

# **FİNANSBANK ANONİM ŞİRKETİ**

## **INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD ENDED JUNE 30, 2014**

**(Convenience translation of the consolidated financial statements and independent auditor's review report originally issued in Turkish, See Note I. of Section three)**

**(Convenience translation of the independent auditor’s review report originally issued in Turkish, See Note I. of Section three)**

**FİNANSBANK ANONİM ŞİRKETİ**

**INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT  
FOR THE INTERIM PERIOD JANUARY 1 –JUNE 30, 2014**

To the Board of Directors of  
Finansbank Anonim Şirketi

We have reviewed the accompanying consolidated balance sheet of Finansbank Anonim Şirketi (“The Bank”) and its consolidated subsidiaries (“The Group”) as of June 30, 2014 and the related consolidated statements of income, consolidated statement of income and expense items accounted under shareholder’s equity, consolidated statement of cash flows and consolidated statement of changes in shareholders’ equity for the period then ended. These financial statements are the responsibility of the Bank’s management. Our responsibility as independent auditors is to issue a report based on these financial statements based on our review.

We conducted our review in accordance with the regulations on account and booking system and accounting and independent audit principles set out as per the Banking Act No: 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to applying analytical procedures to financial data and making inquiries of the Group’s management, and thus provides less assurance than an audit. 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 do not give a true and fair view of the financial position of Finansbank Anonim Şirketi and its consolidated subsidiaries at June 30, 2014 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by the regulations in conformity with Articles 37 and 38 of the Banking Act No: 5411, and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

*Other matters:*

The consolidated financial statements of the Group as of June 30, 2013 and as of and for the year ended December 31, 2013 prepared in accordance with the accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 were reviewed and audited, respectively, by another audit firm, who in their report dated August 21, 2013 stated that nothing has come to their attention that causes them to believe that the consolidated financial statements of the Group as of and for the six months ended June 30, 2013 do not give a true and fair view of the financial position, results of operations and cash flows in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No: 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles, and in their report dated February 27, 2014 expressed an unqualified opinion on the consolidated financial statements as of and for the year ended December 31, 2013.

**Additional paragraph for English translation:**

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

Hatice Dilek Çilingir Köstem  
Partner in Charge, SMMM

Istanbul, July 25, 2014

**THE CONSOLIDATED INTERIM FINANCIAL REPORT OF FİNANSBANK A.Ş.  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2014**

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](http://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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

Within the context of this six month financial report, the consolidated subsidiaries and entities under common control and special purpose entities 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 Faktoring Hizmetleri Anonim Şirketi

**Entities under common control**

1. Cigna Finans Emeklilik ve Hayat Anonim Şirketi

**Special Purpose Entities**

1. Bosphorus Financial Services Limited

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).

<b>Ömer A. Aras</b>	<b>Ali Teoman Kerman</b>	<b>Ioannis Vagionitis</b>
Chairman of the Board of Directors	Member of the Board of Directors and Chairman of the Audit Committee	Member of the Board of Directors and Audit Committee
<b>Temel Güzeloğlu</b>	<b>Adnan Menderes Yayla</b>	<b>Ercan Sakarya</b>
General Manager and Member of the Board of Directors	Executive Vice President Responsible for Financial Control and Planning	Division Manager of Financial, Statutory Reporting and Treasury Control

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

Name-Surname/Title : Ercan Sakarya / Division Manager of Financial, Statutory Reporting and Treasury Control  
Phone Number : (0 212) 318 52 92  
Facsimile Number : (0 212) 318 55 78

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

**FİNANSBANK ANONİM ŞİRKETİ  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014**

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

**SECTION ONE**

**GENERAL INFORMATION ABOUT THE GROUP**

**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 Borsa Istanbul ("BIST") (formerly known as Istanbul Stock Exchange ("ISE")) since the first public offering on February 3, 1990.

**II. Information about the Parent Bank's shareholding structure, shareholders who individually or jointly have the 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, 2014, 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**

<b>Name</b>	<b>Title</b>	<b>Date of Appointment</b>	<b>Education</b>
Dr. Ömer A. Aras	Chairman	April 16, 2010	Phd
Sinan Şahinbaş	Deputy Chairman	April 16, 2010	Masters
Prof. Dr. Mustafa Aydın Aysan <sup>(*)</sup>	Board Member	November 9, 2006	Phd
Stefanos Pantzopoulos	Board Member	October 16, 2012	Graduate
Dr. Paul Mylonas <sup>(**)</sup>	Board Member and Audit Committee Member	February 23, 2010	Phd
Ioannis Vagionitis <sup>(***)</sup>	Board Member and Audit Committee Member	January 6, 2014	Masters
Christos Alexis Komninos	Board Member	February 16, 2011	Graduate
Temel Güzeloğlu	Board Member and Managing Director	April 16, 2010	Masters
Mustafa Hamdi Gürtin	Board Member	April 16, 2010	Masters
Ali Teoman Kerman <sup>(****)</sup>	Board Member and Head of Audit Committee	April 16, 2013	Masters
Paula Hadjisotiriou	Board Member	December 16, 2013	Masters
Georgios Koutsoudakis <sup>(*****)</sup>	Board Member	23 Temmuz 2014	Graduate
Adnan Menderes Yayla	Assistant Managing Director	May 20, 2008	Masters
Metin Karabiber	Assistant Managing Director	October 8, 2010	Graduate
Murat Şakar	Assistant Managing Director	August 18, 2008	Graduate
Köksal Çoban	Assistant Managing Director	August 19, 2008	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
Filiz Sonat	Assistant Managing Director	September 19, 2007	Graduate
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
Halim Ersun Bilgici	Assistant Managing Director	March 15, 2013	Masters

