

FİNANSBANK ANONİM ŞİRKETİ

**INDEPENDENT ACCOUNTANT'S
LIMITED REVIEW REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED
JUNE 30, 2012**

*Translated into English from the
Original Turkish Report*

FİNANSBANK ANONİM ŞİRKETİ

INDEPENDENT ACCOUNTANT’S LIMITED REVIEW REPORT FOR THE INTERIM PERIOD JANUARY 1 – JUNE 30, 2012

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

We have reviewed the accompanying consolidated balance sheet of Finansbank A.Ş. (“The Bank”) and its financial subsidiaries (“The Group”) as of June 30, 2012 and the related consolidated statements of income, cash flows and changes in shareholders’ equity for the period then ended. These financial statements are the responsibility of the Bank’s management. As independent accountants, our responsibility is to issue a report based on the review performed on these financial statements.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information; it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not presented fairly, in all material respects, the financial position, the results of its operations and its cash flows, of the Group for the period ended June 30, 2012 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 and No: 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 the 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 consolidated 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.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Şehsuvaroğlu
Partner
Istanbul, August 22, 2012

**THE CONSOLIDATED FINANCIAL REPORT OF FİNANSBANK A.Ş.
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012**

The Parent Bank's;

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

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

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED DURING THE PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- LIMITED REVIEW REPORT

Within the context of this financial report, the consolidated subsidiaries are as follows. There are no associates included in the consolidation.

Subsidiaries

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

The consolidated financial statements and related disclosures and footnotes for the six months period 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 Güzeloğlu General Manager and Member of the Board of Directors	Adnan Menderes Yayla Executive Vice President Responsible of Financial Control and Planning	Berk Uras Vice President Responsible of Financial Control	

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

Name-Surname/Title : Berk Uras /Vice President Responsible of Financial Control

Phone Number : (0 212) 318 52 97
Facsimile Number : (0 212) 318 55 78

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

FINANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2012

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

I. Explanatory note on the establishment date, nature of activities and history of the Parent Bank

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. Information 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 June 30, 2012, 77.23% of the Parent Bank's shares are owned by National Bank of Greece S.A. ("NBG"), 9.68% by NBG Finance (Dollar) PLC., 7.90% by NBGI Holdings B.V. and 5.00% by International Finance Corporation ("IFC").

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

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

Name	Title	Date of Appointment	Education
Dr. Ömer A. Aras	Chairman and Executive Member	April 16, 2010	Phd
Sinan Şahinbaş	Deputy Chairman and Executive Member	April 16, 2010	Masters
Prof. Dr. Mustafa Aydın Aysan	Board Member and Head of Audit Committee	November 9, 2006	Phd
Michail Oratis	Board Member and Audit Committee Member	March 2, 2011	Masters
Antonios Grammatikopoulos	Board Member	June 7, 2012	Masters
Edward Nassim	Board Member	April 17, 2007	Masters
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 Görtin	Board Member	April 16, 2010	Masters
Agis Leopoulou	Board Member	April 16, 2010	Masters
Adnan Menderes Yayla	Assistant Managing Director	May 20, 2008	Masters
Metin Karabiber	Assistant Managing Director	October 8, 2010	Graduate
Hakan Şenünel	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
Kunter Kutluay	Assistant Managing Director	May 16, 2011	Masters
Erkin Aydın	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

^(*) It is decided to appoint Ahmet Erzengin, who currently serves as President of Compliance, as President of Compliance and Internal Control Center in the place of Kubilay Güler, President of Internal Control Center.

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

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

FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2012

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

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

Name Surname/Trade Name	Amount of Shares	Percentage of Shares	Paid-up Shares	Unpaid Shares
National Bank of Greece S.A.	1,980,904	77.23%	1,980,904	-
NBG Finance (Dollar) PLC	248,276	9.68%	248,276	-
NBGI Holdings B.V.	202,635	7.90%	202,635	-

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

V. Explanations on the Parent Bank's services and activities

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 June 30, 2012, the Parent Bank operates through 520 domestic (December 31, 2011 - 520), 1 off-shore banking (December 31, 2011 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2011 - 1) branches.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (Statement of Financial Position)
- II. Consolidated Statement of Off-Balance Sheet Commitments and Contingencies
- III. Consolidated Income Statement (Statement of Income / Loss)
- IV. Consolidated Statement of Profit and Loss Accounted for Under Equity (Statement of Other Comprehensive Income and Loss)
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**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND
RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2012

(STATEMENT OF FINANCIAL POSITION)

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

I. CONSOLIDATED BALANCE SHEET – ASSETS

		Reviewed 30.06.2012			Audited 31.12.2011			
		Section 5 Part I	TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	577,382	2,853,778	3,431,160	479,788	2,490,490	2,970,278
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	915,568	150,986	1,066,554	1,429,378	236,681	1,666,059
2.1	Financial assets held for trading		467,550	150,986	618,536	861,766	236,681	1,098,447
2.1.1	Public sector debt securities		78,877	20,853	99,730	71,004	2,138	73,142
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		363,801	129,862	493,663	775,278	234,520	1,009,798
2.1.4	Other securities		24,872	271	25,143	15,484	23	15,507
2.2	Financial assets at fair value through profit and loss		448,018	-	448,018	567,612	-	567,612
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		448,018	-	448,018	567,612	-	567,612
2.2.4	Other securities		-	-	-	-	-	-
III.	BANKS	(3)	13,284	128,045	141,329	388,499	543,727	932,226
IV.	MONEY MARKET PLACEMENTS		5,326	-	5,326	702,580	390,926	1,093,506
4.1	Interbank money market placements		-	-	-	-	390,926	390,926
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		5,326	-	5,326	702,580	-	702,580
V.	INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)	(4)	6,338,380	855,241	7,193,621	5,995,564	845,401	6,840,965
5.1	Equity securities		-	-	-	-	-	-
5.2	Public sector debt securities		6,169,189	798,620	6,967,809	5,869,410	770,224	6,639,634
5.3	Other securities		169,191	56,621	225,812	126,154	75,177	201,331
VI.	LOANS AND RECEIVABLES	(5)	29,316,507	3,523,055	32,839,562	26,840,612	3,426,138	30,266,750
6.1	Loans and receivables		28,886,486	3,523,055	32,409,541	26,437,253	3,426,138	29,863,391
6.1.1	Loans to risk group of the Bank		-	32,044	32,044	-	34,873	34,873
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		28,886,486	3,491,011	32,377,497	26,437,253	3,391,265	29,828,518
6.2	Non-performing loans		2,102,482	-	2,102,482	1,849,496	-	1,849,496
6.3	Specific provisions (-)		1,672,461	-	1,672,461	1,446,137	-	1,446,137
VII.	FACTORING RECEIVABLES	(6)	314,948	4,171	319,119	251,562	4,269	255,831
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(7)	-	-	-	-	-	-
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other securities		-	-	-	-	-	-
IX.	INVESTMENT IN ASSOCIATES (Net)	(8)	6,769	-	6,769	6,769	-	6,769
9.1	Equity method associates		-	-	-	-	-	-
9.2	Unconsolidated		6,769	-	6,769	6,769	-	6,769
9.2.1	Financial Investments		-	-	-	-	-	-
9.2.2	Non-financial Investments		6,769	-	6,769	6,769	-	6,769
X.	INVESTMENT IN SUBSIDIARIES (Net)	(9)	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)	(10)	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)	(11)	271,221	652,460	923,681	213,329	769,214	982,543
12.1	Financial lease receivables		331,926	712,879	1,044,805	254,491	837,542	1,092,033
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		60,705	60,419	121,124	41,162	68,328	109,490
XIII.	ASSETS ON HEDGING PURPOSE DERIVATIVES	(12)	561,539	45,442	606,981	960,793	40,954	1,001,747
13.1	Fair value hedge		561,539	45,442	606,981	960,793	40,954	1,001,747
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)		395,858	84	395,942	400,297	76	400,373
XV.	INTANGIBLE ASSETS (Net)		166,624	-	166,624	146,439	-	146,439
15.1	Goodwill		8,969	-	8,969	8,969	-	8,969
15.2	Others		157,655	-	157,655	137,470	-	137,470
XVI.	INVESTMENT PROPERTIES (Net)		-	-	-	-	-	-
XVII.	TAX ASSETS	(13)	7,332	-	7,332	16,489	-	16,489
17.1	Current tax assets		38	-	38	533	-	533
17.2	Deferred tax assets		7,294	-	7,294	15,956	-	15,956
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(14)	166,867	-	166,867	-	-	-
18.1	Held for sale		166,867	-	166,867	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(15)	506,298	142,395	648,693	529,486	103,586	633,072
TOTAL ASSETS			39,581,689	8,355,657	47,937,346	38,379,371	8,851,462	47,230,833

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

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

FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2012

(STATEMENT OF FINANCIAL POSITION)

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

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

		Reviewed 30.06.2012			Audited 31.12.2011			
		Section 5 Part II	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	20,088,448	8,843,420	28,931,868	21,107,102	7,886,185	28,993,287
1.1	Deposits from risk group of the Bank		52,159	22,755	74,914	60,755	30,710	91,465
1.2	Other		20,036,289	8,820,665	28,856,954	21,046,347	7,855,475	28,901,822
II.	LIABILITIES ON TRADING DERIVATIVES	(2)	369,802	131,806	501,608	831,948	215,832	1,047,780
III.	FUNDS BORROWED	(3)	245,845	2,726,341	2,972,186	192,492	3,389,690	3,582,182
IV.	MONEY MARKET BORROWINGS		1,666,143	557,016	2,223,159	834,491	699,830	1,534,321
4.1	Interbank money markets takings		-	-	-	-	147,695	147,695
4.2	Istanbul Stock Exchange money markets takings		35,252	-	35,252	17,648	-	17,648
4.3	Funds provided under repurchase agreements	(4)	1,630,891	557,016	2,187,907	816,843	552,135	1,368,978
V.	SECURITIES ISSUED (Net)	(5)	968,240	926,099	1,894,339	268,023	989,875	1,257,898
5.1	Bills		968,240	-	968,240	268,023	-	268,023
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	926,099	926,099	-	989,875	989,875
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		1,135,630	407,123	1,542,753	968,933	610,204	1,579,137
VIII.	OTHER LIABILITIES	(6)	406,866	69,093	475,959	496,448	52,365	548,813
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(7)	-	-	-	-	-	-
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses (-)		-	-	-	-	-	-
XI.	LIABILITIES ON HEDGING PURPOSE DERIVATIVES	(8)	102,549	127,901	230,450	64,659	124,258	188,917
11.1	Fair value hedge		59,401	127,901	187,302	30,334	124,258	154,592
11.2	Cash flow hedge		43,148	-	43,148	34,325	-	34,325
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
XII.	PROVISIONS	(9)	712,376	50,408	762,784	701,985	43,702	745,687
12.1	General provisions		441,496	50,408	491,904	356,739	43,702	400,441
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		90,928	-	90,928	103,242	-	103,242
12.4	Insurance technical provisions (Net)		-	-	-	78,324	-	78,324
12.5	Other provisions		179,952	-	179,952	163,680	-	163,680
XIII.	TAX LIABILITY	(10)	96,760	-	96,760	98,847	-	98,847
13.1	Current tax liability		86,558	-	86,558	77,957	-	77,957
13.2	Deferred tax liability		10,202	-	10,202	20,890	-	20,890
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)	(11)	119,033	-	119,033	-	-	-
14.1	Held for sale		119,033	-	119,033	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(12)	-	1,659,515	1,659,515	-	1,742,641	1,742,641
XVI.	SHAREHOLDERS' EQUITY	(13)	6,620,680	(93,748)	6,526,932	6,066,107	(154,784)	5,911,323
16.1	Paid-in capital	(13)	2,565,000	-	2,565,000	2,440,000	-	2,440,000
16.2	Capital reserves		(2,944)	(93,748)	(96,692)	(104,579)	(154,784)	(259,363)
16.2.1	Share premium	(14)	714	-	714	714	-	714
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	3,802	(93,748)	(89,946)	(98,932)	(154,784)	(253,716)
16.2.4	Revaluation fund on tangible assets		-	-	-	-	-	-
16.2.5	Revaluation fund on intangible assets		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and entities under common control (joint ventures)		-	-	-	-	-	-
16.2.8	Hedging funds (effective portion)		(7,460)	-	(7,460)	(6,361)	-	(6,361)
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		3,395,692	-	3,395,692	2,672,370	-	2,672,370
16.3.1	Legal reserves		316,870	-	316,870	269,937	-	269,937
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		3,078,822	-	3,078,822	2,402,433	-	2,402,433
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		500,349	-	500,349	898,412	-	898,412
16.4.1	Prior years' income/ (losses)		50,300	-	50,300	14,681	-	14,681
16.4.2	Current period income/ (loss)		450,049	-	450,049	883,731	-	883,731
16.5	Minority shares		162,583	-	162,583	159,904	-	159,904
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY			32,532,372	15,404,974	47,937,346	31,631,035	15,599,798	47,230,833

