained from financial statements as of December 31, 2010.

9.2. Movements of investments in associates

	Current Period	Prior Period
Balance at the Beginning of Period	5,769	6,016
Movements During the Period	1,000	(247)
Acquisitions	1,000(*)	-
Bonus Shares Received	-	-
Dividends From Current Year Profit	-	-
Sales	-	(247)(**)
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	6,769	5,769
Capital Commitments	1,000	2,000
Share Percentage at the End of the Period	-	-

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

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

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9.3. Sectoral distribution and the related carrying amounts on associates

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	6,769	5,769
Total	6,769	5,769

9.4. Quoted associates

None (December 31, 2010 – None).

9.5. Valuation of investments in associates

	Current Period	Prior Period
Valued at Cost	6,769	5,769
Valued at Fair Value	-	-
Valued at Equity Method	-	-
Total	6,769	5,769

9.6. Investments in associates sold during the current period

None (December 31, 2010 - Due to the capital decrease of Gelişen Bilgi Teknolojileri A.Ş., investment in associates has decreased, amounting to TL 247).

9.7. Investments in associates acquired during the current period

None (December 31, 2010 - None).

10. Investments in subsidiaries (Net)

a) Information on the Parent Bank's unconsolidated subsidiaries

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

(*)	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
	22,715	16,148	19,460	-	-	(2,253)	1,752	-

(*) Current period information is obtained from financial statements as of December 31, 2011.

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b) Information on the consolidated subsidiaries

b.1) Information on the consolidated subsidiaries

Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1. Finans Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99.60	100.00
2. Finans Finansal Kiralama A.Ş.	Istanbul/Turkey	51.06	64.32
3. Finans Yatırım Ortaklığı A.Ş.	Istanbul/Turkey	49.36 (*)	49.36 (*)
4. Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	0.01	100.00
5. Finans Emeklilik ve Hayat A.Ş.	Istanbul/Turkey	99.99	99.99
6. Finans Tüketici Finansmanı A.Ş.	Istanbul/Turkey	99.99	99.99
7. Finans Faktoring Hizmetleri A.Ş.	Istanbul/Turkey	99.99	99.99

(*)The share of the Parent Bank is 10.01% whereas the remaining 39.35% shareholding represents the purchases of publicly traded shares on the Istanbul Stock Exchange.

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

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value (****)
1. (*)	167,287	130,502	12,901	9,500	213	15,186	15,430	-
2. (**)	1,295,862	421,544	632	103,807	-	36,352	35,807	464,600
3. (**)	18,852	18,543	49	-	-	(1,678)	223	18,464
4. (*)	18,300	16,678	439	1,636	10	6,440	7,403	-
5. (*)	154,554	56,730	2,029	6,697	1,215	10,050	9,493	-
6. (*)	1,867	1,819	191	186	-	(1,137)	(1,302)	-
7. (*)	281,337	24,451	894	28,527	-	2,532	3,252	-

(*) Current period information represents December 31, 2011 figures, and prior period profit/loss amounts represent December 31, 2010 figures as per the financial statements prepared in accordance with BRSA regulations.

(**) Current period information represents September 30, 2011 figures, and prior period profit/loss amounts represent December 31, 2010 figures prepared in accordance with CMB's Communiqué No: XI/29 accounting principles.

(***) Current period information represents December 31, 2011 figures, and prior period profit/loss amounts represent December 31, 2010 figures prepared in accordance with CMB's Communiqué No: XI/29 accounting principles.

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

b.2) Movement of investments in consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	362,058	222,588
Movements during the period	35,351	139,470
Purchases	18,187 ⁽¹⁾	1,063 ⁽³⁾
Bonus Shares Received	-	42,901 ⁽⁴⁾
Dividends from Current Year Profit	-	-
Sales	(3,706) ⁽²⁾	(1,858) ⁽⁵⁾
Revaluation Increase	20,870	97,364
Impairment Provision	-	-
Balance at the End of the Period	397,409	362,058
Capital Commitments	-	3,188
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 Emeklilik ve Hayat A.Ş. amounting to TL 8,187 and the participation into the capital of Finans Faktoring Hiz. A.Ş. amounting to TL 10,000.

⁽²⁾ Disposal in the current period amount represents disposal of the shares of the Bank's subsidiary Finans Yatırım Ortaklığı A.Ş. received from ISE amounting to TL 5,027. The Parent Bank had sale profit amounting TL 1,056.

⁽³⁾ Purchases in the prior period include the participation to the capital of the Parent Bank's subsidiary, Finans Emeklilik ve Hayat A.Ş. amounting to TL 1,063.

⁽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 5,750 and Finans Yatırım Menkul Değerler A.Ş. amounting to TL 37,151.

⁽⁵⁾ Disposal in the prior period amount represents disposal of the shares of the Parent Bank's subsidiary Finans Yatırım Ortaklığı A.Ş. The Parent Bank had sales profit amounting to TL 806.

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b.3) Sectoral distribution of the consolidated subsidiaries

	Current Period	Prior Period
Banks	-	-
Insurance Companies	45,000	36,812
Factoring Companies	20,000	10,000
Leasing Companies	237,225	213,737
Finance Companies	5,000	5,000
Other Subsidiaries	90,184	96,509
Total	397,409	362,058

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	244,688	227,524
Quoted on International Stock Exchanges	-	-
Total	244,688	227,524

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
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	33.33%	33.33%	8,400	6,626	945	1,770	2,371

(*) Current period information represents December 31, 2011 figures.

12. Information on financial lease receivables (Net)

12.1. Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	501,635	446,763	441,275	394,205
Between 1-4 years	547,285	494,995	430,707	390,555
Over 4 years	43,113	40,785	35,808	33,541
Total	1,092,033	982,543	907,790	818,301

Financial lease receivables include non performing financial lease receivables amounting to TL 123,172 (December 31, 2010 – TL 122,552) and specific provisions amounting to TL 69,348 (December 31, 2010 – TL 65,665).