<sup>(\*)</sup> Prof. Dr. Mustafa Aydın Aysan resigned from Audit Committee as of April 24, 2014.

<sup>(\*\*)</sup> Dr. Paul Mylonas has been appointed as member to the Audit Committee as of January 17, 2014.

<sup>(\*\*\*)</sup> Ioannis Vagionitis has been appointed to the Audit Committee as of January 17, 2014.

<sup>(\*\*\*\*)</sup> Ali Teoman Kerman has been appointed as the Head of Audit Committee as of April 24, 2014.

<sup>(\*\*\*\*\*)</sup> It has been decided to apply to Banking Regulation and Supervision Agency for the purposes of making necessary declarations in regards to the appointment of Georgios Koutsoudakis as Board Member upon the resignation of the Bank's Board Member Antonis Grammatikopoulos. Subject procedures have been completed as of 23 July 2014.

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, 2014**

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

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

<b>Name Surname/Trade Name</b>	<b>Amount of Shares</b>	<b>Percentage of Shares</b>	<b>Paid-up Shares</b>	<b>Unpaid Shares</b>
National Bank of Greece S.A.	2,189,420	%77.23	2,189,420	-
NBG Finance (Dollar) PLC	274,411	%9.68	274,411	-
NBGI Holdings B.V.	223,965	%7.90	223,965	-

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, 2014, the Parent Bank operates through 671 domestic (December 31, 2013 - 672), 1 off-shore banking (December 31, 2013 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2013 - 1) branches.

**VI. Information on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods**

Parent Bank's joint venture Cigna Finans Emeklilik and Hayat Anonim Şirketi is consolidated using equity method as per the Regulation on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards.

Ibtech A.Ş and E-finans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. included in investments in associates and Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. included in joint ventures are not consolidated to accompanying financial statements as per the Regulation on Preparation of Consolidated Financial Statements of Banks since they are nonfinancial investments. Bankalararası Kart Merkezi included in subsidiaries is carried at cost and not consolidated since the Parent Bank does not have material control and presence over it.

All other subsidiaries are fully consolidated.

**VII. Current or likely actual or legal barriers to immediate transfer of shareholders' equity or repayment of debts between parent the Parent Bank and its subsidiaries**

None.

## **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)
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Cash Flows Statement