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

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

FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES AS OF JUNE 30, 2012

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

II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

		Reviewed 30.06.2012			Audited 31.12.2011			
		Section 5 Part III	TL	FC	TOTAL	TL	FC	TOTAL
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II-III)		57,324,676	41,666,863	98,991,539	54,546,443	48,205,280	102,751,723
I.	GUARANTEES	(1), (2), (3),(4)	3,716,016	3,026,219	6,742,235	3,457,506	3,528,152	6,985,658
1.1.	Letters of guarantee		3,688,481	1,577,173	5,265,654	3,423,939	1,791,107	5,215,046
1.1.1.	Guarantees subject to State Tender Law		185,469	14,939	200,408	187,409	15,510	202,919
1.1.2.	Guarantees given for foreign trade operations		2,631,212	1,562,234	4,193,446	2,699,043	1,775,597	4,474,640
1.1.3.	Other letters of guarantee		871,800	-	871,800	537,487	-	537,487
1.2.	Bank loans		27,535	831,118	858,653	33,348	1,014,981	1,048,329
1.2.1.	Import letter of acceptance		27,535	831,118	858,653	33,348	1,014,981	1,048,329
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		-	585,867	585,867	219	688,392	688,611
1.3.1.	Documentary letters of credit		-	556,991	556,991	219	636,142	636,361
1.3.2.	Other letters of credit		-	28,876	28,876	-	52,250	52,250
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	32,061	32,061	-	33,672	33,672
1.9.	Other collaterals		-	-	-	-	-	-
II.	COMMITMENTS		24,180,521	3,244,212	27,424,733	21,972,487	3,450,324	25,422,811
2.1.	Irrevocable commitments		24,180,521	3,244,212	27,424,733	21,972,487	3,450,324	25,422,811
2.1.1.	Forward asset purchase commitments		816,298	3,234,455	4,050,753	1,524,715	3,136,224	4,660,939
2.1.2.	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries		1,000	-	1,000	1,000	-	1,000
2.1.4.	Loan granting commitments		4,222,506	-	4,222,506	3,229,674	-	3,229,674
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		1,548,149	-	1,548,149	1,100,363	-	1,100,363
2.1.8.	Tax and fund liabilities from export commitments		6,428	-	6,428	5,665	-	5,665
2.1.9.	Commitments for credit card expenditure limits		17,481,136	-	17,481,136	15,984,413	-	15,984,413
2.1.10.	Commitments for promotions related with credit cards and banking activities		40,285	-	40,285	35,807	-	35,807
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		64,719	9,757	74,476	90,850	314,100	404,950
2.2.	Revocable commitments		-	-	-	-	-	-
2.2.1.	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5)	29,428,139	35,396,432	64,824,571	29,116,450	41,226,804	70,343,254
3.1.	Derivative financial instruments for hedging purposes		8,123,168	9,478,779	17,601,947	7,725,392	10,589,390	18,314,782
3.1.1.	Fair value hedge		7,263,553	9,478,779	16,742,332	6,662,917	10,589,390	17,252,307
3.1.2.	Cash flow hedge		859,615	-	859,615	1,062,475	-	1,062,475
3.1.3.	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2.	Held for trading transactions		21,304,971	25,917,653	47,222,624	21,391,058	30,637,414	52,028,472
3.2.1.	Forward foreign currency buy/sell transactions		1,852,259	3,122,659	4,974,918	1,755,826	4,349,180	6,105,006
3.2.1.1.	Forward foreign currency transactions-buy		993,687	1,502,506	2,496,193	1,127,282	1,924,927	3,052,209
3.2.1.2.	Forward foreign currency transactions-sell		858,572	1,620,153	2,478,725	628,544	2,424,253	3,052,797
3.2.2.	Swap transactions related to foreign currency and interest rates		12,422,600	15,426,073	27,848,673	15,113,615	19,606,020	34,719,635
3.2.2.1.	Foreign currency swap-buy		5,675,866	5,792,897	11,468,763	6,371,959	7,918,158	14,290,117
3.2.2.2.	Foreign currency swap-sell		5,340,514	6,129,477	11,469,991	7,540,796	7,924,315	15,465,111
3.2.2.3.	Interest rate swaps-buy		703,110	1,670,161	2,373,271	600,430	1,815,046	2,415,476
3.2.2.4.	Interest rate swaps-sell		703,110	1,833,538	2,536,648	600,430	1,948,501	2,548,931
3.2.3.	Foreign currency, interest rate and securities options		7,008,986	7,137,744	14,146,730	4,514,905	6,321,019	10,835,924
3.2.3.1.	Foreign currency options-buy		3,398,092	3,677,856	7,075,948	2,187,494	3,246,717	5,434,211
3.2.3.2.	Foreign currency options-sell		3,548,534	3,459,888	7,008,422	2,287,411	3,074,302	5,361,713
3.2.3.3.	Interest rate options-buy		20,000	-	20,000	20,000	-	20,000
3.2.3.4.	Interest rate options-sell		20,000	-	20,000	20,000	-	20,000
3.2.3.5.	Securities options-buy		11,180	-	11,180	-	-	-
3.2.3.6.	Securities options-sell		11,180	-	11,180	-	-	-
3.2.4.	Foreign currency futures		21,126	231,177	252,303	6,712	209,429	216,141
3.2.4.1.	Foreign currency futures-buy		17,029	109,235	126,264	2,667	105,391	108,058
3.2.4.2.	Foreign currency futures-sell		4,097	121,942	126,039	4,045	104,038	108,083
3.2.5.	Interest rate futures		-	-	-	-	151,766	151,766
3.2.5.1.	Interest rate futures-buy		-	-	-	-	75,883	75,883
3.2.5.2.	Interest rate futures-sell		-	-	-	-	75,883	75,883
3.2.6.	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		104,954,365	21,671,679	126,626,044	93,856,211	22,097,329	115,953,540
IV.	ITEMS HELD IN CUSTODY		5,334,653	1,533,856	6,868,509	4,912,046	1,053,084	5,965,130
4.1.	Assets under management		201,781	11,252	213,033	1,147,341	141,057	1,288,398
4.2.	Investment securities held in custody		1,356,697	360,545	1,717,242	729,374	471,607	1,200,981
4.3.	Checks received for collection		1,402,432	219,053	1,621,485	1,150,539	208,681	1,359,220
4.4.	Commercial notes received for collection		410,620	105,405	516,025	356,609	111,143	467,752
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		1,963,120	837,601	2,800,721	1,528,180	120,596	1,648,776
4.8.	Custodians		3	-	3	3	-	3
V.	PLEDGED ITEMS		99,619,712	20,137,823	119,757,535	88,944,165	21,044,245	109,988,410
5.1.	Marketable securities		462,386	362,515	824,901	340,489	380,744	721,233
5.2.	Guarantee notes		104,848	50,911	155,759	99,211	59,196	158,407
5.3.	Commodity		29,433	-	29,433	28,968	-	28,968
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		35,045,006	7,207,076	42,252,082	34,833,664	7,669,994	42,503,658
5.6.	Other pledged items		63,978,039	12,517,321	76,495,360	53,641,833	12,934,311	66,576,144
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			162,279,041	63,338,542	225,617,583	148,402,654	70,302,609	218,705,263

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

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

FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED
JUNE 30, 2012 (STATEMENT OF INCOME/LOSS)

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

III. CONSOLIDATED INCOME STATEMENT

		Reviewed 01.01 – 30.06.2012	Reviewed 01.04 - 30.06.2012	Reviewed 01.01 – 30.06.2011	Reviewed 01.04 - 30.06.2011
Section 5 Part IV					
I.	INTEREST INCOME	(1)	2,803,328	1,420,063	2,138,982
1.1	Interest on loans	2,411,262	1,233,505	1,882,041	975,779
1.2	Interest received from reserve deposits	-	-	-	-
1.3	Interest received from banks	6,779	2,789	7,075	3,287
1.4	Interest received from money market placements	22,290	1,111	245	123
1.5	Interest received from marketable securities portfolio	305,832	152,831	201,185	102,553
1.5.1	Held-for-trading financial assets	9,003	4,724	2,449	1,730
1.5.2	Financial assets at fair value through profit and loss	5	-	613	-
1.5.3	Available-for-sale financial assets	296,824	148,107	198,123	100,823
1.5.4	Investments held-to-maturity	-	-	-	-
1.6	Finance lease income	36,686	19,016	35,866	18,375
1.7	Other interest income	20,479	10,811	12,570	6,935
II.	INTEREST EXPENSE	(2)	1,407,614	680,982	988,714
2.1	Interest on deposits	1,211,814	573,854	834,326	464,111
2.2	Interest on funds borrowed	89,707	46,619	93,544	43,023
2.3	Interest on money market borrowings	58,620	35,705	54,073	29,745
2.4	Interest on securities issued	42,517	24,524	6,316	6,316
2.5	Other interest expense	4,956	280	455	220
III.	NET INTEREST INCOME (I - II)		1,395,714	739,081	1,150,268
IV.	NET FEES AND COMMISSIONS INCOME		550,306	292,503	396,394
4.1	Fees and commissions received		649,670	343,325	469,459
4.1.1	Non-cash loans		20,590	11,420	20,429
4.1.2	Other		629,080	331,905	449,030
4.2	Fees and commissions paid		99,364	50,822	73,065
4.2.1	Non-cash loans		510	307	439
4.2.2	Other		98,854	50,515	72,626
V.	DIVIDEND INCOME	(3)	187	187	248
VI.	NET TRADING INCOME	(4)	(206,327)	(88,678)	(82,304)
6.1	Securities trading gains/ (losses)		9,240	8,821	69,640
6.2	Gains / (losses) from financial derivative transactions		(203,787)	(104,956)	(18,806)
6.3	Foreign exchange gains/ (losses)		(11,780)	7,457	(50,914)
VII.	OTHER OPERATING INCOME	(5)	111,363	50,032	75,016
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)		1,851,243	993,125	1,621,846
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	355,611	210,534	127,156
X.	OTHER OPERATING EXPENSES (-)	(7)	890,800	455,877	824,207
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		604,832	326,714	670,483
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)	604,832	326,714	670,483
XVI.	TAX CHARGE FOR CONTINUED OPERATIONS (±)	(9)	(146,746)	(84,891)	(168,385)
16.1	Current income tax charge		(191,106)	(104,283)	(131,437)
16.2	Deferred tax charge / benefit		44,360	19,392	(36,948)
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	458,086	241,823	502,098
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-	-	-
18.1	Income on assets held for sale		-	-	-
18.2	Income on sale of associates, subsidiaries and entities under common control		-	-	-
18.3	Income on other discontinued operations		-	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-
19.1	Loss from assets held for sale		-	-	-
19.2	Loss on sale of associates, subsidiaries and entities under common control		-	-	-
19.3	Loss from other discontinued operations		-	-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(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)	458,086	241,823	502,098
23.1	Group's profit/loss		450,049	237,847	495,438
23.2	Minority shares		8,037	3,976	6,660
	Earnings per share		0.01755	0.00927	0.02023

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 SHAREHOLDERS'
EQUITY FOR THE PERIOD ENDED JUNE 30, 2012**

(STATEMENT OF OTHER COMPREHENSIVE INCOME/LOSS)

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

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

	Reviewed 01 .01 – 30.06.2012	Reviewed 01. 01 – 30.06.2011
I.		
ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	199,048	(227,015)
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)	(4,146)	16,164
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	(41,245)	42,993
X.		
TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	153,657	(167,858)
XI.		
PROFIT/LOSS	9,014	(1,321)
11.1		
Change in fair value of marketable securities (Transfer to Profit/Loss)	6,242	(3,506)
11.2		
Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	2,772	2,185
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)	162,671	(169,179)

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

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

FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2012

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and from Disc. Op.	Total Equity Attributable to the Parent Shareholders	Minority Shares	Total Shareholders' Equity
I.	Prior period – 01.01.-30.06.2011																		
II.	Beginning balance	2,205,000	-	665	-	204,185	-	1,792,239	-	922,922	14,681	124,246	-	-	(21,176)	-	5,242,762	143,705	5,386,467
2.1	Corrections according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effect of corrections of errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I-II)	2,205,000	-	665	-	204,185	-	1,792,239	-	922,922	14,681	124,246	-	-	(21,176)	-	5,242,762	143,705	5,386,467
	Changes in period																		
IV.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	(183,858)	-	-	-	-	(183,858)	-	(183,858)
VI.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	14,679	-	14,679	-	14,679
6.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	14,679	-	14,679	-	14,679
6.2	Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares obtained from associates, subsidiaries and entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of change in associates' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital increase	115,000	-	-	-	-	-	(115,000)	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources	115,000	-	-	-	-	-	(115,000)	-	-	-	-	-	-	-	-	-	-	-
XV.	Share issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Period net income/(loss)	-	-	-	-	-	-	-	-	495,438	-	-	-	-	-	-	495,438	(3,269)	(3,269)
XX.	Profit distribution	-	-	-	-	64,422	-	728,748	-	(922,922)	-	-	-	-	-	-	495,438	6,660	502,098
20.1	Dividends distributed	-	-	-	-	-	-	(129,752)	-	-	-	-	-	-	-	-	(129,752)	-	(129,752)
20.2	Transfers to reserves	-	-	-	-	64,422	-	858,500	-	(922,922)	-	-	-	-	-	-	(129,752)	-	(129,752)
20.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing balance	2,320,000	-	665	-	268,607	-	2,405,987	-	495,438	14,681	(59,612)	-	-	(6,497)	-	5,439,269	147,096	5,586,365
	(III+.....+ XVIII+XIX+XX)																		

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

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

FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED JUNE 30, 2012

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Attributable to the Parent Shareholders	Minority Shares	Total Shareholders' Equity
I. Current period – 01.01.-30.06.2012																		
Beginning Balance	2,440,000	-	714	-	269,937	-	2,402,433	-	-	898,412	(253,716)	-	-	(6,361)	-	5,751,419	159,904	5,911,323
Changes in period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	163,770	-	-	-	-	163,770	-	163,770
IV. Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,099)	-	(1,099)	-	(1,099)
4.1 Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,099)	-	(1,099)	-	(1,099)
4.2 Hedge of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares obtained from associates, subsidiaries and entities under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in associates' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase	125,000	-	-	-	-	-	(125,000)	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources	125,000	-	-	-	-	-	(125,000)	-	-	-	-	-	-	-	-	-	-	-
XIII. Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Other (*)	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	210	(5,358)	(5,148)
XVII. Period net income/(loss)	-	-	-	-	-	-	-	-	450,049	-	-	-	-	-	-	450,049	8,037	458,086
XVIII. Profit distribution	-	-	-	-	46,933	-	801,179	-	-	(848,112)	-	-	-	-	-	-	-	-
18.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transfers to reserves	-	-	-	-	46,933	-	801,179	-	-	(848,112)	-	-	-	-	-	-	-	-
18.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	2,565,000	-	714	-	316,870	-	3,078,822	-	450,049	50,300	(89,946)	-	-	(7,460)	-	6,364,349	162,583	6,526,932
(I+II+III+...+XVI+XVII+XVIII)																		

(*) It resulted from the increase in Group's share at Finans Yatırım Ortaklığı A.Ş. from 49.36% to 78.75% in the current period.