Changes in non performing financial lease receivables provision as of December 31, 2011 and 2010 are as follows:

	Current Period	Prior Period
End of prior period	65,665	62,963
Provided provision / (Cancellation), Net	18,881	16,313
Collections	(3,244)	(3,751)
Written off (*)	(11,954)	(9,860)
Provision at the end of the period	69,348	65,665

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

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12.2. Information on net investments in financial leases

	Current Period	Prior Period
Gross Financial Lease Investments	1,092,033	907,790
Unearned Finance Income (-)	109,490	89,489
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	982,543	818,301

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 (*)	960,793	40,954	28,648	-
Cash Flow Hedge	-	-	-	-
Hedge of Net Investment in Foreign Operations	-	-	-	-
Total	960,793	40,954	28,648	-

(*) Derivative financial instruments for hedging purposes include swaps. TL 48,183 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in securities and TL953,564 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans as of December 31, 2011; whereas TL 28,648 represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans as of December 31, 2010.

14. Explanations on tangible assets

	Land and Buildings	Fixed Assets under Finance Lease	Vehicles	Other Fixed Assets	Total
Prior Period End					
Cost	65,920	324,404	1,418	545,029	936,771
Accumulated Depreciation (-)	5,192	211,820	985	340,751	558,748
Net Book Value	60,728	112,584	433	204,278	378,023
Current Period End					
Cost at the Beginning of the Period	65,920	324,404	1,418	545,029	936,771
Additions	2,073	13,111	1,087	96,552	112,823
Disposals (-)	5,362	-	309	1,536	7,207
Impairment (-) / (increase)	1,112	-	-	-	1,112
Current Period Cost	61,519	337,515	2,196	640,045	1,041,275
Accumulated Depreciation at the Beginning of the Period	5,192	211,820	985	340,751	558,748
Disposals (-)	669	-	118	1,295	2,082
Depreciation amount	1,274	21,773	266	60,923	84,236
Accumulated Depreciation at the End of the Period (-)	5,797	233,593	1,133	400,379	640,902
Net Book Value at the End of the Period	55,722	103,922	1,063	239,666	400,373

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- a) **If impairment on individual asset recorded or reversed in the current period is material for the overall financial statements:**

Events and conditions for recording or reversing impairment and amount of recorded or reversed impairment in the financial statements:

The fair values of the buildings are determined by the licensed expertise companies and as a result of the changes in the fair value of these buildings, the impairment loss of TL 1,594 has been booked. (December 31, 2010 - TL 566 impairment loss has been reversed). In addition, during the current year impairment amount of TL 482 is reversed due to the changes in fair values determined by licensed appraisers.

- b) **The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this:**

None (December 31, 2010 - None)

- c) **Pledges, mortgages and other restrictions (if any) on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets:**

None (December 31, 2010 - None)

15. Explanations on intangible assets

	Rights	Goodwill	Total
Prior Period End			
Cost	216,352	19,209	235,561
Accumulated Amortization (-)	115,192	10,240	125,432
Net Book Value	101,160	8,969	110,129
Current Period End			
Cost at the Beginning of the Period	216,352	19,209	235,561
Additions	78,886	-	78,886
Disposals (-)	157	-	157
Current Period Cost	295,081	19,209	314,290
Acc. Amort. at the Beginning of the Period	115,192	10,240	125,432
Disposals (-)	4	-	4
Amortization charge	42,423	-	42,423
Current Period Accumulated Amortization (-)	157,611	10,240	167,851
Net Book Value-End of the Period	137,470	8,969	146,439

- a) **Disclosures for book value, description and remaining life to be amortized for a specific intangible fixed asset that is material to the financial statements:** None (December 31, 2010 - None).
- b) **Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:** None (December 31, 2010 - None).
- c) **The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:** None (December 31, 2010 - None).
- d) **The book value of intangible fixed assets that are pledged or restricted for use:** None (December 31, 2010 - None).
- e) **Amount of purchase commitments for intangible fixed assets:** None (December 31, 2010 - None).
- f) **Information on revalued intangible assets according to their types:** None (December 31, 2010 - None).

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- g) **Amount of total research and development expenses recorded in income statement within the period if any:**

Amount of total research expenses recorded in income statement within the period is TL 5,415 (December 31, 2010 – TL 4,151).

- h) **Positive or negative consolidation goodwill on entity basis:**

The goodwill amounting to TL 8,969 recorded to the accompanying consolidated financial statements for the Parent Bank purchasing its subsidiary Finans Finansal Kiralama A.Ş. (December 31, 2010 – TL 8,969).

- i) **Information on book value of goodwill at the beginning of the period, end of the period and movement for the period:**

The details have been disclosed at explanations and disclosures related to asset section, at disclosure 15.

16. Explanations on investment property

None (December 31, 2010 - None).

17. Explanations on tax asset

The Group has current tax asset of TL 533 (December 31, 2010 – TL 614) and deferred tax asset of TL 15,956 (December 31, 2010 – TL 29,408) calculated in line with related regulations. The information about current and deferred tax is presented in the disclosures and explanations about liability accounts in footnote number 10.1 and 10.2.

18. Explanations on assets held for sale and discontinued operations

None (December 31, 2010 – None).

19. Information on other assets

19.1. Information on prepaid expense, tax and similar items

	Current Period	Prior Period
Other Prepaid Expenses	178,389	99,934
Assets Held for Resale (Net)	125,432	126,914
Cheques Receivables from Other Banks	91,960	107,964
Collateral Given for Derivative Transactions	69,070	461,851
Sundry Debtors	69,073	53,350
Prepaid Rent Expenses	20,188	16,364
Advances Given on Finance Lease Transactions	10,689	96,122
Prepaid Agency Commissions	4,993	6,824
Advances Given	2,298	7,032
Other	60,980	51,662
Total	633,072	1,028,017

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

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

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20. Information on accrued interest and income

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Assets on Trading Derivatives	775,278	234,520	242,495	149,800
Derivative Financial Instruments Held for Hedging	960,793	40,954	28,648	-
Loans and Receivables	557,874	31,273	384,252	11,643
Investment Securities Available for Sale	54,821	5,959	212,089	29,116
Lease Receivables	1,933	5,344	2,322	6,554
Investment Securities Held for Trading	1,349	53	3,205	21
Banks	1,152	6	471	479
Other Rediscount	965	93	-	-
Factoring Receivables	324	59	88	69
T.R. Central Bank	-	-	1,506	-
Financial Assets at Fair Value through Profit or Loss	-	-	4,763	-
Total	2,354,489	318,261	879,839	197,682

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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	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