**(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, 2014**  
**(STATEMENT OF FINANCIAL POSITION)**

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

**I. CONSOLIDATED BALANCE SHEET – ASSETS**

		Reviewed 30.06.2014			Audited 31.12.2013			
		Section 5 Part I	TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>CASH AND BALANCES WITH THE CENTRAL BANK</b>	(1)	<b>943,846</b>	<b>7,328,576</b>	<b>8,272,422</b>	<b>887,790</b>	<b>7,320,692</b>	<b>8,208,482</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	(2)	<b>1,449,208</b>	<b>155,327</b>	<b>1,604,535</b>	<b>1,423,069</b>	<b>253,498</b>	<b>1,676,567</b>
2.1	Financial assets held for trading		1,311,831	155,327	1,467,158	1,237,995	253,498	1,491,493
2.1.1	Public sector debt securities		193,424	3,736	197,160	198,580	1,973	200,553
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Assets on trading derivatives		1,077,442	151,591	1,229,033	1,029,956	251,525	1,281,481
2.1.4	Other securities		40,965	-	40,965	9,459	-	9,459
2.2	Financial assets at fair value through profit and loss		137,377	-	137,377	185,074	-	185,074
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Loans		137,377	-	137,377	185,074	-	185,074
2.2.4	Other securities		-	-	-	-	-	-
<b>III.</b>	<b>BANKS</b>	(3)	<b>36,061</b>	<b>369,689</b>	<b>405,750</b>	<b>5,987</b>	<b>470,167</b>	<b>476,154</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		<b>24,919</b>	<b>-</b>	<b>24,919</b>	<b>3,433</b>	<b>-</b>	<b>3,433</b>
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		19,252	-	19,252	-	-	-
4.3	Receivables from reverse repurchase agreements	(4)	5,667	-	5,667	3,433	-	3,433
<b>V.</b>	<b>INVESTMENT SECURITIES AVAILABLE-FOR-SALE (Net)</b>	(5)	<b>4,285,207</b>	<b>1,148,236</b>	<b>5,433,443</b>	<b>4,669,176</b>	<b>1,073,809</b>	<b>5,742,985</b>
5.1	Equity securities		-	-	-	-	-	-
5.2	Public sector debt securities		4,235,608	1,138,578	5,374,186	4,633,866	1,059,507	5,693,373
5.3	Other securities		49,599	9,658	59,257	35,310	14,302	49,612
<b>VI.</b>	<b>LOANS AND RECEIVABLES</b>	(6)	<b>39,962,648</b>	<b>5,552,838</b>	<b>45,515,486</b>	<b>38,052,309</b>	<b>4,618,996</b>	<b>42,671,305</b>
6.1	Loans and receivables		39,430,267	5,552,838	44,983,105	37,543,584	4,618,996	42,162,580
6.1.1	Loans to risk group of the Bank		-	-	-	-	-	-
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		39,430,267	5,552,838	44,983,105	37,543,584	4,618,996	42,162,580
6.2	Non-performing loans		2,597,801	-	2,597,801	2,965,853	-	2,965,853
6.3	Specific provisions (-)		2,065,420	-	2,065,420	2,457,128	-	2,457,128
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>	(7)	<b>399,577</b>	<b>12,776</b>	<b>412,353</b>	<b>512,851</b>	<b>7,806</b>	<b>520,657</b>
<b>VIII.</b>	<b>INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	(8)	<b>2,820,589</b>	<b>508,975</b>	<b>3,329,564</b>	<b>2,446,859</b>	<b>378,920</b>	<b>2,825,779</b>
8.1	Public sector debt securities		2,820,589	31,292	2,851,881	2,446,859	20,820	2,467,679
8.2	Other securities		-	477,683	477,683	-	358,100	358,100
<b>IX.</b>	<b>INVESTMENT IN ASSOCIATES (Net)</b>	(9)	<b>3,766</b>	<b>-</b>	<b>3,766</b>	<b>3,766</b>	<b>-</b>	<b>3,766</b>
9.1	Equity method associates		-	-	-	-	-	-
9.2	Unconsolidated		3,766	-	3,766	3,766	-	3,766
9.2.1	Financial Investments		-	-	-	-	-	-
9.2.2	Non-financial Investments		3,766	-	3,766	3,766	-	3,766
<b>X.</b>	<b>INVESTMENT IN SUBSIDIARIES (Net)</b>	(10)	<b>18,054</b>	<b>-</b>	<b>18,054</b>	<b>18,048</b>	<b>-</b>	<b>18,048</b>
10.1	Unconsolidated financial investments		-	-	-	-	-	-
10.2	Unconsolidated non-financial investments		18,054	-	18,054	18,048	-	18,048
<b>XI.</b>	<b>ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)</b>	(11)	<b>169,785</b>	<b>-</b>	<b>169,785</b>	<b>177,608</b>	<b>-</b>	<b>177,608</b>
11.1	Equity method entities under common control		166,985	-	166,985	174,808	-	174,808
11.2	Unconsolidated		2,800	-	2,800	2,800	-	2,800
11.2.1	Financial investments		-	-	-	-	-	-
11.2.2	Non-financial Investments		2,800	-	2,800	2,800	-	2,800
<b>XII.</b>	<b>LEASE RECEIVABLES (Net)</b>	(12)	<b>531,226</b>	<b>833,503</b>	<b>1,364,729</b>	<b>468,975</b>	<b>833,813</b>	<b>1,302,788</b>
12.1	Financial lease receivables		638,238	923,953	1,562,191	561,460	921,274	1,482,734
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		107,012	90,450	197,462	92,485	87,461	179,946
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS HEDGING PURPOSES</b>	(13)	<b>1,375,994</b>	<b>36,133</b>	<b>1,412,127</b>	<b>1,866,369</b>	<b>61,426</b>	<b>1,927,795</b>
13.1	Fair value hedge		1,065,443	36,133	1,101,576	1,487,743	61,426	1,549,169
13.2	Cash flow hedge		310,551	-	310,551	378,626	-	378,626
13.3	Hedging of a net investment in foreign subsidiaries		-	-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>		<b>1,485,312</b>	<b>63</b>	<b>1,485,375</b>	<b>533,983</b>	<b>63</b>	<b>534,046</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>		<b>224,136</b>	<b>-</b>	<b>224,136</b>	<b>209,767</b>	<b>-</b>	<b>209,767</b>
15.1	Goodwill		8,969	-	8,969	8,969	-	8,969
15.2	Others		215,167	-	215,167	200,798	-	200,798
<b>XVI.</b>	<b>INVESTMENT PROPERTIES (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>TAX ASSETS</b>	(14)	<b>40,156</b>	<b>-</b>	<b>40,156</b>	<b>107,583</b>	<b>-</b>	<b>107,583</b>
17.1	Current tax assets		-	-	-	-	-	-
17.2	Deferred tax assets		40,156	-	40,156	107,583	-	107,583
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	(15)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	(16)	<b>1,130,472</b>	<b>126,078</b>	<b>1,256,550</b>	<b>800,887</b>	<b>458,068</b>	<b>1,258,955</b>
<b>TOTAL ASSETS</b>			<b>54,900,956</b>	<b>16,072,194</b>	<b>70,973,150</b>	<b>52,188,460</b>	<b>15,477,258</b>	<b>67,665,718</b>