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 PERIOD ENDED JUNE 30, 2012

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

VI. CONSOLIDATED CASH FLOWS STATEMENT

	Section 5 Part V	Reviewed 01.01- 30.06.2012	Reviewed 01.01 – 30.06.2011
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		1,373,142	995,678
1.1.1 Interest received (+)		2,836,742	2,000,013
1.1.2 Interest paid (-)		(1,378,383)	(965,230)
1.1.3 Dividend received (+)		187	248
1.1.4 Fees and commissions received (+)		649,670	469,459
1.1.5 Other income (+)		95,234	71,695
1.1.6 Collections from previously written off loans (+)		156,660	237,856
1.1.7 Payments to personnel and service suppliers (-)		(706,061)	(658,594)
1.1.8 Taxes paid (-)		(278,771)	(78,353)
1.1.9 Other (+/-)	(1)	(2,136)	(81,416)
1.2 Changes in operating assets and liabilities		(3,630,265)	(893,102)
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(34,655)	(43,355)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		122,179	282,486
1.2.3 Net (increase) decrease in due from banks (+/-)		(406,066)	(969,763)
1.2.4 Net (increase) decrease in loans (+/-)		(3,288,677)	(3,788,741)
1.2.5 Net (increase) decrease in other assets (+/-)	(1)	(149,133)	(204,208)
1.2.6 Net increase (decrease) in bank deposits (+/-)		422,917	502,252
1.2.7 Net increase (decrease) in other deposits (+/-)		(487,277)	2,325,892
1.2.8 Net increase (decrease) in funds borrowed (+/-)		(409,860)	(614,040)
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(1)	600,307	1,616,375
I. Net cash provided from / (used in) banking operations (+/-)		(2,257,123)	102,576
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities (+/-)		(240,352)	311,696
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		(5,148)	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		-	-
2.3 Fixed assets purchases (-)		(42,907)	(45,082)
2.4 Fixed assets sales (+)		2,351	2,260
2.5 Cash paid for purchase of financial assets available for sale (-)		(4,783,583)	(7,377,252)
2.6 Cash obtained from sale of financial assets available for sale (+)		4,635,431	7,771,593
2.7 Cash paid for purchase of investment securities (-)		-	-
2.8 Cash obtained from sale of investment securities (+)		-	-
2.9 Other (+/-)		(46,496)	(39,823)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities (+/-)		695,603	769,574
3.1 Cash obtained from funds borrowed and securities issued (+)		1,045,603	769,574
3.2 Cash used for repayment of funds borrowed and securities issued (-)		(350,000)	-
3.3 Capital increase (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance leases (-)		-	-
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)		(21,164)	37,021
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		(1,823,036)	1,220,867
VI. Cash and cash equivalents at the beginning of the period (+)	(1)	3,018,229	2,955,697
VII. Cash and cash equivalents at end of the period (V+VI)	(2)	1,195,193	4,176,564

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
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2012

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

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

The Turkish Banking Law No: 5411 is published in the Official Gazette No: 25983 dated November 1, 2005. The Parent Bank and its financial subsidiaries ("The Group") prepared the accompanying financial statements as of June 30, 2012 and the related disclosures and footnotes in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated November 1, 2006 which is published in the Official Gazette No: 26333, "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated 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.

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

FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2012

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

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

1. Strategy for the use of financial instruments

The major funding sources of the Parent Bank are customer deposits 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 mostly 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, 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 with long term swap transactions (fixed TL interest rate and 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 nominal position based on the product. Risk limits are expressed in terms of “Value at Risk (VAR)” by taking the risk tolerance as a cap. The maximum VAR amounts are determined for the three main risk factors, which affect the securities portfolio that is subject to market risk, as well as determining the risk tolerance based on the total value at risk. The above mentioned limits are revised annually.

The strategies for hedging exchange rate risk resulting from the 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 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 June 30, 2012 are converted 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 period 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>June 30, 2012</u>	<u>December 31, 2011</u>
US Dollar	TL 1.8153	TL 1.9065
Euro	TL 2.2590	TL 2.4592

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

FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2012

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

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 June 30, 2012 is TL 11,780 (June 30, 2011 - TL 50,914 net foreign exchange loss).

2.3. Foreign subsidiaries

As of June 30, 2012 and 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 (%)	
				June 30, 2012	December 31, 2011
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	78.75	49.36
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 June 30, 2012.

1. Subsidiaries

As of June 30, 2012, the financial subsidiaries are consolidated and the 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.

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

FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2012

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

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 (fixed TL interest rate and floating FC interest rate). Therefore, the Bank not only funds its long term fixed interest rate loans with TL but also hedges itself against interest rate risk.

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

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

To avoid from the changes of customer deposits’ interest rates that have an average prompt of 1 month, the Parent Bank implements cash flow risk prevention accounting policies by means of interest swaps. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portion are accounted, as defined in TAS 39, in financial statements under equity “Hedging Funds”, whereas the amount concerning ineffective portion is associated with income statement.

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

The Parent Bank applied fair value hedge accounting to hedge itself against the changes in the interest rates related to the 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 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 using 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.

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

**FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2012**

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

V. Explanations on 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 accruals of non-performing loans are cancelled and not recorded as interest income until collected.

VI. Explanations on fees and commission income and expenses

Fee 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 and disclosures on financial assets

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

1. Financial assets at fair value through profit or loss

1.1. Trading securities

The Group accounts for its trading securities at fair value. The interest income from trading securities is presented as 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. 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 "gains / (losses) from financial derivative transactions".

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 on 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 during the computation 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

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“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.

The fixed rated real coupons and the real principal amounts of consumer price indexed government bonds are preserved from inflation. In addition, payments are made considering the reference index as of the issue date, as stated in the explanations of Republic of Turkey Prime Ministry Undersecretariat of Treasury. In this context, cash flows calculated in line with T.R. Central Bank’s inflation expectation are considered during the valuation of consumer price indexed government bonds in the Parent Bank’s portfolio.

Some portion of the Eurobond portfolio which are classified as available for sale, 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 “gains / (losses) from financial derivatives transactions” 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 immediately recognized in the income statement.

3. Investment securities held to maturity

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

4. Loans and specific provisions

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

The Parent Bank enters into swap transactions against TL in order to hedge the possible losses which might arise due to the changes in the fair value of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. The 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, it 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 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 by 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, the Parent Bank calculates the general provision 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 provides specific provision for the loans under follow-up regarding credit risk and other factors, in accordance with the aforementioned regulation.

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

VIII. Explanations on impairment of financial assets

In case 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, the financial asset is impaired. Provision is provided for impairment of the financial assets and recorded to related expense accounts.

IX. Explanations on netting of financial instruments

In cases where the fair values of trading securities, securities available-for-sale, 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 Group 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 2,385,687 (December 31, 2011 - TL 1,516,898).

The Group does not have any securities that are subject to lending transactions as of June 30, 2012 (December 31, 2011 – None).

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

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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 Bank has made a plan to dispose of 51% of the shares of Finans Emeklilik ve Hayat A.Ş. (FEHAŞ) and started an active programme intending to determine the purchaser and complete the plan as of the balance sheet date; those shares are classified as assets held for sale within the scope of TFRS 5 – Turkish Financial Reporting Standard on “Non-current Assets Held for Sale and Discontinued Operations”. Within this scope, after consolidation and elimination, all remaining asset and liability balances of FEHAŞ are presented under “Assets Held for Sale and Discontinued Operations” and “Payables Related to Assets Held for Sale and Discontinued Operations” respectively.

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

XII. Explanations on goodwill and other intangible assets

The 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.

Softwares have been classified as other intangible fixed assets. The useful life of softwares is determined as 3 years.

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

XIII. Explanations on tangible assets

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 the 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).

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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 are no purchase commitments related to the fixed assets.

XIV. Explanations on leasing transactions

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

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

The 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 under “Lease Receivables” at the accompanying financial statements.

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 for 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 is 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 for employee benefits

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

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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 trusts 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.

Tax losses can be carried forward for five years by presenting separately on the corporate tax declaration.

Taxes that are not imposed or notified to tax payer within five years, starting from the beginning of the tax asset are prescribed. Therefore, the tax authority can inspect tax returns back to a maximum period of five years.. Besides, in case of benefiting from the decision of the document that is subject to stamp duty, yet the tax and the penalty is prescribed, after period of limitation is expired, tax asset of aforementioned document is emerged again.

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

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

2. Deferred taxes

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

XIX. Additional explanations on borrowings

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

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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. Explanation on share issues

During the current period, the share capital of the Parent Bank has been increased by TL 125,000 as bonus shares. TL 122,000 from first dividends of the year 2011 and TL 3,000 from extraordinary reserves with the decision taken at Ordinary General Assembly on March 29, 2012 (January 1 – December 31, 2011: TL 118,667 bonus shares: TL 110,250, from first dividends of year 2010, TL 8,417 from extraordinary reserves, and by TL 116,333 in cash).

XXI. Explanations on confirmed bills of exchange and acceptances

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

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

XXII. Explanations on government incentives

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

Upon the Constitutional Court’s resolution No: 2009/144 published in the Official Gazette on January 8, 2010, the expression of “solely for the periods related to 2006, 2007 and 2008” in the Provisional Article No: 69 of Income Tax Law No: 193, and 5th Article of the Law No: 6009 that came into effect by being published in the Official Gazette No: 27659 dated August 1, 2010 had been annulled. The new resolution enabled to continue to benefit from investment incentive deduction that was not deducted due to insufficient earnings and that passed on next periods without period limitation, however proposed that the deduction amount would not exceed 25% of the taxable income of the period. Moreover, the effective corporate tax rate for investment incentive deduction beneficiaries would be adopted as 20%, rather than 30%. The Constitutional Court has decided that the sentence “the amount subject to deduction as exemption of investment allowance in tax basis determination cannot exceed 25% of relevant earnings” which was added to the first clause of 69th temporary article of Income Tax Law, and 5th article of Law No: 6009 is contrary to the Constitutional Law and has decided to repeal the mentioned sentence at the meeting dated February 9, 2012. In addition, it is decided to stay of execution until the publication of the decision in the Official Gazette, to avoid the circumstances and losses that are difficult or impossible to compensate subsequently and for that the annulment decision does not remain inconclusive, due to the fact that aforementioned sentence is repealed by the decision no: E. 2010/93 K. 2012/20 as of February 9, 2012 at the same meeting.

Finans Finansal Kiralama A.Ş. 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 had not been published in the Official Gazette yet, and it was uncertain if the mentioned stay of execution decision would be taken into consideration in preparing the corporate tax declaration for the year 2011. Finans Finansal Kiralama A.Ş. took into consideration that there would 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 Finans Finansal Kiralama A.Ş. accounted for the deferred tax asset related to the unused investment allowance.

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The Revenue Administration has considered the above-mentioned Constitutional Court's resolution during preparation of 2011 corporate tax returns subsequent to the issuance of financial statements as of December 31, 2011 and the Revenue Administration also allows the full application of investment incentive exemption.

Accordingly as of June 30, 2012, Finans Finansal Kiralama A.Ş. applied the investment incentive exemption fully, accrued investment incentive withholding tax amounting to TL 5,677, and recognized the tax effect of investment incentive exemption amounting to 7,735 as income under "current tax provision" in the financial statements. The related amount was deductible during preparation of 2011 corporate tax returns; however; was not reflected in the financial statements as of December 31, 2011 due to the uncertainty of the issuance date of the financial statements. As Finans Finansal Kiralama A.Ş. accounted for deferred tax assets related to the unused investment incentives, discounted the unused investment incentives in relation to the investment incentive exemption for 2011 corporate tax returns and recognized the corresponding deferred tax expense in the current period; the related presentation has no effect over the net profit for the year.

XXIII. Explanation on reporting according to segmentation

In addition to corporate banking, retail banking and commercial banking services, the Group also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Group serves its retail banking clients with time, 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 finance lease operations.

The calculations based on the income statement on corporate and commercial banking, consumer banking, SME 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 annual revenues between TL 2,000 and TL 100,000 are considered as "Commercial Enterprise". The Bank gives importance to the commercial segmentation in order to hedge risk and decrease the concentration of income. Moreover; The Bank also offers sectoral solution packages to these small and medium-size firms.

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

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Current Period (January 1 - June 30, 2012)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	748,924	287,969	358,821	1,395,714
Net Fees and Commissions Income	761,207	52,604	(263,505)	550,306
Other Operating Income and Net Trading Income	37,400	55,876	(188,240)	(94,964)
Dividend Income	-	-	187	187
Operating Income	1,547,531	396,449	(92,737)	1,851,243
Other Operating Expenses	558,800	145,628	186,372	890,800
Provision for Loan Losses and Other Receivables	218,750	49,781	87,080	355,611
Profit Before Taxes	769,981	201,040	(366,189)	604,832
Tax Charge	-	-	-	(146,746)
Net Profit/Loss	-	-	-	458,086
Total Assets	25,379,581	8,063,196	11,502,662	47,937,346
Segment Assets	25,379,581	8,063,196	11,502,662	44,945,439
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	24,555
Undistributed Assets	-	-	-	2,967,352
Total Liabilities	19,398,915	8,587,556	10,262,658	47,937,346
Segment Liabilities	19,398,915	8,587,556	10,262,658	38,249,129
Undistributed Liabilities	-	-	-	3,161,285
Equity	-	-	-	6,526,932
Other Segment Accounts	-	-	-	178,197
Capital Expenditures	-	-	-	104,584
Depreciation and Amortization	-	-	-	73,612
Value Decrease/ (Increase)	-	-	-	1

Prior Period (January 1 - June 30, 2011)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Net Interest Income	614,774	227,461	308,033	1,150,268
Net Fees and Commissions Income	585,005	56,120	(244,731)	396,394
Other Operating Income and Net Trading Income	27,655	53,835	(6,554)	74,936
Dividend Income	-	-	248	248
Operating Income	1,227,434	337,416	56,996	1,621,846
Other Operating Expenses	516,243	156,312	151,652	824,207
Provision for Loan Losses and Other Receivables	92,418	18,564	16,174	127,156
Profit Before Taxes	618,773	162,540	(110,830)	670,483
Tax Charge	-	-	-	(168,385)
Net Profit/Loss	-	-	-	502,098
Other Segment Accounts	-	-	-	137,582
Capital Expenditures	-	-	-	76,941
Depreciation and Amortization	-	-	-	60,639
Value Decrease/ (Increase)	-	-	-	2

Prior Period (December 31, 2011)	Consumer Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
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 and Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	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

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XXIV. Profit Reserves and profit distribution

At the General Assembly dated March, 29, 2012, the profit distribution of the Parent Bank for the year 2011 is decided as follows:

2011 profit distribution table:

Current period income / (loss)	848,112
A – First Legal Reserves (Turkish Commercial Code 466/1) 5%	(42,405)
B – First Dividend to Shareholders ^(*)	(122,000)
C – Gains on Real estate Sales Fund	(504)
D – Extraordinary Reserves	(683,203)

^(*)It was decided to distribute the shares issued to shareholders, by adding first dividend to capital amounting to TL 122,000.

XXV.Explanations on Other Matters

None.

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SECTION FOUR

INFORMATION ON GROUP'S FINANCIAL STRUCTURE

I. Explanations Related to Consolidated Capital Adequacy Ratio

As of June 30, 2012, the Group's consolidated capital adequacy ratio is 17.10% (December 31, 2011 - 17.61%).