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	536,016	-	2,364,956	7,187,597	391,409	76,414	578	17,464	10,574,434
Foreign Currency									
Deposits	741,976	-	1,519,425	2,866,598	323,061	97,259	27,704	6,274	5,582,297
Residents in Turkey	718,885	-	1,477,898	2,736,609	312,103	61,016	27,704	6,241	5,340,456
Residents Abroad	23,091	-	41,527	129,989	10,958	36,243	-	33	241,841
Public Sector Deposits	95,468	-	4,119	156,406	76	-	-	-	256,069
Commercial Deposits	790,122	-	1,286,099	3,357,562	464,583	89,611	-	-	5,987,977
Other Ins. Deposits	12,807	-	32,172	558,049	101,454	1,810	-	-	706,292
Precious Metal Deposits	12,124	-	12,307	-	-	-	-	-	24,431
Bank Deposits	21,695	-	245,036	436,324	171,673	4,106	-	-	878,834
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	1,622	-	68,212	20,065	57,854	-	-	-	147,753
Foreign Banks	14,257	-	176,824	416,259	113,819	4,106	-	-	725,265
Participation Banks	5,816	-	-	-	-	-	-	-	5,816
Other	-	-	-	-	-	-	-	-	-
Total	2,210,208	-	5,464,114	14,562,536	1,452,256	269,200	28,282	23,738	24,010,334

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1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	4,398,629	3,428,021	10,973,995	7,143,571
Foreign Currency Savings Deposits	779,577	629,713	3,612,679	2,815,867
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	5,178,206	4,057,734	14,586,674	9,959,438

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	18,979	11,423
Total	18,979	11,423

2. Information on trading purpose derivatives

a) Negative value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	95,651	-	22,897	-
Swaps	736,219	104,091	310,760	37,032
Futures	-	2,138	-	2,753
Options	78	108,978	108	98,978
Other	-	625	-	2,436
Total	831,948	215,832	333,765	141,199

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3. a) Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Bank and Institutions	128,851	121,886	215,553	95,546
Foreign Bank, Institutions and Funds	63,641	3,267,804	337,574	4,002,489
Total	192,492	3,389,690	553,127	4,098,035

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	192,492	2,029,154	253,111	1,076,120
Medium and Long-Term	-	1,360,536	300,016	3,021,915
Total	192,492	3,389,690	553,127	4,098,035

In accordance with the Board of Directors' decision dated February 23, 2005 numbered 41, the Parent Bank obtained a securitization loan amounting to USD 500 million with seven years maturity, quarterly floating interest payment and no principal payment for three years from abroad on March 15, 2005 via special purpose entities (SPE's).

As of March 24, 2006, in accordance with the Board of Directors' decision dated March 20, 2006 numbered 59, the Parent Bank obtained a loan amounting to USD 220 million with 5 years and 7 years maturities and semi-annually floating interest rate via SPE's. The loan amounting to USD 110 million with 5 years maturity has been paid back on March 24, 2011.

The Parent Bank extended the maturity of USD 200.5 million and EUR 210.8 million portion of the syndicated loan in line with the Board of Directors' decision no: 240 dated November 25, 2010, for one year as of December 1, 2011.

c) Additional information on concentrations of the Group's liabilities

As of December 31, 2011, the Group's liabilities comprise; 61% deposits (December 31, 2010 – 61%), 11% funds borrowed (December 31, 2010 – 14%) and 3% funds provided under repurchase agreements (December 31, 2010 – 3%).

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	816,309	-	823,642	-
Financial institutions and organizations	789,989	-	790,284	-
Other institutions and organizations	9,099	-	5,736	-
Real persons	17,221	-	27,622	-
From foreign transactions	534	552,135	6,703	309,882
Financial institutions and organizations	-	552,135	-	309,882
Other institutions and organizations	333	-	6,703	-
Real persons	201	-	-	-
Total	816,843	552,135	830,345	309,882

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5. Information on securities issued (Net)

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	268,023	-	-	-
Bills	-	989,875	-	-
Total	268,023	989,875	-	-

The Parent Bank has issued bonds with USD 500 million nominal value, 5 years maturity and 5.5% fixed interest rate in foreign markets on May 11, 2011. The Parent Bank has issued bonds with TL 150,000 nominal value, 6 months maturity and 10.66% interest rate on November 2, 2011 and issued bonds with TL 200,000 nominal value, 6 months maturity and 10.45% interest rate on November 30, 2011.

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

Other liabilities account does not exceed 10% of total liabilities excluding the off-balance sheet items (December 31, 2010 – does not exceed).

7. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Interest rate and cash flows of the Group are the main criteria which are taken into consideration for the determination of payment plans in the leasing contracts.

7.1. Explanations on changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period (December 31, 2010 – None).

7.2. Explanations on financial lease payables

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

7.3. Explanations and footnotes on operational lease

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

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

The Group does not have any sale and lease back transactions in the current period (December 31, 2010 – None).

8. Information on liabilities arising from hedging purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (*)	30,334	124,258	250,240	7,000
Cash Flow Hedge(**)	34,325	-	69,545	-
Net Investment Hedge	-	-	-	-
Total	64,659	124,258	319,785	7,000

(*)Derivative financial instruments for hedging purposes include swaps. As of December 31, 2011, TL 30,334 (December 31, 2010 – TL 250,240) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio. TL 124,258 (December 31, 2010 – TL 7,000) represents the fair value of loans which are the hedging instruments of hedged investment securities available for sale portfolio.

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

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9. Explanations on provisions

9.1. Information on general provisions

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	286,073	187,721
Provisions for Loans and Receivables in Group II	34,212	20,179
Provisions for Non - Cash Loans	50,771	31,959
Other	29,385	25,949
Total	400,441	265,808

In accordance with the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" published in the Official Gazette No: 27947 dated May 28, 2011, No: 27968 dated June 18, 2011, and No: 28158 dated December 30, 2011 general provision amounts provided on rescheduled loans without considering the reason are changed. As of December 31, 2011 loans and receivables amounting to TL 150,447 is extended up to 1 year and TL 256,045 is extended for 1 year and longer and rescheduled. As a result of mentioned changes above, an additional general provision amounting to TL 69,725 is provided as of December 31, 2011.

9.2. Provision for currency exchange gain/loss on foreign currency indexed loans

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans (*)	1,647	8,859

(*) The foreign exchange provision for foreign currency indexed loans netted against "Loans and Receivables" in asset.