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

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

**FİNANSBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2014**  
**(STATEMENT OF FINANCIAL POSITION)**

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

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

		Reviewed 30.06.2014			Audited 31.12.2013			
		Section 5 Part II	TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>DEPOSITS</b>	(1)	<b>26,474,709</b>	<b>11,939,650</b>	<b>38,414,359</b>	<b>26,304,628</b>	<b>11,802,374</b>	<b>38,107,002</b>
1.1	Deposits from risk group of the Bank		178,229	26,330	204,559	153,012	27,593	180,605
1.2	Other		26,296,480	11,913,320	38,209,800	26,151,616	11,774,781	37,926,397
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>888,626</b>	<b>143,011</b>	<b>1,031,637</b>	<b>1,112,851</b>	<b>198,046</b>	<b>1,310,897</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	(3)	<b>456,397</b>	<b>5,399,635</b>	<b>5,856,032</b>	<b>542,041</b>	<b>4,278,910</b>	<b>4,820,951</b>
<b>IV.</b>	<b>MONEY MARKET BORROWINGS</b>		<b>2,739,723</b>	<b>1,042,718</b>	<b>3,782,441</b>	<b>2,638,931</b>	<b>1,141,561</b>	<b>3,780,492</b>
4.1	Interbank money markets takings		-	-	-	50,000	-	50,000
4.2	Istanbul Stock Exchange money markets takings		59,667	-	59,667	62,210	-	62,210
4.3	Funds provided under repurchase agreements	(4)	2,680,056	1,042,718	3,722,774	2,526,721	1,141,561	3,668,282
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>	(5)	<b>2,049,177</b>	<b>3,086,358</b>	<b>5,135,535</b>	<b>2,160,812</b>	<b>1,793,767</b>	<b>3,954,579</b>
5.1	Bills		1,970,847	-	1,970,847	2,057,078	-	2,057,078
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		78,330	3,086,358	3,164,688	103,734	1,793,767	1,897,501
<b>VI.</b>	<b>FUNDS</b>		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
<b>VII.</b>	<b>SUNDRY CREDITORS</b>		<b>1,489,658</b>	<b>1,620,209</b>	<b>3,109,867</b>	<b>1,417,764</b>	<b>2,031,963</b>	<b>3,449,727</b>
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	(6)	<b>1,400,040</b>	<b>256,980</b>	<b>1,657,020</b>	<b>867,142</b>	<b>76,561</b>	<b>943,703</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	(7)	-	-	-	-	-	-
10.1	Financial lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial lease expenses (-)		-	-	-	-	-	-
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES</b>	(8)	<b>257,633</b>	<b>115,421</b>	<b>373,054</b>	<b>7,648</b>	<b>75,101</b>	<b>82,749</b>
11.1	Fair value hedge		56,767	115,421	172,188	-	75,101	75,101
11.2	Cash flow hedge		200,866	-	200,866	7,648	-	7,648
11.3	Hedge of net investments in foreign subsidiaries		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	(9)	<b>1,259,580</b>	<b>92,486</b>	<b>1,352,066</b>	<b>1,207,228</b>	<b>84,572</b>	<b>1,291,800</b>
12.1	General provisions		819,580	92,486	912,066	731,719	84,572	816,291
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		169,054	-	169,054	220,328	-	220,328
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		270,946	-	270,946	255,181	-	255,181
<b>XIII.</b>	<b>TAX LIABILITY</b>	(10)	<b>55,045</b>	-	<b>55,045</b>	<b>109,638</b>	-	<b>109,638</b>
13.1	Current tax liability		53,281	-	53,281	108,308	-	108,308
13.2	Deferred tax liability		1,764	-	1,764	1,330	-	1,330
<b>XIV.</b>	<b>PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>	(11)	-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	(12)	-	<b>1,942,454</b>	<b>1,942,454</b>	-	<b>1,950,719</b>	<b>1,950,719</b>
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>		<b>8,316,554</b>	<b>(52,914)</b>	<b>8,263,640</b>	<b>8,000,029</b>	<b>(136,568)</b>	<b>7,863,461</b>
16.1	Paid-in capital	(13)	2,835,000	-	2,835,000	2,700,000	-	2,700,000
16.2	Capital reserves		(71,987)	(52,914)	(124,901)	(22,675)	(136,568)	(159,243)
16.2.1	Share premium	(14)	714	-	714	714	-	714
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	(15)	(204)	(52,914)	(53,118)	(85,632)	(136,568)	(222,200)
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)		(38,753)	-	(38,753)	95,987	-	95,987
16.2.9	Accumulated valuation differences from assets held for sale and discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		(33,744)	-	(33,744)	(33,744)	-	(33,744)
16.3	Profit reserves		4,853,036	-	4,853,036	4,210,843	-	4,210,843
16.3.1	Legal reserves		402,779	-	402,779	363,631	-	363,631
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		4,450,257	-	4,450,257	3,847,212	-	3,847,212
16.3.4	Other profit reserves		-	-	-	-	-	-
<b>16.4</b>	<b>Profit or loss</b>		<b>529,289</b>	-	<b>529,289</b>	<b>948,925</b>	-	<b>948,925</b>
16.4.1	Prior years' income/ (losses)		171,732	-	171,732	202,774	-	202,774
16.4.2	Current period income/ (loss)		357,557	-	357,557	746,151	-	746,151
16.5	Minority shares		171,216	-	171,216	162,936	-	162,936
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>			<b>45,387,142</b>	<b>25,586,008</b>	<b>70,973,150</b>	<b>44,368,712</b>	<b>23,297,006</b>	<b>67,665,718</b>