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)	4,002,381	-	182,509	9,789,892	19,768,010	2,060,143	2,295,083	4,024,284	-	276,802	9,920,119	20,593,929	2,060,143	2,295,083
Cash on Hand	494,182	-	3	-	-	-	-	494,290	-	3	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with the T.R. Central Bank	554,572	-	-	-	-	-	-	554,572	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Head Offices and Branches	-	-	133,699	-	6	-	-	-	-	140,823	-	179	-	-
Money Market Placements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-	5,326	-	-	-	-	-	-
Reserve Deposits	2,382,295	-	-	-	-	-	-	2,382,295	-	-	-	-	-	-
Loans and Receivables	570,787	-	48,480	9,351,582	17,610,203	2,060,143	2,295,083	570,787	-	48,480	9,351,582	17,610,787	2,060,143	2,295,083
Non-performing Loans (Net)	-	-	-	-	430,021	-	-	-	-	-	-	430,021	-	-
Lease Receivables	-	-	-	-	-	-	-	1,097	-	-	129,256	786,410	-	-
Investment Securities Available-for-Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments Held-to-Maturity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Forward Sale of Assets	-	-	-	-	27,118	-	-	-	-	-	-	27,118	-	-
Sundry Debtors	-	-	-	-	135,514	-	-	-	-	-	-	137,546	-	-
Accrued Interest and Income	-	-	327	438,310	453,903	-	-	7	-	327	439,281	460,474	-	-
Investments in Associates, Subsidiaries and Entities Under Common Control (Net)	-	-	-	-	405,363	-	-	-	-	-	-	24,555	-	-
Tangible Assets	-	-	-	-	279,937	-	-	-	-	-	-	293,674	-	-
Other Assets ^(*)	545	-	-	-	425,945	-	-	15,910	-	87,169	-	823,165	-	-
Off-Balance Sheet Items	1,534,473	-	2,083,416	261,592	8,873,890	-	-	1,534,473	-	2,082,013	261,592	8,874,134	-	-
Non-Cash Loans and Commitments	1,534,473	-	101,415	261,592	8,800,065	-	-	1,534,473	-	101,415	261,592	8,800,065	-	-
Derivative Financial Instruments	-	-	1,982,001	-	73,825	-	-	-	-	1,980,598	-	74,069	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Value at Risk	5,536,854	-	2,265,925	10,051,484	28,641,900	2,060,143	2,295,083	5,558,757	-	2,358,815	10,181,711	29,468,063	2,060,143	2,295,083
Total Risk Weighted Assets	-	-	453,185	5,025,742	28,641,900	3,090,215	4,590,166	-	-	471,763	5,090,856	29,468,063	3,090,215	4,590,166

^(*) Other Assets include factoring receivables and assets held for sale and discontinued operations.

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	41,801,208	37,236,020	42,711,063	38,091,924
Value at Market Risk	1,649,788	1,639,763	1,693,088	1,739,738
Value at Operational Risk	4,690,928	4,195,358	5,052,489	4,581,039
Shareholders' Equity	8,026,231	7,399,378	8,454,635	7,820,009
Shareholders' Equity/(VACR+VAMR+VAOR)x100	16.67%	17.18%	17.10%	17.61%
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
Paid-in Capital	2,565,000	2,440,000
Nominal Capital	2,565,000	2,440,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	714	714
Share Cancellation Profits	-	-
Legal Reserves	316,870	269,937
I. Legal Reserve (Turkish Commercial Code 466/1)	278,378	231,445
II. Legal Reserve (Turkish Commercial Code 466/2)	38,492	38,492
Reserves allocated as per Special Legislations	-	-
Status Reserves	-	-
Extraordinary Reserves	2,559,708	1,883,823
Reserve Allocated as per the Decision Held by the General Assembly	2,559,708	1,883,823
Retained Earnings	-	-
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	500,349	898,412
Current Period Profit	450,049	883,731
Prior Periods Profit	50,300	14,681
Free Reserves for Possible Losses (up to 25% of Core Capital)	92,110	63,702
Income on Sale of Equity Shares and Real Estates to be Used up for Capital Increase	519,114	518,610
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Minority Interest	162,583	159,904
Losses Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	102,606	101,979
Prepaid Expenses (-) (*)	-	-
Intangible Assets (-)	158,581	137,470
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	6,446,292	5,986,684
SUPPLEMENTARY CAPITAL		
General Provisions	491,904	400,441
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	1,651,440	1,734,435
Securities Value Increase Fund	(89,946)	(253,716)
Associates and Subsidiaries	-	-
Investment Securities Available for Sale	(89,946)	(253,716)
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	2,053,398	1,881,160
TIER III CAPITAL		
CAPITAL	8,499,690	7,867,844
DEDUCTIONS FROM CAPITAL	45,055	47,835
Unconsolidated Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at 10% or more	-	-
Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at Less than 10% Exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
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	31,626	34,429
Loan Granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Properties exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years After Foreclosure	13,403	13,366
Others	26	40
TOTAL SHAREHOLDERS' EQUITY	8,454,635	7,820,009

(*) According to the amendment on Communiqué 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. Information on 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 using ‘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”.

1. Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	71,639
(II) Capital Obligation against Specific Risks - Standard Method	20,407
(III) Capital Obligation against Currency Risk - Standard Method	27,821
(IV) Capital Obligation against Commodity Risks – Standard Method	15,037
(V) Capital Obligation against Settlement Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	543
(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)	135,447
(IX) Value-At-Market Risk (12,5 x VIII) or (12,5 x VII)	1,693,088

III. Explanations Related to the Operational Risk

Value at operational risk is calculated using basic indicator method considering the gross profits for the last three years (2011, 2010 and 2009) 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 on June 1, 2007. As of June 30, 2012, the value at operational risk is TL 5,052,489 (December 31, 2011 - TL 4,581,039).

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IV. Explanations Related to Consolidated Foreign Exchange 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 June 30, 2012, the net foreign currency exposure of the Group is TL 419,864 short position (December 31, 2011 – TL – 455,490 short) resulting from on balance sheet short position amounting to TL 5,610,316 (December 31, 2011 – TL 5,364,101 short) and off balance sheet long position amounting to TL 5,190,452 (December 31, 2011 – TL 4,908,611 long). The long off balance sheet position amounting to TL 5,028,749 (December 31, 2011 – TL 6,219,112) is related with the FC/TL swap transactions performed with banks and customers. The Group used these transactions to manage the foreign currency liquidity risk and to hedge itself from interest rate risk.

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

Position limit related to 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 Dollars bid rate in the balance sheet date TL 1.8153

Euro bid rate in the balance sheet date TL 2.2590

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
June 30, 2012	TL 1.8153	TL 2.2590
June 29, 2012	TL 1.8153	TL 2.2590
June 28, 2012	TL 1.8011	TL 2.2496
June 27, 2012	TL 1.8111	TL 2.2631
June 26, 2012	TL 1.8123	TL 2.2633
June 25, 2012	TL 1.7978	TL 2.2550

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

The arithmetical average of the Bank’s US Dollar and Euro bid rates for June 2012 are TL 1.8160 and TL 2.2739; respectively.

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5. Information on the consolidated foreign exchange risk of the Group (Thousands of TL)

Current Period	EUR	USD	JPY	Other FC	Total
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R.Central Bank	2,302,552	76,780	44	474,402	2,853,778
Due From Banks	40,288	62,579	253	24,925	128,045
Financial Assets at Fair Value through Profit/Loss ⁽⁴⁾	11,847	122,870	-	9,548	144,265
Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	90,671	764,570	-	-	855,241
Loans and Receivables ⁽²⁾	1,974,241	2,872,240	79,346	55,327	4,981,154
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-	-
Assets on Hedging Purpose Derivatives	-	45,442	-	-	45,442
Tangible Assets	-	-	-	84	84
Intangible Assets	-	-	-	-	-
Other Assets ⁽³⁾	512,237	310,984	998	3,974	828,193
Total Assets	4,931,836	4,255,465	80,641	568,260	9,836,202
Liabilities					
Bank Deposits	165,559	305,981	167	6,315	478,022
Foreign Currency Deposits	3,103,530	4,798,779	471	462,618	8,365,398
Money Market Borrowings	69,395	487,621	-	-	557,016
Funds Provided from Other Financial Institutions	1,450,560	2,935,296	-	-	4,385,856
Securities Issued	-	926,099	-	-	926,099
Sundry Creditors	163,664	239,726	75	3,658	407,123
Liabilities on Hedging Purpose Derivatives	6,871	121,030	-	-	127,901
Other Liabilities ⁽⁵⁾	37,653	156,451	-	4,999	199,103
Total Liabilities	4,997,232	9,970,983	713	477,590	15,446,518
Net Balance Sheet Position	(65,396)	(5,715,518)	79,928	90,670	(5,610,316)
Net Off-Balance Sheet Position	(246,994)	5,588,124	(86,328)	(64,350)	5,190,452
Financial Derivative Assets	2,763,527	18,204,655	20,274	347,571	21,336,027
Financial Derivative Liabilities	3,010,521	12,616,531	106,602	411,921	16,145,575
Non-Cash Loans ⁽¹⁾	779,960	2,054,998	5,328	185,933	3,026,219
Prior Period	4,794,688	5,094,909	95,934	348,000	10,333,531
Total Assets	4,794,688	5,094,909	95,934	348,000	10,333,531
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

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

⁽²⁾ Includes foreign currency-indexed loans amounting to TL 1,458,099 (December 31, 2011 – TL 1,501,344) that are classified as TL on the balance sheet.

⁽³⁾ Does not include the prepaid expenses amounting to TL 135 (December 31,2011 – TL 2,095) that are classified as FC on the balance sheet in accordance with the communiqué issued by BRSA and published in the Official Gazette No: 26085 dated February 19, 2006. Does not include the terminated lease receivables amounting to TL 455 (December 31,2011 – TL 769) that are classified as FC on the balance sheet, yet includes FC indexed factoring receivables amounting to TL 29,757 (31 December 2011- TL 4,078).

⁽⁴⁾ Does not include foreign exchange income accruals on derivative transactions amounting to TL 6,721 (December 31, 2011 – TL 17,180).

⁽⁵⁾ Foreign exchange loss accruals amounting to TL 1,796 (December 31,2011 – TL 13,248) on derivative transactions and the general loan loss provisions amounting to TL 50,408 (December 31, 2011 – TL 43,702) computed for foreign currency loans and presented in foreign currency accounts in order to be in compliance with the Uniform Chart of Accounts; are excluded.

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V. 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 reprised 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.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items

(Based on reprising 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	-	-	-	-	-	3,431,160	3,431,160
Due from Banks	4,448	4,327	-	-	-	132,554	141,329
Financial Assets at Fair Value Through Profit/Loss ^(**)	124,338	197,237	440,359	387,464	390,165	133,972	1,673,535
Money Market Placements	5,326	-	-	-	-	-	5,326
Inv. Securities Available for Sale	1,137,594	1,681,936	1,739,023	1,600,374	875,370	159,324	7,193,621
Loans and Receivables	8,956,994	3,688,783	9,704,131	8,264,008	1,795,250	430,396	32,839,562
Inv. Securities Held to Maturity	-	-	-	-	-	-	-
Other Assets ^(*)	258,684	261,703	405,576	505,361	13,743	1,207,746	2,652,813
Total Assets	10,487,384	5,833,986	12,289,089	10,757,207	3,074,528	5,495,152	47,937,346
Liabilities							
Bank Deposits	567,520	102,376	24,373	-	-	16,600	710,869
Other Deposits	17,335,243	7,191,272	728,826	16,437	515	2,948,706	28,220,999
Money Market Borrowings	2,033,799	189,360	-	-	-	-	2,223,159
Sundry Creditors	279	-	-	-	-	1,542,474	1,542,753
Securities Issued	-	-	968,240	926,099	-	-	1,894,339
Funds Borrowed	928,118	392,723	3,131,314	169,819	9,727	-	4,631,701
Other Liabilities ^(*)	220,770	155,193	155,832	102,333	2,354	8,077,044	8,713,526
Total Liabilities	21,085,729	8,030,924	5,008,585	1,214,688	12,596	12,584,824	47,937,346
On Balance Sheet Long Position	-	-	7,280,504	9,542,519	3,061,932	-	19,884,955
On Balance Sheet Short Position	(10,598,345)	(2,196,938)	-	-	-	(7,089,672)	(19,884,955)
Off-Balance Sheet Long Position	-	11,731	229,325	29,953	-	460,183	731,192
Off-Balance Sheet Short Position	(105,393)	-	-	-	-	(106,297)	(211,690)
Total Position	(10,703,738)	(2,185,207)	7,509,829	9,572,472	3,061,932	(6,735,786)	519,502

^(*) "Other Assets" in "Non Interest Bearing" column include other assets amounting to TL 583,357, tangible assets amounting to TL 395,942, intangible assets amounting to TL 166,624, associates, subsidiaries and entities under common control amounting to TL 24,555, tax assets amounting to TL 7,332 and assets held for sale and discontinued operations amounting to TL 29,936; and "Other Liabilities" in the "Non Interest Bearing" column include shareholders' equity amounting to TL 6,526,932, other liabilities amounting to TL 475,959, part of payables related to assets held for sale and discontinued operations amounting to TL 117,503 provisions amounting to TL 762,784, tax liability amounting to TL 96,760 and part of liabilities on trading derivatives amounting to TL 97,106.

^(**) This line also includes assets on hedging purpose derivatives amounting to TL 606,981.

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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	0.43	-	-	8.44
Financial Assets at Fair Value Through Profit/Loss	4.71	5.43	-	8.04
Money Market Placements	-	-	-	10.00
Investment Securities Available for Sale	4.83	5.64	-	9.18
Loans and Receivables	6.44	5.71	5.30	19.84(*)
Investment Securities Held for Trading	-	-	-	-
Liabilities				
Bank Deposits	1.77	2.53	-	10.84
Other Deposits	3.99	4.04	0.37	11.10
Money Market Borrowings	-	-	-	9.36
Sundry Creditors	-	-	-	-
Securities Issued	-	5.50	-	10.84
Funds Borrowed	2.20	3.72	-	8.40

(*) The yield of loans is 15.74% excluding credit cards.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items

(Based on repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non Interest Bearing ^(*)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	-	-	-	-	-	2,970,278	2,970,278
Due from Banks	640,419	75,300	10,427	-	-	206,080	932,226
Financial Assets at Fair Value Through Profit/Loss ^(**)	81,588	160,836	650,309	997,470	497,187	280,416	2,667,806
Money Market Placements	1,093,506	-	-	-	-	-	1,093,506
Inv. 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 Borrowed	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 and subsidiaries amounting to TL 24,555, tax asset amounting to TL 16,489 and "Other Liabilities" in the "Non Interest Bearing" column include 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 liabilities on trading derivatives amounting to TL 253,294.