9.3. Specific provisions for non cash loans that are not indemnified and converted into cash

The specific provision for non cash loans which are related with the non-performing cash loans in arrears or the loans which were written off from balance sheet is TL 59,210 (December 31, 2010 - TL 67,931).

9.4 Information on employee termination benefits and unused vacation accrual

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

As of December 31, 2011, TL 32,870 (December 31, 2010 - TL 26,826) reserve for employee termination benefits was provided in the accompanying financial statements.

As of December 31, 2011, the Group accrued TL 18,779 (December 31, 2010 - TL 16,096) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of December 31, 2011, TL 51,593 (December 31, 2010 - TL 40,197) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying financial statements.

9.4.1 Movement of employee termination benefits

	Current Period 01.01-31.12.2011	Prior Period 01.01-31.12.2010
As of January 1	26,826	21,210
Service cost	7,234	4,911
Interest cost	4,039	2,969
Settlement/ curtailment/ termination loss	8,474	5,081
Paid during the period	(13,703)	(7,345)
Total	32,870	26,826

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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	63,702	78,265

As of December 31, 2011 the Group has provided TL 63,702 provision (December 31, 2010 – TL 78,265) for possible losses that could arise for loans in the watch list, considering their recovery rates.

9.5.2 Information on other provisions

Apart from the information provided in 9.3 and 9.5.1, other provisions are presented as follows:

	Current Period	Prior Period
Provision for Promotion Expenses of Credit Cards	13,832	15,147
Other Provisions	26,936	19,217
Total	40,768	34,364

10. Information on tax liability

10.1. Information on current tax liability

10.1.1. Information on tax provision

As of December 31, 2011, the Group has current tax liability of TL 226,159 (December 31, 2010 - TL 256,573) and advance taxes of TL 148,735 (December 31, 2010 - TL 184,353).

The current tax liability and the advance taxes of the consolidated subsidiaries have been offset separately in their financial statements. As of December 31, 2011, after the offsetting, the current tax liability amounting TL 77,957 (December 31, 2010 – TL 72,834) is disclosed and the current tax asset amounting TL 533 (December 31, 2010 – TL 614) is disclosed in the accompanying consolidated financial statements.

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	77,957	72,834
Banking and Insurance Transaction Tax (BITT)	30,496	21,645
Taxation on Securities Income	32,463	17,363
Taxation on Real Estates Income	1,210	1,028
Other	19,997	13,205
Total	162,123	126,075

10.1.3 Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	9,387	4,724
Social Security Premiums – Employer Share	9,922	5,112
Unemployment Insurance - Employee Share	659	331
Unemployment Insurance - Employer Share	1,325	671
Total	21,293	10,838

10.2. Information on deferred tax liabilities

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

Deferred tax asset is TL 15,956 (December 31, 2010 – TL 29,408) and deferred tax liability is TL 20,890 (December 31, 2010- TL 71,859) after deferred tax asset and liability balances in the financial statements of the consolidated subsidiaries are netted off separately.

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In cases whereby such differences are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax assets amounting to TL 66,106 are netted under equity. (December 31, 2010 – TL 26,295 deferred tax liability).

	Temporary Differences		Deferred Tax Asset/(Liability)	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Reserve for employee benefits	103,242	83,119	20,648	16,624
The differences between carrying and taxable amounts of financial assets	347,075	181,851	69,415	36,370
Unused investment incentive certificates	38,671	112,435	7,734	22,487
Other	27,091	20,825	5,419	4,165
Deferred Tax Assets			103,216	79,646
The differences between carrying and taxable amounts of tangible assets	(105,565)	(85,998)	(21,113)	(17,200)
The differences between carrying and taxable amounts of financial assets	(380,220)	(457,254)	(76,044)	(91,451)
Other	(54,962)	(67,230)	(10,993)	(13,446)
Deferred Tax Liability			(108,150)	(122,097)
Deferred Tax Asset/(Liability), Net			(4,934)	(42,451)
	Current Period		Prior Period	
Deferred Tax Asset/(Liability) as of January 1 (Net)		(42,451)		(54,321)
Deferred Tax (Charge)/Benefit		(54,884)		18,728
Deferred Tax Accounted for under the Equity		92,401		(6,858)
The effect of subsidiary's consolidation		-		-
Deferred Tax Asset/(Liability) as of December 31, 2011 (Net)		(4,934)		(42,451)

11. Information on payables related to assets held for sale

None (December 31, 2010 – None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1,742,641	-	1,010,383
From Other Foreign Institutions	-	-	-	-
Total	-	1,742,641	-	1,010,383

The Parent Bank received USD 650 million of subordinated loan during 2008 and USD 325 million of subordinated loan during 2009 from its main shareholder, National Bank of Greece S.A. The maturity of the loan is 10 years with semi-annual interest payments and principle payment at maturity. There is a re-payment 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 loan in the current period from National Bank of Greece S.A.

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13. Information on shareholder's equity

13.1. Paid-in capital

	Current Period	Prior Period
Common Stock	2,440,000	2,205,000
Preferred Stock	-	-

13.2. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Capital System	Paid-in Capital	Ceiling
Registered Capital System	2,440,000	6,000,000

13.3. Information on share capital increases and their sources; other information on any increase in capital shares during the current period

Date of Increase	Amount of Increase	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
June 20, 2011	115,000	-	115,000	-
December 12, 2011	120,000 (*)	116,333	-	3,667

(*)As of January 16, 2012, the registration procedures for the increase in the issued share capital from TL 2,320,000 to TL 2,440,000 are completed by the Capital Markets Board's permission dated January 13, 2012 and numbered 71.

13.4. Information on share capital increases from revaluation funds

None (December 31, 2010 - None).

13.5. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments

The Group does not have any capital commitment; the capital is fully paid-in.

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

None (December 31, 2010 - None).

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

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

14. Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Stocks (Thousands)	24,400,000	22,050,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums (*)	714	665
Common Stock Withdrawal Profits	-	-

(*)Due to the Parent Bank's capital increase as of December 13, 2010 and December 12, 2011, common stock issue premiums accounted amounting to TL 665 and TL 49, respectively.