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

**(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, 2014**

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

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

	Reviewed 30.06.2014			Audited 31.12.2013			
	Section 5 Part III	TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		<b>85,561,179</b>	<b>70,761,593</b>	<b>156,322,772</b>	<b>70,483,727</b>	<b>62,693,666</b>	<b>133,177,393</b>
<b>I. GUARANTEES</b>	(1), (2), (3),(4)	<b>4,690,273</b>	<b>3,439,470</b>	<b>8,129,743</b>	<b>4,170,445</b>	<b>2,947,967</b>	<b>7,118,412</b>
1.1. Letters of guarantee		4,672,709	1,880,231	6,552,940	4,162,774	1,777,802	5,940,576
1.1.1. Guarantees subject to State Tender Law		255,233	25,498	280,731	173,860	24,805	198,665
1.1.2. Guarantees given for foreign trade operations		2,619,193	1,854,733	4,473,926	2,619,423	1,752,997	4,372,420
1.1.3. Other letters of guarantee		1,798,283	-	1,798,283	1,369,491	-	1,369,491
1.2. Bank loans		17,564	795,428	812,992	7,668	602,163	609,831
1.2.1. Import letter of acceptance		17,564	795,428	812,992	7,668	602,163	609,831
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	744,511	744,511	3	548,603	548,606
1.3.1. Documentary letters of credit		-	584,642	584,642	3	531,441	531,444
1.3.2. Other letters of credit		-	159,869	159,869	-	17,162	17,162
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		-	19,300	19,300	-	19,399	19,399
1.9. Other collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>		<b>27,613,307</b>	<b>1,302,696</b>	<b>28,916,003</b>	<b>25,084,936</b>	<b>1,696,831</b>	<b>26,781,767</b>
2.1. Irrevocable commitments		27,482,488	840,730	28,323,218	24,976,518	751,500	25,728,018
2.1.1. Forward asset purchase commitments		409,199	805,763	1,214,962	327,259	749,594	1,076,853
2.1.2. Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		6,837,040	212	6,837,252	5,424,542	213	5,424,755
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		2,425,026	-	2,425,026	2,060,004	-	2,060,004
2.1.8. Tax and fund liabilities from export commitments		7,696	-	7,696	6,988	-	6,988
2.1.9. Commitments for credit card expenditure limits		17,634,846	-	17,634,846	17,067,174	-	17,067,174
2.1.10. Commitments for promotions related with credit cards and banking activities		23,677	-	23,677	38,002	-	38,002
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		145,004	34,755	179,759	52,549	1,693	54,242
2.2. Revocable commitments		130,819	461,966	592,785	108,418	351,395	1,053,749
2.2.1. Revocable loan granting commitments		130,819	461,966	592,785	108,418	351,395	459,813
2.2.2. Other revocable commitments		-	-	-	-	593,936	593,936
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5)	<b>53,257,599</b>	<b>66,019,427</b>	<b>119,277,026</b>	<b>41,228,346</b>	<b>58,048,868</b>	<b>99,277,214</b>
3.1. Derivative financial instruments for hedging purposes		13,392,905	16,448,814	29,841,719	10,309,736	13,695,907	24,005,643
3.1.1. Fair value hedge		6,205,773	11,763,850	17,969,623	6,675,930	10,559,020	17,234,950
3.1.2. Cash flow hedge		7,187,132	4,684,964	11,872,096	3,633,806	3,136,887	6,770,693
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		39,864,694	49,570,613	89,435,307	30,918,610	44,352,961	75,271,571
3.2.1. Forward foreign currency buy/sell transactions		2,783,951	3,054,491	5,838,442	3,023,815	3,576,802	6,600,617