(**) This line also includes assets on trading derivatives hedging purposes amounting to TL 1,001,747.

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Average interest rates applied to monetary financial instruments

	EUR	USD	JPY	TL
Prior 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 to Maturity	-	-	-	-
Liabilities				
Bank Deposits	4.59	4.19	-	10.68
Other Deposits	4.72	5.05	0.44	11.59
Money Market Borrowings	3.90	-	-	5.84
Sundry Creditors	-	-	-	-
Securities Issued	-	5.50	-	10.84
Funds Borrowed	2.65	3.48	-	11.06

^(*) The yield of loans is 15.38% excluding credit cards.

VI. 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 insufficient 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 7% (December 31, 2011 – 6%) of the balance sheet is allocated as cash and equivalents.

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

Cash flows of the Group are mainly denominated in Turkish Lira, US Dollars 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	Un- Allocated^(*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	1,048,865	2,382,295	-	-	-	-	-	3,431,160
Due from Banks	132,554	4,448	4,327	-	-	-	-	141,329
Financial Assets at Fair Value Through Profit/Loss ^(**)	-	109,240	123,482	528,438	522,174	390,201	-	1,673,535
Money Market Placements	-	5,326	-	-	-	-	-	5,326
Investment Securities Available for Sale	159,324	2,181	4,776	392,873	3,635,894	2,998,573	-	7,193,621
Loans and Receivables	-	8,655,566	3,555,796	9,590,519	8,583,791	2,023,869	430,021	32,839,562
Investment Securities Held to Maturity	-	-	-	-	-	-	-	-
Other Assets	5,633	582,353	170,190	539,541	664,880	17,318	672,898	2,652,813
Total Assets	1,346,376	11,741,409	3,858,571	11,051,371	13,406,739	5,429,961	1,102,919	47,937,346
Liabilities								
Bank Deposits	16,600	567,520	102,376	24,373	-	-	-	710,869
Other Deposits	2,948,706	17,335,243	7,191,272	728,826	16,437	515	-	28,220,999
Funds Borrowed	-	209,697	284,802	1,570,629	891,450	1,675,123	-	4,631,701
Money Market Borrowings	-	2,033,799	189,360	-	-	-	-	2,223,159
Securities Issued	-	-	-	968,240	926,099	-	-	1,894,339
Sundry Creditors	8,571	1,504,579	833	1,763	-	27,007	-	1,542,753
Other Liabilities ^(*)	2,175	549,331	33,236	338,351	509,548	24,274	7,256,611	8,713,526
Total Liabilities	2,976,052	22,200,169	7,801,879	3,632,182	2,343,534	1,726,919	7,256,611	47,937,346
Liquidity Gap	(1,629,676)	(10,458,760)	(3,943,308)	7,419,189	11,063,205	3,703,042	(6,153,692)	-
Prior Period								
Total Assets	1,337,664	12,896,673	3,754,784	9,153,384	13,302,708	5,609,182	1,176,438	47,230,833
Total Liabilities	2,705,322	18,993,093	10,592,112	3,711,774	2,635,672	1,887,002	6,705,858	47,230,833
Net Liquidity Gap	(1,367,658)	(6,096,420)	(6,837,328)	5,441,610	10,667,036	3,722,180	(5,529,420)	-

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

Unallocated other liabilities column includes shareholders' equity amounting to TL 6,526,932, unallocated provisions amounting to TL 632,919 and tax liability of TL 96,760.

^(**) This line also includes assets on hedging purpose derivatives amounting to TL 606,981.

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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	317,357	151,007	320,914	184,673
T.R. Central Bank	235,291	2,701,576	140,547	2,305,467
Others	24,734	1,195	18,327	350
Total	577,382	2,853,778	479,788	2,490,490

b) Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	235,291	319,281	140,547	339,666
Restricted Time Deposits	-	2,382,295	-	1,965,801
Total	235,291	2,701,576	140,547	2,305,467

As of June 30, 2012, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 6% to 11% depending on the maturity of deposits (December 31, 2011 – 5% to 11%) and the compulsory rates for the foreign currency liabilities are within an interval from 9% to 11% depending on the maturity of deposits (December 31, 2011 – 9% and 11%).

The Parent Bank maintains required reserves in TL for TL liabilities and in USD and/or Euro for foreign currency liabilities in accordance with the “Communiqué on Reserve Requirements No. 2005/1”, published by the Central Bank of the Republic of Turkey. As per the “Amendment to the Communiqué on Reserve Requirements No.2012/5”, published in the Official Gazette No:28309, dated May 31, 2012, up to 45% of the required reserve for TL liabilities can be maintained in USD or Euro over the amount calculated by multiplying the amount that corresponds to the first bracket of 40% with the coefficient “1”, and the amount that corresponds to the second bracket of 5% with the coefficient “1.4”. With this amendment, up to 45% of required reserves for TL liabilities can be maintained as USD and/or Euro, and up to 20% can be maintained as standard gold. Up to total amount of required reserves for precious metal deposit accounts of required reserves for foreign currency liabilities can be maintained as standard gold, while, 0% of required reserves for foreign currency liabilities other than precious metal deposit accounts can be maintained as standard gold.

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 ^(*)	15,256	-	11,520	-
Other	-	-	-	-
Total	15,256	-	11,520	-

^(*) Government bonds given as collateral 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 ^(*)	-	-	-	-
Treasury Bills ^(*)	2,881	-	2,175	-
Other Debt Securities	-	-	-	-
Bonds Issued and Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	2,881	-	2,175	-

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

c) Positive differences on trading derivative instruments

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	54,430	-	76,791	-
Swap Transactions	309,076	83,344	698,073	86,401
Futures	-	2,055	-	6,742
Options	295	42,419	414	140,680
Other	-	2,044	-	697
Total	363,801	129,862	775,278	234,520

3. a) Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	13,270	2,245	388,479	343,154
Foreign	14	125,800	20	200,573
Foreign Head Offices and Branches	-	-	-	-
Total	13,284	128,045	388,499	543,727

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount ^(**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	49,952	76,168	-	-
USA and Canada	59,525	58,505	7	59,921
OECD Countries ^(*)	5,844	4,971	-	-
Off-shore Banking Regions	-	-	-	-
Other	10,486	1,028	-	-
Total	125,807	140,672	7	59,921

^(*) Include OECD countries other than the EU countries, USA and Canada.

^(**) Includes blocked placements at foreign banks amounting to TL 7 (December 31, 2011 - TL 59,921).

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c) **Information on receivables from reverse repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	5,326	-	702,580	-
T.R. Central Bank	-	-	-	-
Banks	2,601	-	700,409	-
Intermediary Institutions	2,725	-	2,171	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
Foreign Transactions	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
Total	5,326	-	702,580	-

4. **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	384,125	-	1,175,542	-
Other	-	-	-	-
Total	384,125	-	1,175,542	-

b) **Investment securities available for sale subject to repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1,661,684	721,122	811,442	703,281
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bonds issued or bank guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	1,661,684	721,122	811,442	703,281

c) **Investment securities available for sale**

	Current Period	Prior Period
Debt securities	7,046,276	6,850,104
Quoted on a stock exchange (*)	7,012,430	6,802,782
Unquoted on a stock exchange	33,846	47,322
Share certificates	161,328	126,491
Quoted on a stock exchange (**)	160,966	126,129
Unquoted on a stock exchange	362	362
Impairment provision (-)	(13,983)	(135,630)
Total	7,193,621	6,840,965

(*) The Eurobond Portfolio amounting to TL 549,629 (December 31, 2011 - TL 537,063) which is accounted for as investment securities available for sale was hedged under fair value hedge accounting, starting from March and April 2009 and the Government Bonds Portfolio amounting to TL 206,330 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 presented under 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 137,062 (December 31, 2011 - TL 107,682).

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5. 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	-	23,581	-	3,072
Corporate Shareholders	-	23,581	-	3,072
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^(*)	52,923	-	47,740	-
Total	52,923	23,581	47,740	3,072

^(*) Include 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	30,979,406	123,654	1,343,186	411,313
Discount Notes	270,978	-	4,045	-
Export Loans	832,212	12,338	123,217	2,057
Import Loans	-	-	-	-
Loans Given to Financial Sector	429,162	-	-	-
International Loans	201,626	-	-	-
Retail Loans	10,516,711	-	601,450	138,009
Credit Cards	8,799,385	-	209,862	123,800
Precious Metals Loans	-	-	-	-
Other	9,929,332	111,316	404,612	147,447
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	30,979,406	123,654	1,343,186	411,313

^(*) The loans and other receivables amounting to TL 448,018 (December 31, 2011 – TL 567,612) are classified under “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	16,262,917	-	209,862	123,800
Non-specialized Loans	16,262,917	-	209,862	123,800
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	14,716,489	123,654	1,133,324	287,513
Non-specialized Loans	14,716,489	123,654	1,133,324	287,513
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	30,979,406	123,654	1,343,186	411,313

^(*) The loans and other receivables amounting to TL 448,018 (December 31, 2011 – TL 567,612) are classified under “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	121,984	9,835,795	9,957,779	438,646
Housing Loans	1,342	5,638,420	5,639,762	393,673
Automobile Loans	680	115,563	116,243	1,043
Personal Need Loans	114,987	4,081,812	4,196,799	43,930
Other	4,975	-	4,975	-
Consumer Loans-FC Indexed	-	118,690	118,690	74,132
Housing Loans	-	109,285	109,285	70,402
Automobile Loans	-	159	159	62
Personal Need Loans	-	9,246	9,246	3,668
Other	-	-	-	-
Consumer Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Individual Credit Cards-TL	8,218,379	408,019	8,626,398	130,380
Installment	3,893,897	408,019	4,301,916	65,027
Non- Installment	4,324,482	-	4,324,482	65,353
Individual Credit Cards-FC	2,560	-	2,560	25
Installment	-	-	-	-
Non- Installment	2,560	-	2,560	25
Personnel Loans-TL	2,521	21,208	23,729	149
Housing Loans	-	539	539	2
Automobile Loans	-	93	93	-
Personal Need Loans	2,521	20,576	23,097	147
Other	-	-	-	-
Personnel Loans-FC Indexed	-	5	5	4
Housing Loans	-	5	5	4
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Loans-FC	-	-	-	-
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Personnel Credit Cards-TL	25,247	-	25,247	-
Installment	13,070	-	13,070	-
Non-Installment	12,177	-	12,177	-
Personnel Credit Cards-FC	98	-	98	-
Installment	-	-	-	-
Non-Installment	98	-	98	-
Overdraft Accounts-TL (Real Persons)	576,059	-	576,059	66,977
Overdraft Accounts-FC (Real Persons)	-	-	-	-
Total	8,946,848	10,383,717	19,330,565	710,313

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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	262,162	3,055,614	3,317,776	45,038
Real Estate Loans	-	121,322	121,322	5,156
Automobile Loans	4,646	264,880	269,526	3,253
Personal Need Loans	257,516	2,669,412	2,926,928	36,629
Other	-	-	-	-
Commercial Loans with Installment Facility - FC Indexed	31,021	563,359	594,380	57,102
Real Estate Loans	-	11,652	11,652	2,556
Automobile Loans	227	69,341	69,568	3,466
Personal Need Loans	30,794	482,366	513,160	51,080
Other	-	-	-	-
Commercial Loans with Installment Facility - FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards –TL	340,169	2,648	342,817	5,167
Installment	118,234	2,648	120,882	1,822
Non-Installment	221,935	-	221,935	3,345
Corporate Credit Cards –FC	352	-	352	3
Installment	-	-	-	-
Non-Installment	352	-	352	3
Overdraft Accounts-TL (Legal Entities)	311,272	-	311,272	879
Overdraft Accounts-FC (Legal Entities)	-	-	-	-
Total	944,976	3,621,621	4,566,597	108,189

f) Loans according to borrowers ^(*)

	Current Period	Prior Period
Public	127,787	134,129
Private	32,729,772	30,296,874
Total	32,857,559	30,431,003

^(*) The loans and other receivables amounting to TL 448,018 (December 31, 2011 – TL 567,612) are classified under “Loans at Fair Value Through Profit/Loss” in the financial statements.

g) Domestic and foreign loans ^(*)

	Current Period	Prior Period
Domestic Loans	32,652,838	30,212,356
Foreign Loans	204,721	218,647
Total	32,857,559	30,431,003

^(*) The loans and other receivables amounting to TL 448,018 (December 31, 2011 – TL 567,612) are classified under “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

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectability	97,596	66,145
Loans and Receivables with Doubtful Collectability	223,457	147,153
Uncollectible Loans and Receivables	1,351,408	1,232,839
Total	1,672,461	1,446,137

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
(Gross Amounts Before the Specific Provisions)	2,782	7,977	73,139
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	2,782	7,977	73,139
Prior Period			
(Gross Amounts Before the Specific Provisions)	616	9,171	65,676
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	616	9,171	65,676

j.2) Movement of non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period End Balance	326,776	289,881	1,232,839
Additions (+)	471,471	11,726	7,908
Transfers from Other Categories of Non- Performing Loans (+)	-	441,160	218,004
Transfers to Other Categories of Non- Performing Loans (-)	441,160	218,004	-
Collections (-)	48,111	82,665	104,502
Write-offs (-)	-	-	2,841
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	1,211
Credit Cards	-	-	1,630
Others	-	-	-
Current Period End Balance	308,976	442,098	1,351,408
Specific Provision (-)	97,596	223,457	1,351,408
Net Balances on Balance Sheet	211,380	218,641	-

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

None (December 31, 2011 – None).

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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)	211,380	218,641	-
Loans to Real Persons and Legal Entities (Gross)	308,976	442,098	1,340,171
Specific provision (-)	(97,596)	(223,457)	(1,340,171)
Loans to Real Persons and Legal Entities (Net)	211,380	218,641	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	11,237
Specific provision (-)	-	-	(11,237)
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	260,631	142,728	-
Loans to Real Persons and Legal Entities (Gross)	326,776	289,089	1,222,590
Specific provision (-)	(66,145)	(146,361)	(1,222,590)
Loans to Real Persons and Legal Entities (Net)	260,631	142,728	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	792	10,249
Specific provision (-)	-	(792)	(10,249)
Other Loans and Receivables (Net)	-	-	-

k) Liquidation policies for uncollectible loans and other receivables

For the unrecoverable non-performing loans under legal follow up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow up are considered and necessary actions are taken accordingly. 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 in 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.