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15. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Entities under Common Control	-	-	-	-
Valuation Difference	-	-	-	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Available-for-Sale	(98,932)	(154,784)	120,153	4,093
Valuation Difference	(98,932)	(154,784)	120,153	4,093
Foreign Exchange Rate Difference	-	-	-	-
Total	(98,932)	(154,784)	120,153	4,093

16. Information on accrued interest and expenses

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Deposits	135,902	26,499	96,877	11,080
Derivative Financial Liabilities Held for Trading	831,948	215,832	333,765	141,199
Funds Borrowed	1,424	27,212	1,347	23,044
Money Market Borrowings	642	587	505	182
Derivative Financial Liabilities for Hedging Purposes	64,659	124,258	319,785	7,000
Other Accruals	23,971	47,546	32,160	16
Total	1,058,546	441,934	784,439	182,521

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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	1,791,107	1,587,549
Letters of Guarantee in TL	3,423,939	2,967,436
Letters of Credit	688,611	722,850
Bank Loans	1,048,329	721,538
Other Guarantees	33,672	36,309
Total	6,985,658	6,035,682

1.2. Type and amount of possible losses from off-balance sheet items included below

Specific provision is provided for the non-cash loans amounting to TL 59,210 (December 31, 2010 – TL 67,931) followed in the off-balance sheet accounts that are not indemnified and not liquidated yet.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	395,780	288,152
Final Letters of Guarantee	3,826,420	3,282,473
Advance Letters of Guarantee	172,828	168,008
Letters of Guarantee Given to Customs Offices	202,919	196,275
Other Letters of Guarantee	617,099	620,077
Total	5,215,046	4,554,985

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	383,661	360,270
Less Than or Equal to One Year with Original Maturity	23,877	33,954
More Than One Year with Original Maturity	359,784	326,316
Other Non-Cash Loans	6,601,997	5,675,412
Total	6,985,658	6,035,682

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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	11,480	0.33	4,632	0.13	40,653	1.37	40,086	1.32
Farming and Raising Livestock	10,074	0.29	1,454	0.04	8,038	0.27	17,072	0.56
Forestry	624	0.02	-	-	32,136	1.08	21,906	0.72
Fishing	782	0.02	3,178	0.09	479	0.02	1,108	0.04
Manufacturing	628,915	18.19	1,624,198	46.47	532,675	17.94	1,510,731	49.87
Mining and Quarrying	20,112	0.58	492	0.01	29,259	0.99	29,691	0.98
Production	531,089	15.36	1,509,406	43.19	493,786	16.63	1,440,143	47.54
Electricity, gas and water	77,714	2.25	114,300	3.27	9,630	0.32	40,897	1.35
Construction	848,019	24.53	572,361	16.38	609,769	20.53	428,401	14.14
Services	1,918,313	55.48	1,276,181	36.53	1,504,363	50.65	952,094	31.43
Wholesale and Retail Trade	1,185,470	34.29	721,489	20.65	947,724	31.91	517,521	17.08
Hotel, Food and Beverage								
Services	24,926	0.72	4,368	0.12	19,334	0.65	7,703	0.25
Transportation & Communication	68,698	1.99	150,092	4.30	59,724	2.01	65,323	2.16
Financial Institutions	373,121	10.79	312,094	8.93	310,366	10.45	315,626	10.42
Real Estate and Renting Services	5,719	0.17	2,138	0.06	8,492	0.29	603	0.02
Self Employment Services	80,738	2.34	11,707	0.34	148,569	5.00	43,239	1.43
Educational Services	1,606	0.05	-	-	2,667	0.09	92	-
Health and Social Services	178,035	5.15	74,293	2.13	7,487	0.25	1,987	0.07
Other (*)	50,779	1.47	17,108	0.49	282,600	9.51	98,001	3.24
Total	3,457,506	100.00	3,494,480	100.00	2,970,060	100.00	3,029,313	100.00

(*)Does not include "Other Guarantees" amounting to TL 33,672 (December 31, 2010 - TL 36,309).

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

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	3,284,128	1,678,536	114,023	79,313
Bills of Exchange and Acceptances	33,348	1,010,699	-	4,118
Letters of Credit	219	685,501	-	2,891
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	33,672	-	-
Non-cash Loans	3,317,695	3,408,408	114,023	86,322

(*)Does not include non-cash loans amounting to TL 59,210 for which provision is provided, but that are not indemnified and not liquidated yet.

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5. Information related to derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	51,533,238	36,431,011
Forward transactions (*)	10,765,945	2,530,303
Swap transactions	29,755,228	20,047,453
Futures transactions	216,141	375,074
Option transactions	10,795,924	13,478,181
Interest Related Derivative Transactions (II)	5,156,173	6,542,674
Forward rate transactions	-	-
Interest rate swap transactions	4,964,407	6,517,292
Interest option transactions	40,000	-
Futures interest transactions	151,766	25,382
Other trading derivative transactions (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	56,689,411	42,973,685
Types of hedging transactions	18,314,782	10,265,120
Fair value hedges	17,252,307	8,955,244
Cash flow hedges	1,062,475	1,309,876
Net investment hedges	-	-
B. Total Hedging Related Derivatives	18,314,782	10,265,120
Total Derivative Transactions (A+B)	75,004,193	53,238,805

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

5.1 Fair value hedge accounting

a) Loans

The Bank enters into swap transactions in order to hedge itself from the changes in the fair value due to the changes in market interest rates of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. As of December 31, 2011; the mortgage loans amounting to TL 4,357,337 (December 31, 2010 – TL 4,343,805) were subject to hedge accounting by swaps with the nominal values of TL 6,528,617 (December 31, 2010 – TL 4,828,794). The net market valuation difference gain amounting to TL 8,680 due to the gains from loans amounting to TL 86,122 (December 31, 2010 – TL 165,766) and losses from swaps amounting to TL 77,442 (December 31, 2010 – TL 197,441) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TL 87,592 (December 31, 2010 – 111,197) related to the loans that are ineffective for hedge accounting under “securities trading gains/losses” as loss during the current period.

b) Investment securities available for sale

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Bank using swaps as hedging instruments. As at the balance sheet date; Eurobonds with the nominal values of USD 214,000 and EUR 26,000 (December 31, 2010 – USD 77,193 and EUR 6,672) were subject to hedge accounting by interest rate swaps with the same nominal values. The net market valuation difference gain amounting to TL 115 due to gains from Eurobonds amounting to TL 111,316 (December 31, 2010 – TL 4,649) and losses from swaps amounting to TL 111,201 (December 31, 2010 – TL 4,650) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon held by the Bank using swaps as hedging instruments. As at the balance sheet date; the government bonds with the nominal values of TL 102,030 (December 31, 2010 – none) were subject to hedge accounting by swaps with the same nominal value. The

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net market valuation difference loss amounting to TL 237 due to gains from government bonds amounting to TL 994 (December 31, 2010 – none) and losses from swaps amounting to TL 1,231 (December 31, 2010 - none) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

c) Bonds issued

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to foreign currency bonds issued by the Bank using interest rate swaps as hedging instruments. As at the balance sheet date; bonds with TL 497,000 nominal value (December 31, 2010 – none) were subject to hedge accounting by swaps with the same nominal value. Net market valuation difference loss amounting to TL 235 due to loss from government bonds amounting to TL 40,131 (December 31, 2010 – none) and gain from swaps amounting to TL 40,366 (December 31, 2010 - none) is accounted for under “securities trading gains/losses” line in the accompanying financial statements.