3.2.1.1. Forward foreign currency transactions-buy		1,453,899	1,470,345	2,924,244	1,406,707	1,895,433	3,302,140
3.2.1.2. Forward foreign currency transactions-sell		1,330,052	1,584,146	2,914,198	1,617,108	1,681,369	3,298,477
3.2.2. Swap transactions related to foreign currency and interest rates		32,139,802	39,992,034	72,131,836	21,637,234	31,116,268	52,753,502
3.2.2.1. Foreign currency swap-buy		17,880,282	13,814,554	31,694,836	12,583,337	9,313,810	21,897,147
3.2.2.2. Foreign currency swap-sell		13,675,230	17,956,428	31,631,658	7,761,087	14,387,936	22,149,023
3.2.2.3. Interest rate swaps-buy		292,145	3,930,037	4,222,182	646,405	3,536,517	4,182,922
3.2.2.4. Interest rate swaps-sell		292,145	4,291,015	4,583,160	646,405	3,878,005	4,524,410
3.2.3. Foreign currency, interest rate and securities options		4,940,081	6,419,294	11,359,375	6,257,051	9,617,419	15,874,470
3.2.3.1. Foreign currency options-buy		2,248,496	3,443,373	5,691,869	3,031,745	4,927,476	7,959,221
3.2.3.2. Foreign currency options-sell		2,691,585	2,975,921	5,667,506	3,225,306	4,689,943	7,915,249
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		860	62,066	62,926	510	42,472	42,982
3.2.4.1. Foreign currency futures-buy		430	31,033	31,463	255	21,236	21,491
3.2.4.2. Foreign currency futures-sell		430	31,033	31,463	255	21,236	21,491
3.2.5. Interest rate futures		-	42,728	42,728	-	-	-
3.2.5.1. Interest rate futures-buy		-	21,364	21,364	-	-	-
3.2.5.2. Interest rate futures-sell		-	21,364	21,364	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>355,388,886</b>	<b>61,846,938</b>	<b>417,235,824</b>	<b>315,542,822</b>	<b>66,407,768</b>	<b>381,950,590</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>9,577,574</b>	<b>1,534,911</b>	<b>11,112,485</b>	<b>10,043,403</b>	<b>1,183,406</b>	<b>11,226,809</b>
4.1. Assets under management		2,602,357	5,292	2,607,649	3,513,680	6,252	3,519,932
4.2. Investment securities held in custody		1,212,994	615,480	1,828,474	2,005,410	337,766	2,343,176
4.3. Checks received for collection		2,223,804	296,935	2,520,739	1,756,326	231,738	1,988,064
4.4. Commercial notes received for collection		625,698	108,670	734,368	521,071	93,224	614,295
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		2,912,721	508,534	3,421,255	2,246,913	514,426	2,761,339
4.8. Custodians		-	-	-	3	-	3
<b>V. PLEDGED ITEMS</b>		<b>201,431,220</b>	<b>27,074,491</b>	<b>228,505,711</b>	<b>176,311,088</b>	<b>24,357,446</b>	<b>200,668,534</b>
5.1. Marketable securities		429,456	1,165,441	1,594,897	503,325	643,935	1,147,260
5.2. Guarantee notes		142,693	49,113	191,806	142,011	38,261	180,272
5.3. Commodity		33,964	-	33,964	27,266	-	27,266
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		51,442,244	9,856,878	61,299,122	46,396,463	7,993,070	54,389,533
5.6. Other pledged items		149,382,863	16,003,059	165,385,922	129,242,023	15,682,180	144,924,203
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>144,380,092</b>	<b>33,237,536</b>	<b>177,617,628</b>	<b>129,188,331</b>	<b>40,866,916</b>	<b>170,055,247</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>440,950,065</b>	<b>132,608,531</b>	<b>573,558,596</b>	<b>386,026,549</b>	<b>129,101,434</b>	<b>515,127,983</b>

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

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

**FİNANSBANK ANONİM ŞİRKETİ  
CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED JUNE 30, 2014 (STATEMENT OF INCOME/LOSS)**