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6. Information on factoring receivables

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	314,948	4,171	251,562	4,269
Medium and Long Term	-	-	-	-
Total	314,948	4,171	251,562	4,269

As of June 30, 2012 and June 30, 2011, changes in provision for non-performing factoring receivables are as follows:

	Current Period	Prior Period
Prior Period End Balance	4,060	-
Provided Provision / (reserval), Net	820	4,060
Collections	-	-
Written off	-	-
Current Period End Balance	4,880	4,060

7. Information on investment securities held-to-maturity

None (December 31, 2011 – None).

8. Investments in associates (Net)

8.1. 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%	2.00%

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
427	425	-	32	-	(5)	356	-
17,067	20,440	12,875	453	140	1,957	2,619	-
203,965	196,750	3,355	2,435	-	1,928	997	-

^(*) Current period information is obtained from financial statements as of March 31, 2012, prior period profit and loss information is obtained from financial statements as of December 31, 2011.

^(**) Current period information is obtained from financial statements as of December 31, 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 June 30, 2012, prior period profit and loss information is obtained from financial statements as of December 31, 2011.

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8.2. Movements of investments in associates

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

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

8.3. 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	6,769
Total	6,769	6,769

8.4. Quoted associates

None (December 31, 2011 – None).

8.5. Valuation methods of investments in associates

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

8.6. Investments in associates sold during the current period

None.

8.7. Investments in associates acquired during the current period

None.

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9. Investments in subsidiaries (Net)

a) Information on the Parent Bank's unconsolidated subsidiaries

Title		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
	23,116	18,375	19,741	-	-	2,229	(2,253)	-

(*) Current period information is obtained from financial statements as of June 30, 2012, prior period profit and loss information is obtained from financial statements as of December 31, 2011.

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	78.75 (*)	78.75 (*)
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 %, the remaining 68.74% shareholding represents the purchases of publicly traded shares on the Istanbul Stock Exchange.

Information on subsidiaries in the order as 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. (*)	208,944	140,659	13,264	5,589	513	9,606	15,430	-
2. (*)	1,326,357	442,147	393	-	-	20,603	36,352	460,000
3. (*)	21,398	21,119	43	-	-	3,033	(2,136)	20,520
4. (*)	12,658	11,617	990	964	5	871	7,403	-
5. (*)	176,736	57,627	1,987	7,229	2,235	9,929	9,493	-
6. (*)	1,844	1,841	13	85	-	22	(1,302)	-
7. (*)	324,948	25,241	817	19,180	-	1,861	3,252	-

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

(**) Fair values of publicly traded subsidiaries reflect their values trading in Istanbul Stock Exchange (ISE) as of the balance sheet date.

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b.2) Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	397,409	362,058
Movements during the Period	(16,601)	35,351
Purchases	5,148 ⁽¹⁾	18,187 ⁽³⁾
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	(22,950) ⁽²⁾	(3,706) ⁽⁴⁾
Revaluation Difference	1,201	20,870
Impairment Provision	-	-
Balance at the End of the Period	380,808	397,409
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

⁽¹⁾ Purchases in the current period include the purchase of publicly traded shares of Bank's subsidiary Finans Yatırım Ortaklığı A.Ş. received from ISE amounting to TL 5,148.

⁽²⁾ Disposals and transfers in the current period represent the classification of 51% of shares of Finans Emeklilik ve Hayat A.Ş. under "Assets Held for Sale and Discontinued Operations" due to the fact that share purchase and sale agreement to Cigna Nederland Gamma B.V. was signed after the balance sheet date.

⁽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 8,187 and Finans Factoring Hizmetleri A.Ş. amounting to TL 10,000.

⁽⁴⁾ 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 5,027. The Bank had sales profit amounting to TL 1,321.

b.3) Sectoral distribution of the consolidated subsidiaries

	Current Period	Prior Period
Banks	-	-
Insurance Companies	22,050	45,000
Factoring Companies	20,000	20,000
Leasing Companies	234,876	237,225
Finance Companies	5,000	5,000
Other Subsidiaries	98,882	90,184
Total	380,808	397,409

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

b.4) Quoted subsidiaries within the context of consolidation

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	251,036	244,688
Quoted on International Stock Exchanges	-	-
Total	251,036	244,688

10. Investments in entities under common control

	The Parent Bank's Share	The Group's Share	Current Assets	Fixed Assets	Long Term Debt	Current Period Profit/Loss	Prior Year Profit/Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ^(*)	33.33%	33.33%	9,661	6,846	-	2,383	1,972

^(*) Current period information represents June 30, 2012 figures, and prior period profit/loss amounts represent December 31, 2011 figures.

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11. Information on finance lease receivables (Net)

11.1. Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	480,433	418,956	501,635	446,763
Between 1-4 years	540,301	482,069	547,285	494,995
Over 4 years	24,071	22,656	43,113	40,785
Total	1,044,805	923,681	1,092,033	982,543

Finance lease receivables include non-performing finance lease receivables amounting to TL 117,880 (December 31, 2011 – TL 123,172) and specific provisions amounting to TL 72,307 (December 31, 2011 – TL 69,348).

Changes in non-performing finance lease receivables provision as of June 30, 2012 and June 30, 2011, are as follows:

	Current Period	Prior Period
End of prior period	69,348	65,665
Provided provision / (reversal), Net	4,162	9,159
Collections	(1,203)	(1,363)
Provision at the end of the period	72,307	73,461

11.2. Information on net investments in finance leases

	Current Period	Prior Period
Gross Finance Lease Investments	1,044,805	1,092,033
Unearned Finance Income (-)	(121,124)	(109,490)
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	923,681	982,543

11.3. Information of finance 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.

12. Information on hedging purpose derivatives:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge ^(*)	561,539	45,442	960,793	40,954
Cash Flow Hedge	-	-	-	-
Net Investment Hedge	-	-	-	-
Total	561,539	45,442	960,793	40,954

^(*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of June 30, 2012, TL 51,269 (December 31, 2011 - TL 48,183) represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in securities and TL 555,712 (December 31, 2012 – TL 953,564) represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans.

13. Information on tax asset

The Group has current tax asset of TL 38 (December 31, 2011 – TL 533) and deferred tax asset of TL 7,294 (December 31, 2011 – TL 15,956) calculated in line with related regulations. The information about current and deferred tax is presented in the disclosures and explanations about liability accounts in footnote number 10.1 and 10.2.

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14. Information on assets held for sale and discontinued operations

The Bank has made a plan related to the disposal of 51% of the shares of Finans Emeklilik ve Hayat A.Ş. (FEHAŞ) and started an active programme intending to determine the purchaser and complete the plan as of the balance sheet date; those shares are classified as assets held for sale within the scope of TFRS 5 – Turkish Financial Reporting Standard on “Non-current Assets Held for Sale and Discontinued Operations”. Within this scope, after consolidation and elimination, all remaining asset and liability balances of FEHAŞ are presented under “Assets Held for Sale and Discontinued Operations” and “Payables Related to Assets Held for Sale and Discontinued Operations” respectively.

15. Information on other assets:

15.1. Information on prepaid expense, tax and similar items

	Current Period	Prior Period
Other Prepaid Expenses	229,055	178,389
Assets Held for Resale (net)	121,608	125,432
Sundry Debtors	62,749	69,073
Collateral Given for Derivative Transactions	74,797	69,070
Advances Given on Finance Lease Transactions	41,492	10,689
Cheques Receivables from Other Banks	27,659	91,960
Prepaid Rent Expenses	22,000	20,188
Advances Given	8,954	2,298
Prepaid Agency Commissions	2,296	4,993
Other	58,083	60,980
Total	648,693	633,072

15.2. If other assets exceed 10% of total assets, excluding off balance sheet commitments, the names and the balances of these accounts, the name and the amount of the subaccounts which create at least 20% of them are:

Details of the other assets are described in note 15.1 section of disclosure.

16. 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 Hedging Purpose Derivatives	561,539	45,442	960,793	40,954
Assets on Trading Derivatives	363,801	129,862	775,278	234,520
Loans	479,440	38,568	557,874	31,273
Investment Securities Available for Sale	115,766	44,122	54,821	5,959
Lease Receivables	2,614	4,338	1,933	5,344
Trading Securities	1,133	121	1,349	53
Banks and Other Financial Institutions	327	-	1,152	6
Factoring Receivables	469	42	324	59
Other Accruals	3,739	-	965	93
Total	1,528,828	262,495	2,354,489	318,261

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SECTION FIVE

II. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity structure of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	761,418	-	1,407,150	10,256,540	1,470,785	242,434	17,235	15,077	14,170,639
Foreign Currency Deposits	775,370	-	1,143,821	5,193,099	551,870	271,433	15,490	5,110	7,956,193
Residents in Turkey	731,622	-	1,127,079	5,084,337	530,007	174,276	15,490	5,110	7,667,921
Residents Abroad	43,748	-	16,742	108,762	21,863	97,157	-	-	288,272
Public Sector Deposits	52,219	-	8,208	74,709	3,395	-	-	-	138,531
Commercial Deposits	993,783	-	997,721	2,336,905	465,581	144,851	40,708	-	4,979,549
Other Ins. Deposits	14,732	-	52,243	295,246	203,181	1,481	-	-	566,883
Precious Metal Deposits	351,184	-	47,565	9,592	551	312	-	-	409,204
Bank Deposits	16,600	-	567,520	102,376	16,704	7,669	-	-	710,869
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	1,148	-	219,905	4,325	-	4,003	-	-	229,381
Foreign Banks	14,595	-	347,615	98,051	16,704	3,666	-	-	480,631
Participation Banks	857	-	-	-	-	-	-	-	857
Other	-	-	-	-	-	-	-	-	-
Total	2,965,306	-	4,224,228	18,268,467	2,712,067	668,180	73,433	20,187	28,931,868

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	541,194	-	692,737	12,136,105	1,731,329	244,484	16,529	15,900	15,378,278
Foreign Currency Deposits	816,888	-	925,350	4,574,504	594,057	399,517	53,146	5,533	7,368,995
Residents in Turkey	792,069	-	912,102	4,472,326	564,043	257,225	53,146	5,533	7,056,444
Residents Abroad	24,819	-	13,248	102,178	30,014	142,292	-	-	312,551
Public Sector Deposits	42,342	-	14,276	17,755	400	-	-	-	74,773
Commercial Deposits	986,320	-	754,436	1,974,661	708,499	181,485	63,178	-	4,668,579
Other Ins. Deposits	15,380	-	77,931	677,110	77,923	2,594	10,663	-	861,601
Precious Metal Deposits	258,207	-	96,640	-	-	-	-	-	354,847
Bank Deposits	36,748	-	167,388	55,465	7,190	19,423	-	-	286,214
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	2,306	-	11,174	1,718	4,176	4,139	-	-	23,513
Foreign Banks	30,950	-	156,214	53,747	3,014	15,284	-	-	259,209
Participation Banks	3,492	-	-	-	-	-	-	-	3,492
Other	-	-	-	-	-	-	-	-	-
Total	2,697,079	-	2,728,758	19,435,600	3,119,398	847,503	143,516	21,433	28,993,287

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	4,628,672	4,398,629	9,540,193	10,973,995
Foreign Currency Savings Deposits	813,010	779,577	3,803,307	3,612,679
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	5,441,682	5,178,206	13,343,500	14,586,674

1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarter 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	12,939	18,979
Total	12,939	18,979

2. Information on trading purpose derivatives

a) Negative value of trading purpose derivatives

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	48,984	-	95,651	-
Swaps	320,506	88,257	736,219	104,091
Futures	-	700	-	2,138
Options	312	41,403	78	108,978
Other	-	1,446	-	625
Total	369,802	131,806	831,948	215,832

3. a) Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Banks and Institutions	196,311	101,026	128,851	121,886
Foreign Banks, Institutions and Funds	49,534	2,625,315	63,641	3,267,804
Total	245,845	2,726,341	192,492	3,389,690

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b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	245,845	1,428,424	192,492	2,029,154
Medium and Long-Term	-	1,297,917	-	1,360,536
Total	245,845	2,726,341	192,492	3,389,690

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). Mentioned amount was paid back on February 15, 2012.

As of March 24, 2006, 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 Bank extended the maturity of USD 220.5 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 June 30, 2012, the Group's liabilities comprise; 60% deposits (December 31, 2011 – 61%), 10% funds borrowed (December 31, 2011 – 11%) and 5% funds provided under repurchase agreements (December 31, 2011 – 3%).

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	1,629,911	-	816,309	-
Financial institutions and organizations	1,608,980	-	789,989	-
Other institutions and organizations	5,455	-	9,099	-
Real persons	15,476	-	17,221	-
From foreign transactions	980	557,016	534	552,135
Financial institutions and organizations	-	557,016	-	552,135
Other institutions and organizations	755	-	333	-
Real persons	225	-	201	-
Total	1,630,891	557,016	816,843	552,135

5. Information on securities issued (Net)

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	968,240	-	268,023	-
Bills	-	926,099	-	989,875
Total	968,240	926,099	268,023	989,875

During the current period, the Parent Bank has issued bonds on May 11, 2012 with nominal value of TL 400,000, 10.47% interest rate and 6 months maturity and issued bonds on June 11, 2012 with nominal value of TL 700,000, 10.72% interest rate and 6 months maturity.

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

Other liabilities account does not exceed 10% of total liabilities excluding the off-balance sheet items (December 31, 2011 – Does not exceed).

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

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

- 7.1. **Changes in agreements and further commitments arising**

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

- 7.2. **Financial lease payables**

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

- 7.3. **Information 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. **Information on “Sale -and- lease back” agreements**

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

8. **Information on liabilities arising from hedging purpose derivatives**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge ^(*)	59,401	127,901	30,334	124,258
Cash Flow Hedge ^(**)	43,148	-	34,325	-
Net Investment Hedge	-	-	-	-
Total	102,549	127,901	64,659	124,258

^(*) Derivative financial instruments held for the fair value hedge purposes include swaps. As of June 30, 2012, TL 54,150 (December 31, 2011 – 30,334) represents the fair value of derivatives which are the hedging instruments of hedged investment securities available for sale portfolio. TL 133,152 (December 31, 2011-TL 124,258) represents the fair value of loans which are the hedging instruments of hedged investment securities available for sale portfolio.

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

9. **Information on provisions**

- 9.1. **Information on general provisions**

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	355,417	286,073
Provisions for Loans and Receivables in Group II	52,148	34,212
Provisions for Non - Cash Loans	55,610	50,771
Other	28,729	29,385
Total	491,904	400,441

As of June 30, 2012 loans and receivables amounting to TL 331,740 is extended up to 1 year and TL 741,326 is extended for 1 year and longer and rescheduled.