5.2 Cash flow hedge accounting

a) Deposit

To avoid from the interest rate changes of deposits that have an average maturity of 1 month, the Parent Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at income statement as defined in TAS 39. The swaps amounting to TL 531,238 are subject to hedge accounting as hedging instruments (December 31, 2010 – TL 654,938). As a result of the mentioned hedge accounting, the fair value gains before taxes amounting to TL 13,797 are accounted for under equity during the current period (December 31, 2010 – TL 26,129). The losses amounting to TL 18 for the ineffective portions are accounted for at the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. Effective parts classified under equity due to hedge accounting are amortized through income statement until the maturity of swaps in case of ineffectiveness. The Parent Bank transferred losses amounting to TL 4,722 from the equity to the income statement due to the swaps that are matured or whose effectiveness deteriorated during the current period (December 31, 2010 – TL 341 gain).

As of December 31, 2011 breakdown of the Group’s foreign currency forward and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy(**)	Forward Sell(**)	Swap Buy (*)	Swap Sell (*)	Option Buy	Option Sell	Future Buy	Future Sell
Current 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								
	Forward Buy(**)	Forward Sell(**)	Swap Buy (*)	Swap Sell (*)	Option Buy	Option Sell	Future Buy	Future Sell
Prior Period								
TL	388,533	498,515	5,888,531	10,705,451	2,985,137	2,843,408	3,397	3,397
USD	368,915	482,100	9,633,611	7,328,889	2,069,610	2,070,336	195,723	195,723
EURO	350,882	150,472	2,199,221	751,451	1,109,354	1,232,585	1,108	1,108
Other	152,990	137,896	89,098	233,613	586,431	581,320	-	-
Total	1,261,320	1,268,983	17,810,461	19,019,404	6,750,532	6,727,649	200,228	200,228
(*) This column also includes hedging purpose derivatives.								
(**) This column also includes Forward Asset Purchase Commitments accounted for under Commitments								

As of December 31, 2011, the Group has no derivatives transactions for hedge of net investment.

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6. Information on contingent liabilities and assets

None (December 31, 2010 – None).

7. Information on the services in the name and account of third parties

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

8. Information on the Parent Bank's rating by international rating institutions

MOODY'S April 2011		FITCH April 2011		CI September 2011	
Long-Term Deposit Rating (FC)	Ba3	Long-Term Foreign Curr.	BBB-	Long-Term Foreign Curr.	BB
Long-Term Deposit Rating (TL)	Baa2	Short-Term Foreign Curr.	F3	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (TL)	Prime-2	Long-Term TL	BBB-	Financial Strength	BBB+
Financial Strength	C-	Short-Term TL	F3	Support	3
		Long-Term National	AAA(tur)		
		Support	3		
		Viability	BBB-		

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IV. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED INCOME STATEMENT

1. a) Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans				
Short-Term Loans	2,220,107	52,173	1,758,857	49,551
Medium and Long-Term Loans	1,604,607	103,187	1,389,886	57,198
Non-Performing Loans	96,841	-	82,087	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	3,921,555	155,360	3,230,830	106,749

b) Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank	-	-	29,059	-
Domestic Banks	11,889	265	11,530	123
Foreign Banks	1,940	3,885	18,476	4,990
Foreign Headquarters and Branches	-	-	-	-
Total	13,829	4,150	59,065	5,113

c) Information on interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	5,751	244	8,872	236
Financial Assets at FVTPL	618	-	11,794	-
Investment Securities Available for Sale	385,609	47,722	349,702	36,846
Investment Securities Held to Maturity	-	-	-	-
Total	391,978	47,966	370,368	37,082

d) Information on interest income received from associates and subsidiaries

None (December 31, 2010 – None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
T.R. Central Bank	-	-	-	-
Domestic Banks	14,462	3,276	10,763	1,818
Foreign Banks	16,313	147,711	43,149	107,813
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	30,775	150,987	53,912	109,631

b) Information on interest expense paid to associates and subsidiaries

None (December 31, 2010 – None).

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c) Information on interest expense paid to securities issued

The Parent Bank has issued bonds with USD 500 million nominal value, 5 years maturity and 5.5% fixed interest rate in foreign markets on May 11, 2011. The Parent Bank has issued bonds with TL 150 million nominal value, 6 months maturity and 10.66% interest rate on November 2, 2011 and issued bonds with TL 200 million nominal value, 6 months maturity and 10.45% interest rate on November 30, 2011. As of December 31, 2011, the interest expense amounting to TL 36,338 is booked for the bonds issued. (December 31, 2010 – None).

d) Information on maturity structure of interest expenses on deposits (Current Period)

Account Name	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
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	1,450	-	1,168,694
Public Sector Deposits	-	496	9,042	449	2	-	-	9,989
Commercial Deposits	3	80,476	301,521	52,829	26,934	3,242	-	465,005
Other Deposits	-	1,809	70,103	8,148	765	663	-	81,488
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	7	165,118	1,321,037	203,196	45,007	6,580	-	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	9,400	209	1,983,843

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	-	22,265	2,807	1,412	68	-	-	26,552
Saving Deposits	4	206,040	550,590	15,407	4,461	1,115	-	777,617
Public Sector Deposits	-	319	3,858	9	-	-	-	4,186
Commercial Deposits	20	71,390	226,954	16,581	2,499	-	-	317,444
Other Deposits	-	4,897	39,899	11,472	282	-	-	56,550
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	24	304,911	824,108	44,881	7,310	1,115	-	1,182,349
Foreign Currency								
Foreign Currency Deposits	29	44,172	76,065	6,987	4,131	826	187	132,397
Bank Deposits	137	729	16,176	2,440	-	-	-	19,482
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	70	-	-	-	-	-	70
Total	166	44,971	92,241	9,427	4,131	826	187	151,949
Grand Total	190	349,882	916,349	54,308	11,441	1,941	187	1,334,298

e) Information on interest expenses on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Repurchase Agreements(*)	107,824	5,892	50,610	378

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

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f) Information on finance lease expenses

None (December 31, 2010 – None).

g) Information on interest expenses on factoring payables

None (December 31, 2010 – None).