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

**III. CONSOLIDATED INCOME STATEMENT**

	Section 5 Part IV	Reviewed 01.01 - 30.06.2014	Reviewed 01.04 - 30.06.2013	Reviewed 01.01 - 30.06.2014	Reviewed 01.04 - 30.06.2013
<b>I. INTEREST INCOME</b>	(1)	<b>3,169,057</b>	<b>1,626,147</b>	<b>2,835,759</b>	<b>1,411,000</b>
1.1 Interest on loans		2,672,132	1,386,470	2,542,925	1,258,258
1.2 Interest received from reserve deposits		-	-	-	-
1.3 Interest received from banks		3,872	2,266	2,594	965
1.4 Interest received from money market placements		23,777	8,256	6,657	4,433
1.5 Interest received from marketable securities portfolio		373,992	178,490	219,029	114,117
1.5.1 Held-for-trading financial assets		4,538	1,766	5,411	2,828
1.5.2 Financial assets at fair value through profit and loss		4	-	5	-
1.5.3 Available-for-sale financial assets		223,803	106,686	210,128	107,804
1.5.4 Investments held-to-maturity		145,647	70,038	3,485	3,485
1.6 Finance lease income		62,830	31,564	47,810	24,945
1.7 Other interest income		32,454	19,101	16,744	8,282
<b>II. INTEREST EXPENSE</b>	(2)	<b>1,780,005</b>	<b>924,784</b>	<b>1,138,463</b>	<b>564,602</b>
2.1 Interest on deposits		1,392,275	718,643	871,497	438,277
2.2 Interest on funds borrowed		132,770	68,645	93,157	48,443
2.3 Interest on money market borrowings		115,633	61,276	40,156	23,357
2.4 Interest on securities issued		134,866	75,559	127,640	53,774
2.5 Other interest expense		4,461	661	6,013	751
<b>III. NET INTEREST INCOME (I - II)</b>		<b>1,389,052</b>	<b>701,363</b>	<b>1,697,296</b>	<b>846,398</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		<b>757,939</b>	<b>365,881</b>	<b>559,112</b>	<b>286,317</b>
4.1 Fees and commissions received		864,617	422,020	627,064	320,829
4.1.1 Non-cash loans		23,977	12,389	20,442	10,321
4.1.2 Other		840,640	409,631	606,622	310,508
4.2 Fees and commissions paid		106,678	56,139	67,952	34,512
4.2.1 Non-cash loans		815	510	593	188
4.2.2 Other		105,863	55,629	67,359	34,324
<b>V. DIVIDEND INCOME</b>	(3)	<b>249</b>	<b>224</b>	<b>147</b>	<b>102</b>
<b>VI. NET TRADING INCOME</b>	(4)	<b>(112,343)</b>	<b>(70,531)</b>	<b>(87,855)</b>	<b>(31,478)</b>
6.1 Securities trading gains/ (losses)		5,113	1,500	162,828	56,823
6.2 Gains / (losses)Financial derivative transactions		(77,256)	(87,673)	(259,751)	(90,526)
6.3 Foreign exchange gains/ (losses)		(40,200)	15,642	9,068	2,225
<b>VII. OTHER OPERATING INCOME</b>	(5)	<b>233,592</b>	<b>173,710</b>	<b>206,560</b>	<b>153,861</b>
<b>VIII. NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>2,268,489</b>	<b>1,170,647</b>	<b>2,375,260</b>	<b>1,255,200</b>
<b>IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	<b>542,715</b>	<b>313,173</b>	<b>526,899</b>	<b>329,509</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(7)	<b>1,242,099</b>	<b>578,367</b>	<b>1,174,742</b>	<b>627,878</b>
<b>XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>483,675</b>	<b>279,107</b>	<b>673,619</b>	<b>297,813</b>
<b>XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XIII. GAIN / (LOSS) ON EQUITY METHOD</b>		<b>1,137</b>	<b>490</b>	<b>3,956</b>	<b>1,617</b>
<b>XIV. GAIN / (LOSS) ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	(8)	<b>484,812</b>	<b>279,597</b>	<b>677,575</b>	<b>299,430</b>
<b>XVI. TAX CHARGE FOR CONTINUED OPERATIONS (±)</b>	(9)	<b>(118,963)</b>	<b>(54,040)</b>	<b>(152,721)</b>	<b>(54,399)</b>
16.1 Current income tax charge		(60,975)	(56,424)	(104,963)	(10,888)
16.2 Deferred tax charge / benefit		(57,988)	2,384	(47,758)	(43,511)
<b>XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	(10)	<b>365,849</b>	<b>225,557</b>	<b>524,854</b>	<b>245,031</b>
<b>XVIII. INCOME ON DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Income on assets held for sale		-	-	-	-
18.2 Income on sale of associates, subsidiaries and entities under common control		-	-	-	-
18.3 Income on other discontinued operations		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1 Loss from assets held for sale		-	-	-	-
19.2 Loss on sale of associates, subsidiaries and entities under common control		-	-	-	-
19.3 Loss from other discontinued operations		-	-	-	-
<b>XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>	(8)	-	-	-	-
<b>XXI. TAX CHARGE FOR DISCONTINUED OPERATIONS (±)</b>	(9)	-	-	-	-
21.1 Current income tax charge		-	-	-	-
21.2 Deferred tax charge / benefit		-	-	-	-
<b>XXII. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(10)	-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(11)	<b>365,849</b>	<b>225,557</b>	<b>524,854</b>	<b>245,031</b>
23.1 Group's profit/loss		357,557	220,947	517,189	241,423
23.2 Minority shares		8,292	4,610	7,665	3,608
Earnings per share		0.01261	0.00779	0.01824	0.00852