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

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans ^(*)	14,210	1,647

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

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

The specific provision for non cash loans which are related with the non-performing cash loans in arrears or the loans which were written off from balance sheet is TL 51,878 (December 31,2011 - TL 59,210).

9.4 Information on employee termination benefits and unused vacation accrual

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

As of June 30, 2012, TL 31,009 (December 31, 2011 - TL 32,870) reserve for employee termination benefits was provided in the accompanying financial statements.

As of June 30, 2012, the Group accrued TL 21,873 (December 31, 2011 - TL 18,779) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of June 30, 2012, TL 38,046 (December 31, 2011 – TL 51,593) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying financial statements.

9.4.1 Movement of employee termination benefits

	Current Period	Prior Period
	01.01-30.06.2012	01.01-30.06.2011
As of January 1	32,870	26,826
Service cost	4,681	4,369
Interest Cost	2,457	1,576
Classification effect of FEHAŞ to Assets Held for Sale	(145)	-
Paid during the period	(8,854)	(4,038)
Total	31,009	28,733

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	92,110	63,702

As of June 30, 2012 the Group has provided provision for possible losses that could arise for loans in the watch list, considering their recovery rates.

9.5.2. Information on other provisions

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

	Current Period	Prior Period
Provision for Promotion Expenses of Credit Cards	12,591	13,832
Other Provisions	23,373	26,936
Total	35,964	40,768

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10. Taxation

10.1. Current taxes

10.1.1. Current tax liability

As of June 30, 2012, the Group has current tax liability of TL 176,115 (December 31, 2011 - TL 226,159) and advance taxes of TL 89,595 (December 31, 2011 - TL 148,735).

The current tax liability and the advance taxes of the consolidated subsidiaries have been offset separately in their financial statements. After the offsetting, the current tax liability is disclosed as TL 86,558 (December 31, 2011 - TL 77,957) and the current tax asset as TL 38 (December 31, 2011 - TL 533) are disclosed in the accompanying consolidated financial statements.

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	86,558	77,957
Banking and Insurance Transaction Tax (BITT)	32,766	30,496
Taxation on Securities Income	33,528	32,463
Taxation on Real Estates Income	1,348	1,210
Other	14,563	19,997
Total	168,763	162,123

10.1.3 Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	10,479	9,387
Social Security Premiums - Employer Share	10,990	9,922
Unemployment Insurance - Employee Share	740	659
Unemployment Insurance - Employer Share	1,467	1,325
Other	14	-
Total	23,690	21,293

10.2. Information on deferred tax liabilities

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

Deferred tax asset is TL 7,294 (December 31, 2011 - TL 15,956) and deferred tax liability is TL 10,202 (December 31, 2011 - TL 20,890) after deferred tax asset and liability balances in the financial statements of consolidated subsidiaries are netted off separately.

In cases whereby such differences are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax asset amounting to TL 23,954 is netted under equity (December 31, 2011 - TL 66,106 deferred tax asset).

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	Temporary Differences		Deferred Tax Asset / (Liability)	
	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
Reserve for employee benefits	90,928	103,242	18,186	20,648
The differences between carrying and taxable amounts of financial assets	300,057	347,075	60,011	69,415
Unused investment incentive certificates	24,863	38,671	50	7,734
Other	136,538	27,091	27,307	5,419
Deferred Tax Asset			105,554	103,216
The differences between carrying and taxable amounts of tangible assets	(95,244)	(105,565)	(19,049)	(21,113)
The differences between carrying and taxable amounts of financial assets	(378,047)	(380,220)	(75,609)	(76,044)
Other	(69,022)	(54,962)	(13,804)	(10,993)
Deferred Tax Liability			(108,462)	(108,150)
Deferred Tax Asset / (Liability), Net			(2,908)	(4,934)

	Current Period	Prior Period
	01.01-30.06.2012	01.01-30.06.2011
Deferred Tax Asset / (Liability) as of January 1 (Net)	(4,934)	(42,451)
Deferred Tax (Charge) / Benefit	44,360	(36,948)
Classification effect of FEHAŞ to Assets Held for Sale	(1,089)	-
Deferred Tax Items Accounted for under the Equity	(41,245)	42,993
Deferred Tax Asset/ (Liability) as of June 30, 2012 (Net)	(2,908)	(36,406)

11. Information on payables related to assets held for sale

Information on payables related to assets held for sale is explained under Section 5, Footnote 14. (December 31, 2011 – None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1,659,515	-	1,742,641
From Other Foreign Institutions	-	-	-	-
Total	-	1,659,515	-	1,742,641

The Parent Bank received USD 650 million of subordinated loans during 2008 and USD 325 million of subordinated loans during 2009 from its main shareholder, National Bank of Greece S.A. The maturity of the loan is 10 years with semi-annual interest payments and principle payment at maturity. There is a 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 was paid back in the previous period to be used in capital increase. In addition, the Parent Bank received USD 260 million of subordinated loans in the prior period from National Bank of Greece S.A.

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13. Information on shareholder's equity

13.1. Paid-in capital

	Current Period	Prior Period
Common Stock	2,565,000	2,440,000
Preferred Stock	-	-

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

Capital System	Paid-in Capital	Ceiling
Registered Capital System	2,565,000	6,000,000

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

Increase Date	Increase Amount	Cash Amount	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
June 13, 2012	125,000	-	125,000	-

13.4. Information on share capital increases from revaluation funds

None (December 31, 2011 - None).

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

The Group does not have any capital commitments, all of the capital is fully paid-in.

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

None (December 31, 2011 - None).

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

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

14. Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Stocks (Thousands)	25,650,000	24,400,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums (*)	714	714
Common Stock Withdrawal Profits	-	-
Other Capital Instruments	-	-

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

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15. Marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Entities under Common Control	-	-	-	-
Valuation Differences	-	-	-	-
Foreign Exchange Rate Differences	-	-	-	-
Securities Available-for-Sale	3,802	(93,748)	(98,932)	(154,784)
Valuation Differences	3,802	(93,748)	(98,932)	(154,784)
Foreign Exchange Rate Differences	-	-	-	-
Total	3,802	(93,748)	(98,932)	(154,784)

16. 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
Liabilities on Hedging Purpose Derivatives	369,802	131,806	831,948	215,832
Deposits	144,705	22,731	135,902	26,499
Liabilities on Trading Derivatives	102,549	127,901	64,659	124,258
Money Market Borrowings	898	386	642	587
Funds Borrowed	3,114	20,205	1,424	27,212
Other Accruals	38,695	51,426	23,971	47,546
Total	659,763	354,455	1,058,546	441,934

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SECTION FIVE

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

1. Information related to consolidated off-balance sheet contingencies

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Letters of Guarantee in FC	1,577,173	1,791,107
Letters of Guarantee in TL	3,688,481	3,423,939
Letters of Credit	585,867	688,611
Bank Loans	858,653	1,048,329
Other Guarantees	32,061	33,672
Total	6,742,235	6,985,658

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

Specific provision is provided for the non-cash loans amounting to TL 51,878 (December 31, 2011 – TL 59,210) followed in the off-balance sheet accounts that are not indemnified and not liquidated yet.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	395,332	395,780
Final Letters of Guarantee	3,612,821	3,826,420
Advance Letters of Guarantee	168,873	172,828
Letters of Guarantee Given to Customs Offices	200,408	202,919
Other Letters of Guarantee	888,220	617,099
Total	5,265,654	5,215,046

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	359,333	383,661
Less Than or Equal to One Year with Original Maturity	26,333	23,877
More Than One Year with Original Maturity	333,000	359,784
Other Non-Cash Loans	6,382,902	6,601,997
Total	6,742,235	6,985,658

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

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	12,578	0.34	7,752	0.26	11,480	0.33	4,632	0.13
Farming and Raising Livestock	10,856	0.29	4,464	0.15	10,074	0.29	1,454	0.04
Forestry	679	0.02	-	-	624	0.02	-	-
Fishing	1,043	0.03	3,288	0.11	782	0.02	3,178	0.09
Manufacturing	703,287	18.93	1,488,448	49.71	628,915	18.19	1,624,198	46.47
Mining and Quarrying	22,173	0.60	45	-	20,112	0.58	492	0.01
Production	607,277	16.34	1,389,678	46.41	531,089	15.36	1,509,406	43.19
Electricity, gas and water	73,837	1.99	98,725	3.30	77,714	2.25	114,300	3.27
Construction	963,180	25.92	427,900	14.29	848,019	24.53	572,361	16.38
Services	1,982,595	53.35	1,052,590	35.15	1,918,313	55.48	1,276,181	36.53
Wholesale and Retail Trade	1,199,388	32.28	606,626	20.26	1,185,470	34.27	721,489	20.65
Hotel, Food and Beverage								
Services	31,264	0.84	16,151	0.54	24,926	0.72	4,368	0.12
Transportation&Communication	98,739	2.66	147,076	4.91	68,698	1.99	150,092	4.30
Financial Institutions	393,039	10.58	245,226	8.19	373,121	10.79	312,094	8.93
Real Estate and Renting Services	3,527	0.09	7,093	0.24	5,719	0.17	2,138	0.06
Self Employment Services	78,807	2.12	17,802	0.59	80,738	2.34	11,707	0.34
Educational Services	1,367	0.04	-	-	1,606	0.05	-	-
Health and Social Services	176,464	4.74	12,616	0.42	178,035	5.15	74,293	2.13
Other (*)	54,376	1.46	17,468	0.59	50,779	1.47	17,108	0.49
Total	3,716,016	100.00	2,994,158	100.00	3,457,506	100.00	3,494,480	100.00

(*) Does not include foreign currency balance of "Other Guarantees" amounting to TL 32,061 (December 31, 2011 - TL 33,672).

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

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	3,493,660	1,472,176	168,919	79,021
Bill of Exchange and Acceptances	27,535	824,942	-	6,176
Letters of Credit	-	583,786	-	2,081
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	32,061	-	-
Non-cash Loans	3,521,195	2,912,965	168,919	87,278

(*) Does not include non-cash loans amounting to TL 51,878, for which provision is provided, but which 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)	46,301,098	51,533,238
Forward transactions ^(*)	9,025,671	10,765,945
Swap transactions	22,938,754	29,755,228
Futures transactions	252,303	216,141
Option transactions	14,084,370	10,795,924
Interest Related Derivative Transactions (II)	4,972,279	5,156,173
Forward rate transactions	-	-
Interest rate swap transactions	4,909,919	4,964,407
Interest option transactions	40,000	40,000
Futures interest transactions	-	151,766
Security option transactions	22,360	-
Other trading derivative transactions (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	51,273,377	56,689,411
Types of hedging transactions		
Fair value hedges	16,742,332	17,252,307
Cash flow hedges	859,615	1,062,475
Net investment hedges	-	-
B. Total Hedging Related Derivatives	17,601,947	18,314,782
Total Derivative Transactions (A+B)	68,875,324	75,004,193

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

5.1 Fair value hedge accounting

a) Loans

The Parent Bank enters into swap transactions in order to hedge itself from the changes in the fair value due to the changes in market interest rates of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. As of the balance sheet date; the mortgage loans amounting to TL 4,311,865 (December 31, 2011 – TL 4,357,337) were subject to hedge accounting by swaps with the nominal values of TL 6,620,385 (December 31, 2011 – TL 6,528,617). In 2012, the net fair value gain amounting to TL 7,867 as a result of the gains from loans amounting to TL 83,481 (June 30, 2011 – None) and losses from swaps amounting to TL 75,614 (June 30, 2011 - None) is accounted for under “gains / (losses) from financial derivative transactions” line in the accompanying income statement.

In case the fair value hedge accounting cannot be effectively continued as stated in TAS 39, it is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Parent Bank realized the fair value difference amounting to TL 32,295 (June 30, 2011 – 49,390) related to the loans that are ineffective for hedge accounting, under “gains / (losses) from financial derivative transactions” as loss during the current period.

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b) Investment securities available for sale

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Parent Bank using swaps as hedging instruments. As at the balance sheet date; Eurobonds with the nominal values of USD 214 million and EUR 26 million (December 31, 2011 – USD 214 million and EUR 26 million) were subject to hedge accounting by interest rate swaps with the same nominal value. In 2012, the net fair value gain amounting to TL 90 as a result of gains from Eurobonds amounting to TL 5,689 (June 30, 2011 – TL 14,399 gains) and losses from swaps amounting to TL 5,599 (June 30, 2011 – TL 14,327 losses) is accounted for under “gains / (losses) from financial derivative transactions” line in the accompanying income statement.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon held by the Parent Bank using swaps as hedging instruments. As at the balance sheet date; government bonds with the nominal value of TL 198,305 (December 31, 2011 – TL 102,030) were subject to hedge accounting by swaps with the same nominal value. In 2012, the fair value loss amounting to TL 147 as a result of gain from government bonds amounting to TL 5,266 (June 30, 2011 – None) and loss from swaps amounting to TL 5,413 (June 30, 2011 - None) is accounted for under “gains / (losses) from financial derivative transactions” line in the accompanying income statement.

c) Bonds issued

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to foreign currency bonds issued by the Parent Bank using interest rate swaps as hedging instruments. As at the balance sheet date; bonds with the nominal value of USD 484 million (December 31, 2011 – USD 497 million) were subject to hedge accounting by swaps with the same nominal value. As of June 30, 2012 fair value loss amounting to TL 119 as a result of loss from government bonds amounting to TL 4,411 (June 30, 2011 – TL 7,965) and gain from swaps amounting to TL 4,292 (June 30, 2011 – TL 8,018) is accounted for under “gains / (losses) from financial derivative transactions” line in the accompanying income statement.

5.2 Cash flow hedge accounting

a) Deposit

To hedge 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 accounting for under equity “Hedging Funds”, whereas the amount concerning ineffective portions are accounted for at income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to TL 429,807 are subject to hedge accounting as hedging instruments (December 31, 2011 – TL 531,238). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TL 4,146 are accounted for under equity during the current period (June 30, 2011 – TL 16,164). The loss amounting to TL 1,547 (June 30, 2011 – None) related to the ineffective portion is accounted for at the income statement.

In case the fair value hedge accounting cannot be effectively continued as stated in TAS 39, it is ceased. Effective portion 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 the loss amounting to TL 2,772 from equity to income statement due to swaps that are matured or whose effectiveness is deteriorated during the current period (June 30, 2011 – TL 2,185 loss).