3. Information on dividend income

	Current Period	Prior Period
Financial Assets Held for Trading	141	169
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets Available for Sale	113	157
Other	-	-
Total	254	326

4. Information on trading income/loss

	Current Period	Prior Period
Trading Income	7,747,109	5,855,041
Gains on Capital Market Operations	172,727	425,723
Derivative Financial Instruments	2,362,183	1,376,211
Foreign Exchange Gains	5,212,199	4,053,107
Trading Loss (-)	7,958,327	6,116,098
Losses on Capital Market Operations	85,755	44,510
Derivative Financial Instruments	2,622,472	2,054,305
Foreign Exchange Losses	5,250,100	4,017,283
Net Trading Income/Loss	(211,218)	(261,057)

5. Information on other operating income

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

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6. Provision for losses on loans and other receivables

	Current Period	Prior Period
Specific Provisions For Loans and Other Receivables	164,232	181,537
Loans and Receivables in Group III	(55,510)	14,478
Loans and Receivables in Group IV	(87,206)	28,023
Loans and Receivables in Group V	306,948	139,036
Doubtful Fee, Commission and Other Receivables	-	-
General Provisions	134,633	66,357
Provision Expenses for Possible Losses	-	-
Impairment Losses on Securities	164	73
Financial assets at fair value through profit or loss	164	73
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	26,509	26,772
Total	325,538	274,739

7. Information on other operating expenses

	Current Period	Prior Period
Personnel costs	752,015	646,971
Reserve for employee termination benefits	6,044	5,616
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	1,594	-
Depreciation charge of tangible assets	84,236	76,184
Impairment losses of intangible assets	-	-
Impairment losses of goodwill	-	-
Amortization charge of intangible assets	42,423	30,366
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed	89	1,215
Depreciation on assets to be disposed	1,708	1,917
Impairment charge of assets held for sale and discontinued operations	-	-
Other operating expenses	567,825	544,798
Operational lease related expenses	121,592	99,436
Repair and maintenance expenses	47,318	45,225
Advertisement expenses	52,791	74,707
Other expenses	346,124	325,430
Losses on sales of assets	699	1,110
Other	228,212	165,611
Total	1,684,849	1,473,788

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

For the period ended December 31, 2011, net interest income of TL 2,324,065 (December 31, 2010 – TL 2,356,909), net fees and commission income of TL 885,022 (December 31, 2010 – TL 672,288) and other operating income of TL 194,219 (December 31, 2010 – TL 155,486) constitute an important part of the income.

9. Explanations on tax provision for continued and discontinued operations

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

As of December 31, 2011, the Group recorded tax charge of TL 230,729 (December 31, 2010 – TL 256,576) and a deferred tax charge of TL 54,884 (December 31, 2010 – TL 18,728 benefit).

	Current Period	Prior Period
Current Tax Provision	(226,159)	(256,576)
Adjustment concerning the prior period's corporate tax (*)	(4,570)	-
Deferred Tax Income Income/(Expense)	(54,884)	18,728
Total	(285,613)	(237,848)

(*)The Parent Bank has increased the corporate tax base concerning prior periods within the scope of "Law on the Restructuring of Some of the Receivables, and on the amendment of Social Insurances and General Health Insurance Law, and that of Other Several Laws and Legislative Decrees", No: 6111 and accrued a liability amounting to TL 17,907.

Also, the lawsuit files against Finans Finansal Kiralama A.Ş., one of the subsidiaries, in regards to investment incentives are finalized and Finans Finansal Kiralama A.Ş., has entitled for a refund of the corporate taxes paid in prior periods. Accordingly, TL 13,337 of corporate tax attributable to year 2009 refunded to Finans Finansal Kiralama A.Ş. on July 6, 2011 and August 11, 2011. In the accompanying financial statements as of December 31, 2011 the said amount is recognized in other assets and as income in "current income tax charge" in the income statement.

9.2. Explanations on operating profit/loss after taxes

None (December 31, 2010 – None).

10. Explanations on net profit/(loss) from continued and discontinued operations

In the current period, there is no profit of the Group from discontinued operations (December 31, 2010 – TL - None), whereas the net profit of the Group from continued operations is TL 896,342 (December 31, 2010 – TL 937,577).

11. Explanations on net income/loss for the period

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

None (December 31, 2010 – None).

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

11.3. Profit or loss attributable to minority shares

	Current Period	Prior Period
Profit / Loss Attributable to Minority Shares	12,611	14,655

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

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

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

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

1. Changes resulting from valuation of available for sale securities

Net decrease of TL 377,962 (December 31, 2010 – TL 46,499 net increase) after tax effect resulting from valuation of available for sale securities at fair values is included in "Securities Value Increase Fund" account under shareholders' equity.

2. Explanations on foreign exchange differences

None.

3. Explanations on dividend

3.1. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements

There is no announcement of dividend distribution before the release of the accompanying financial statements. At the General Assembly dated April 19, 2011, it was decided to distribute the 2010 profit as follow:

2010 profit distribution table:

Current year profit	914,674
A - I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	45,734
B - The First Dividend for Shareholders(*)	110,250
C – Profit from Disposal of Associates	75,869
D II. Legal Reserves	7,586
E- Gains on Real Estate Sales Fund	980
F- Extraordinary Reserves	674,255
(*) Distributed as bonus shares.	

3.2. Dividends per share proposed subsequent to the balance sheet date

No decision is taken concerning the profit distribution by the General Assembly, as of the balance sheet date (December 31, 2010 - Profit distribution for 2010 is detailed in footnote 3.1).

3.3. Transfers to legal reserves

	Current Period	Prior Period
Amount Transferred to Reserves from Retained Earnings	65,752	36,134

4. Information on issuance of share certificates

4.1. The rights, priorities and restrictions regarding the share capital including distribution of income and repayment of the capital

None (December 31, 2010 - None).