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As of June 30, 2012, breakdown of the Group's foreign currency forward and currency and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy ^(*)	Forward Sell ^(*)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Future Buy	Future Sell
Current Period								
TL	1,369,371	1,299,186	7,592,244	12,953,524	3,429,272	3,579,714	17,029	4,097
USD	2,003,055	1,953,787	14,181,014	8,925,179	2,207,063	2,074,712	108,814	121,521
EURO	1,032,431	1,108,998	667,715	867,691	1,260,622	1,231,074	421	421
Other	116,999	141,844	40,675	222,578	210,171	154,102	-	-
Total	4,521,856	4,503,815	22,481,648	22,968,972	7,107,128	7,039,602	126,264	126,039

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

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

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

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

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

As of June 30, 2012, the Group has no derivative transactions for hedge of net investment.

6. Information on contingent liabilities and assets

None (December 31, 2011 – 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 June 2012		FITCH April 2012		CI August 2012	
Long-Term Deposit Rating (FC)	Ba2	Long -Term Foreign Curr.	BBB-	Long-Term Foreign Curr.	BB
Long-Term Deposit Rating (TL)	Ba1	Short-Term Foreign Curr.	F3	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (TL)	NP	Long-Term TL	BBB-	Financial Strength at local market	BBB+
Financial Strength	D+	Short-Term TL	F3	Support	3
		Long-Term National	AAA(tur)		
		Support	3		
		Individual	BBB-		

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SECTION FIVE

IV. EXPLANATIONS ON 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	1,393,995	31,006	1,011,646	22,949
Medium and Long-Term Loans	875,201	61,156	757,398	41,161
Non-Performing Loans	49,904	-	48,887	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	2,319,100	92,162	1,817,931	64,110

b) Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank	-	229	-	-
Domestic Banks	5,864	9	2,632	227
Foreign Banks	579	98	1,466	2,750
Foreign Headquarters and Branches	-	-	-	-
Total	6,443	336	4,098	2,977

c) Information on interest income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	8,712	291	2,303	146
Financial Assets at FVTPL	5	-	613	-
Investment Securities Available for Sale	273,447	23,377	174,392	23,731
Investment Securities Held to Maturity	-	-	-	-
Total	282,164	23,668	177,308	23,877

d) Information on interest income received from associates and subsidiaries

None (June 30, 2011 – None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	12,220	77,487	19,538	74,006
T.R. Central Bank	-	-	-	-
Domestic Banks	6,732	1,290	6,918	1,324
Foreign Banks	5,488	76,197	12,620	72,682
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	12,220	77,487	19,538	74,006

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b) Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	386	45

c) Information on interest expense paid to securities issued

TL bonds issued by the Parent Bank on November 2, 2011 with nominal value of TL 150,000 and on November 30, 2011 with nominal value of TL 200,000 are amortized during the current period. Besides, the Parent Bank has issued bonds on May 11, 2012 with nominal value of TL 400,000, 10.47% interest rate and 6 months maturity and issued bonds on June 11, 2012 with nominal value of TL 700,000, 10.72% interest rate and 6 months maturity (June 30, 2011-None).

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

Time Deposits								
							Accumulated	
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Deposit Account	Total
Turkish Lira								
Bank Deposits	-	112	6,072	1,869	37	299	-	8,389
Saving Deposits	2	80,349	558,414	146,145	15,358	969	848	802,085
Public Sector Deposits	-	531	2,676	244	5	-	-	3,456
Commercial Deposits	1	45,800	127,583	35,870	6,972	2,770	-	218,996
Other Deposits	-	785	29,892	9,116	89	434	-	40,316
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	3	127,577	724,637	193,244	22,461	4,472	848	1,073,242
Foreign Currency								
Deposits	-	15,555	96,498	16,024	5,344	462	152	134,035
Bank Deposits	102	1,830	1,793	181	31	123	-	4,060
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	391	79	5	2	-	-	477
Total	102	17,776	98,370	16,210	5,377	585	152	138,572
Grand Total	105	145,353	823,007	209,454	27,838	5,057	1,000	1,211,814

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

Time Deposits								
							Accumulated	
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Deposit Account	Total
Turkish Lira								
Bank Deposits	-	82	4,039	5,761	-	394	-	10,276
Saving Deposits	4	53,841	357,358	47,396	6,623	183	276	465,681
Public Sector Deposits	-	189	4,568	133	-	-	-	4,890
Commercial Deposits	1	39,770	137,638	23,980	12,990	546	-	214,925
Other Deposits	-	1,139	33,467	2,845	110	123	-	37,684
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	5	95,021	537,070	80,115	19,723	1,246	276	733,456
Foreign Currency								
Deposits	4	12,778	71,575	7,183	3,465	764	103	95,872
Bank Deposits	59	1,607	2,314	877	-	-	-	4,857
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	141	-	-	-	-	-	141
Total	63	14,526	73,889	8,060	3,465	764	103	100,870
Grand Total	68	109,547	610,959	88,175	23,188	2,010	379	834,326

e) **Information on interest expenses on repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Repurchase Agreements ^(*)	53,629	3,511	50,547	2,202

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

f) **Information on finance lease expenses**

None (June 30, 2011 – None).

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

None (June 30, 2011 – None).

3. **Information on dividend income**

	Current Period	Prior Period
Financial Assets Held for Trading	-	-
Financial Assets at Fair Value Through Profit or Loss	178	-
Financial Assets Available for Sale	9	101
Other	-	147
Total	187	248

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4. Information on trading income/loss

	Current Period	Prior Period
Trading Gain	2,930,081	4,090,275
Gains on Capital Market Operations	38,172	121,374
Gains on Derivative Financial Instruments	1,057,244	1,532,753
Foreign Exchange Gains	1,834,665	2,436,148
Trading Loss (-)	(3,136,408)	(4,090,355)
Losses on Capital Market Operations	(28,932)	(51,734)
Losses on Derivative Financial Instruments	(1,261,031)	(1,551,559)
Foreign Exchange Losses	(1,846,445)	(2,487,062)
Net Trading Income/Loss	(206,327)	(80)

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.

6. Provision for losses on loans and other receivables

	Current Period	Prior Period
Specific Provisions For Loans and Other Receivables	229,165	46,071
Loans and Receivables in Group III	31,451	1,085
Loans and Receivables in Group IV	76,304	5,147
Loans and Receivables in Group V	121,410	39,839
Doubtful Fee, Commission and Other Receivables	-	-
General Provisions	91,463	57,159
Provision for Free Reserves on Possible Losses	28,408	8,305
Impairment Losses on Securities	-	20
Financial assets at fair value through profit or loss	-	-
Investment Securities available for sale	-	20
Impairment Losses on Associates, Subsidiaries and Investment Securities Held-to-Maturity	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held-to-maturity	-	-
Other	6,575	15,601
Total	355,611	127,156

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7. Information on other operating expenses

	Current Period	Prior Period
Personnel costs	387,353	377,358
Reserve for employee termination benefits	-	1,626
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	-	-
Depreciation charge of tangible assets	46,281	40,962
Impairment losses on intangible assets	-	-
Impairment losses on goodwill	-	-
Amortization charge of intangible assets	26,171	19,048
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed of	1	2
Depreciation on assets to be disposed	1,160	629
Impairment charge of assets held for sale and discontinued operations	-	-
Other operating expenses	308,255	274,978
Operational lease related expenses	68,382	57,985
Repair and maintenance expenses	24,787	22,804
Advertisement expenses	40,146	26,329
Other expenses	174,940	167,860
Losses on sales of assets	1,010	430
Other	120,569	109,174
Total	890,800	824,207

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

For the period ended June 30, 2012, net interest income of TL 1,395,714 (June 30, 2011 - TL 1,150,268), net fees and commission income of TL 550,306 (June 30, 2011 – TL 396,394) and other operating income of TL 111,363 (June 30, 2011 – TL 75,016) constitute an important part of the period 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 June 30, 2012, the Group recorded current tax charge of TL 191,106 (June 30, 2011 - TL 131,437) and a deferred tax benefit of TL 44,360 (June 30, 2011 – TL 36,948 deferred tax charge).

	Current Period	Prior Period
Current Tax Provision	(193,164)	(126,867)
Adjustment concerning the prior period's corporate tax	2,058 ^(*)	(4,570) ^(**)
Deferred Tax Income/(Expense)	44,360	(36,948)
Total	(146,746)	(168,385)

^(*)As explained in section 3 footnote XXII, Finans Finansal Kiralama A.Ş. applied the investment incentive exemption fully, accrued investment incentive withholding tax amounting to TL 5,677, and recognized the tax effect of investment incentive exemption amounting to 7,735 as income under "current tax provision" in the income statement for the period ended June 30, 2012. The related amount was deductible in the preparation of 2011 corporate tax returns; however, was not reflected in the financial statements as of December 31, 2011 due to the uncertainty of the issuance date of the financial statements.

^(**) The Parent Bank 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., is entitled for a refund of the corporate taxes paid in prior periods. Accordingly, TL 13,337 of the corporate tax attributable to year 2009 is refunded to Finans Finansal Kiralama A.Ş. on July 6, 2011 and August 11, 2011. In the financial statements as of June 30, 2011 the said amount is recognized as income in "current income tax charge" in the income statement.

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9.2. Explanations on operating profit/loss after taxes

None (June 30, 2011 – None).

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

Net profit of the Group from continued operations is TL 458,086 (June 30, 2011 – TL 502,098).

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 (June 30, 2011 – None).

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

11.3. Profit or loss attributable to minority shares

	Current Period	Prior Period
Profit / Loss Attributable to Minority Shares	8,037	6,660

11.4. There is no change 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, while fees and commissions given to credit cards are recorded in the “Others” line under “Fees and Commissions Paid” account by the Parent Bank.

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SECTION FIVE

V. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED CASH FLOW STATEMENT

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

	Current Period	Prior Period
	January 1, 2012	January 1, 2011
Cash	524,265	429,473
Cash in TL	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	1,968,848
Banks and Other Financial Institutions	932,227	559,177
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

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

	Current Period	Prior Period
	June 30, 2012	June 30, 2011
Cash	494,293	480,517
Cash in TL	317,357	249,011
Cash in Foreign Currencies	151,007	157,487
Other	25,929	74,019
Cash Equivalents	700,900	3,696,047
Balances with the T.R. Central Bank	554,572	3,461,323
Banks and Other Financial Institutions	141,329	234,198
Money Market Placements	5,326	5,990
Less: Placements with Banks with Maturities Longer than 3 Months	-	(4,118)
Less: Accruals	(327)	(1,346)
Cash and Cash Equivalents	1,195,193	4,176,564

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

Foreign bank balances include TL 7 (December 31, 2011- TL 59,921) of cash blocked at foreign banks held for transactions made for foreign money markets and capital markets and borrowings from foreign markets.

4. Additional information

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

None.

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SECTION FIVE

VI. 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 June 30, 2012, the Parent Bank's risk group has deposits, cash and non-cash loans at the Parent Bank amounting to TL 74,914 (December 31, 2011 – TL 91,465), TL 32,044 (December 31, 2011 – TL 34,873) and TL 23,581 (December 31, 2011 – TL 3,074); 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	-	-	-	3,072	34,873	2
Balance at the End of the Period	-	-	-	23,581	32,044	-
Interest and Commission Income	-	-	-	5	1,131	1

Prior Period

Parent Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	270	-	48,794	29,061	2
Balance at the End of the Period	-	-	-	3,072	34,873	2
Interest and Commission Income	-	1	-	5	1,112	-

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

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

Parent Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	58,340	27,579	31,009	1,707	2,116	98,385
Balance at the End of the Period	51,104	58,340	16,033	31,009	7,777	2,116
Interest on deposits	386	45	-	-	-	676

^(*) 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	-	-	34,165	817,073	28,702	246,599
End of the Period	-	-	377,087	34,165	15,273	28,702
Total Income/Loss (**)	-	-	-	-	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss (**)	-	-	-	-	-	-

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

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

1.4. As of June 30 2012, the total amount of remuneration and bonuses paid to top management of the Group is TL 28,213 (June 30, 2011- TL 22,009).

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 matters

The pricing of transactions with the risk group companies is set in compliance with the market prices. As of June 30, 2012, cash loans of the risk group represented 0.1% (December 31, 2011 – 0.1%) of the Parent Bank's total cash loans; the deposits represented 0.3 % (December 31, 2011 – 0.3%) of the Parent Bank's total deposits and the derivative transactions represented 1.7% (December 31, 2011 – 0.2%) of the total derivative transactions.

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.

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 loan obtained from NBG is explained under Section 5, Part II., Footnote 12.

The receivables, payables, income and expenses of the transactions conducted with the financial subsidiaries those stated above are eliminated from the accompanying consolidated financial statements.

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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

1.1 As of July 11, 2012, share purchase and sale agreement was signed regarding the disposal of 51% of the Parent Bank's shares in Finans Emeklilik ve Hayat A.Ş (FEHAŞ) to Cigna Nederland Gamma B.V. (Cigna) with a value of EUR 85 million. After this sale, the Parent Bank will continue to own the shares representing 49% of the capital of FEHAŞ. Transfer of the company shares will be realized subsequent to obtaining approval from Republic of Turkey Prime Ministry Undersecretariat of Treasury and Competition Authority. In this context, life insurance and individual pension plan agency contract is also signed between the Bank and Finans Emeklilik ve Hayat A.Ş. for the distribution, marketing and sale of life insurance and individual pension plan products for 15 years.

1.2 Capital adequacy calculations of Banks is adapted to Basel II, as effective from July 1, 2012, in accordance with "The Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette No. 28337 dated June 28, 2012.

1.3 The Parent Bank decided to issue bank bonds and/or bills with TL 2,000,000 nominal value and with maturity up to 5 years, and to make necessary applications to Banking Regulation and Supervision Agency, Capital Markets Board of Turkey and Istanbul Stock Exchange, at the Board of Directors Meeting dated August 16, 2012.

1.4 The Parent Bank decided to accept the resignation of Board Member Agis Leopoulos and and to make necessary declarations to Banking Regulation and Supervision Agency regarding the assignment of Stephanos Pantzopoulos as Board Member, at the Board of Directors Meeting dated August 16, 2012.

1.5 The Parent Bank, decided to issue bonds with values up to USD 750 million with a maturity of five to seven years to be sold to investors located abroad, and to authorize Head Office to make applications to Banking Regulation and Supervision Agency, Capital Markets Board of Turkey and other authorities, and to perform necessary processes, at the Board of Directors Meeting dated August 16, 2012.

2. Information about effects of significant changes in foreign exchange rates after balance sheet date that would effect 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

LIMITED REVIEW REPORT

I. Explanations on the Limited Review Report

The consolidated financial statements of the Bank have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the limited review report dated August 22, 2012 is presented preceding the financial statements.

II. Explanations on the notes prepared by Independent Auditors

None (December 31, 2011 – None).