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

Capital increase amounting to TL 235,000 that is stated in Statement of Changes in Shareholder's Equity for 2011 is provided by TL 116,333 from cash and TL 118,667 from extraordinary reserves. Capital increase that is stated in Statement of Changes in Shareholder's Equity for 2010 amounting to TL 630,000 is provided by TL 547,143 from cash and TL 82,857 from extraordinary reserves.

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VI. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED CASH FLOWS STATEMENT

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

“Other items” amounting to TL 1,407,268 (December 31, 2010 – TL 247,359) in “Operating profit before changes in operating assets and liabilities” consist of commissions paid amounting to TL 159,722 (December 31, 2010 – TL 108,879), net trading income/loss amounting to TL 1,188,883 (December 31, 2010 – TL 462,085 net trading income/loss) and other operating expenses amounting to TL 58,663 (December 31, 2010 – TL 600,565).

“Other items” in changes in operating assets amounting to TL 291,380 (December 31, 2010 - TL 634,647) consist of the decrease in collaterals given amounting to TL 392,781 (December 31, 2010 - TL 370,041 increase), the decrease in lease receivables amounting to TL 186,367 (December 31, 2010 – TL 56,322 decrease), the decrease in factoring receivables amounting to TL 33,806 (December 31, 2010 – TL 184,979 increase) and the increase in other assets amounting to TL 904,334 (December 31, 2010 - TL 135,949 increase).

“Other items” in changes in operating liabilities amounting to TL 1,016,238 (December 31, 2010 - TL 1,508,259) consist of the increase in money market borrowings by TL 350,272 (December 31, 2010 - TL 1,146,331 increase) and the increase in sundry debtors and other liabilities by TL 665,966 (December 31, 2010 - TL 361,928 increase).

“Other items” in net cash provided from / (used in) investing activities amounting to TL 78,886 (December 31, 2010 – TL 65,800) includes increase in intangible assets.

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

	Current Period	Prior Period
	January 1, 2011	January 1, 2010
Cash	429,473	299,848
Cash	223,045	168,939
Cash in Foreign Currencies	177,056	126,865
Other	29,372	4,044
Cash Equivalents	2,526,224	2,821,345
Balances with the T.R. Central Bank	1,968,847	1,494,358
Banks and Other Financial Institutions	559,178	1,321,487
Money Market Placements	4,977	14,351
Less: Placements with Banks with Maturities		
Longer than 3 Months	(4,322)	-
Less: Accruals	(2,456)	(8,851)
Cash and Cash Equivalents	2,955,697	3,121,193

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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, 2011	December 31, 2010
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

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

Foreign bank balances include TL 59,921 (December 31, 2010 - TL 49,600) of cash blocked at foreign banks held for transactions made for foreign money markets and capital markets and borrowings from foreign markets.

5. Additional information

5.1. Restrictions on the Parent Bank's potential borrowings that can be used for ordinary operations or capital commitment

None (December 31, 2010 – None).

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

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

- 1.1.** As of December 31, 2011, the Parent Bank's risk group has deposits, cash and non-cash loans at the Bank amounting to TL 91,465 (December 31, 2010 - TL 127,671), TL 34,873 (December 31, 2010 - TL 29,061) and TL 3,074 (December 31, 2010 - TL 49,066), respectively.

Current Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
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	-

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	-	385	-	11,745	30,632	22,740
Balance at the End of the Period	-	270	-	48,794	29,061	2
Interest and Commission Income	-	6	30	55	1,962	-

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

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

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	27,579	10,199	1,707	1,116,699	98,385	57,561
Balance at the End of the Period	58,340	27,579	31,009	1,707	2,116	98,385
Interest on deposits	467	16,446	102	14,327	679	3,045

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

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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	-	-	817,073	105,265	246,599	273,419
End of the Period	-	-	34,165	817,073	28,702	246,599
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, 2011 the total amount of remuneration and bonuses paid to the top management of the Group is TL 33,879 (December 31, 2010 – TL 40,979).

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

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

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

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

The pricing of transactions with the risk group companies is set in compliance with the market prices. As of December 31, 2011, cash loans of the risk group represented 0.1% of the Parent Bank's total cash loans (December 31, 2010 - 0.1%), the deposits represented 0.3% of the Parent Bank's total deposits (December 31, 2010 – 0.5%) and derivative transactions with the risk group represented 0.2% of the Parent Bank's total derivative transactions (December 31, 2010 – 3.9%).

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

The Parent Bank enters into finance lease agreements with Finans Finansal Kiralama A.Ş. As of December 31, 2011 the Bank has net finance lease payables to Finans Finansal Kiralama A.Ş. amounting to TL 9,294 (December 31, 2010 – TL 23) related to these finance lease agreements, which are eliminated in the financial statements within the context of consolidation.

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

The Parent Bank has signed an agreement with 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 11.

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SECTION FIVE

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

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

	Number	Employees			
Domestic Branch	521	10,829			
				Country	
Foreign Representation	-	-	1-		
			2-		
			3-		
				Total Assets	Capital
Foreign Branch	-	-	1-	-	-
			2-		
			3-		
Off-shore Banking and Region Branches	1	8	1- Bahrain	4,664,181	

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SECTION SIX

OTHER EXPLANATIONS AND DISCLOSURES

I. OTHER EXPLANATIONS RELATED TO THE GROUP'S OPERATIONS

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

In the meeting of the Board of Directors dated February 28, 2012, the Bank decided to hold the ordinary general assembly meeting on March 29, 2012.

The Bank has obtained permission to issue bank bonds with TL 2,000,000 nominal amount from the Capital Markets Board on March 2, 2012.

The details concerning the investment allowance issues after the balance sheet date is described in Section 3 note XXII.

2. Information about effects of significant changes in foreign exchange rates after balance sheet date that would affect decision making process of users and foreign operations of the bank

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

3. Other matters

None.

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SECTION SEVEN

INDEPENDENT AUDITOR’S REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITOR’S REPORT

The consolidated financial statements of the Group have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditor’s report dated March 5, 2012 is presented preceding the financial statements.

II. EXPLANATIONS ON THE NOTES PREPARED BY INDEPENDENT AUDITOR

None. (December 31, 2010 – None)