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, 2014**  
**(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 – 30.06.2014	Reviewed 01. 01 – 30.06.2013
<b>I.</b>		
ADDITIONS TO MARKETABLE SECURITIES REVALUATION DIFFERENCES FOR AVAILABLE FOR SALE FINANCIAL ASSETS	231,253	(340,659)
<b>II.</b>		
TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
<b>III.</b>		
INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
<b>IV.</b>		
FOREIGN EXCHANGE DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
<b>V.</b>		
PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR CASH FLOW HEDGE PURPOSES (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	(168,424)	53,459
<b>VI.</b>		
PROFIT/LOSS FROM DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS (EFFECTIVE PORTION OF FAIR VALUE DIFFERENCES)	-	-
<b>VII.</b>		
THE EFFECT OF CORRECTIONS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-
<b>VIII.</b>		
OTHER PROFIT LOSS ITEMS ACCOUNTED FOR UNDER EQUITY AS PER TURKISH ACCOUNTING STANDARDS	-	-
<b>IX.</b>		
DEFERRED TAX OF VALUATION DIFFERENCES	(9,873)	72,748
<b>X.</b>		
TOTAL NET PROFIT/LOSS ACCOUNTED UNDER EQUITY (I+II+...+IX)	52,956	(214,452)
<b>XI.</b>		
PROFIT/LOSS	(18,614)	(76,645)
11.1		
Change in fair value of marketable securities (Transfer to Profit/Loss)	(18,614)	(81,329)
11.2		
Reclassification and transfer of derivatives accounted for cash flow hedge purposes recycled to Income Statement	-	4,684
11.3		
Transfer of hedge of net investments in foreign operations recycled to Income Statement	-	-
11.4		
Other	-	-
<b>XII.</b>		
TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (X+XI)	34,342	(291,097)

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, 2014**

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

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

Reviewed	Section 5 Part IIL13	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 Assets from Disc. Op.	Total Equity Attributable to the Parent Shareholders	Minority Shares	Total Shareholders' Equity
<b>Current period – 01.01.-30.06.2014</b>																			
I.	<b>Beginning Balance</b>	2,700,000	-	714	-	363,631	-	3,847,212	(33,744)	-	948,925	(222,200)	-	-	95,987	-	7,700,525	162,936	7,863,461
	Changes in period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	169,082	-	-	-	-	169,082	-	169,082
IV.	Hedging funds (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	(134,740)	-	(134,740)	-	(134,740)
4.1	Cash-flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	(134,740)	-	(134,740)	-	(134,740)
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	135,000	-	-	-	-	-	(135,000)	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	135,000	-	-	-	-	-	(135,000)	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12 <sup>(*)</sup> )	(12)
XVII.	Period net income/(loss)	-	-	-	-	-	-	-	-	357,557	-	-	-	-	-	-	357,557	8,292	365,849
XVIII.	Profit distribution	-	-	-	-	39,148	-	738,045	-	-	(777,193)	-	-	-	-	-	-	-	-
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves	-	-	-	-	39,148	-	738,045	-	-	(777,193)	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>		2,835,000	-	714	-	402,779	-	4,450,257	(33,744)	357,557	171,732	(53,118)	-	-	(38,753)	-	8,092,424	171,216	8,263,640
<b>(I+II+III+..... +XVI+XVII+XVIII)</b>		2,835,000	-	714	-	402,779	-	4,450,257	(33,744)	357,557	171,732	(53,118)	-	-	(38,753)	-	8,092,424	171,216	8,263,640

(\*) Includes the effect of change in ownership of Finans Yatırım Ortaklığı A.Ş. from 76.10 % to 76.15 % in the current year.

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

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

**FİNANSBANK ANONİM ŞİRKETİ  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED JUNE 30, 2014**

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

**VI. CONSOLIDATED CASH FLOW STATEMENT**

	<b>Section 5 Part V</b>	<b>Reviewed 01.01-30.06.2014</b>	<b>Reviewed 01.01 – 30.06.2013</b>
<b>A. CASH FLOWS FROM / (TO) BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities (+)</b>		<b>1,917,455</b>	<b>1,800,289</b>
1.1.1 Interest received (+)		3,237,181	2,899,165
1.1.2 Interest paid (-)		(1,714,128)	(975,279)
1.1.3 Dividend received (+)		249	147
1.1.4 Fees and commissions received (+)		865,502	627,771
1.1.5 Other income (+)		232,774	200,756
1.1.6 Collections from previously written off loans (+)		300,112	192,492
1.1.7 Payments to personnel and service suppliers (-)		(1,000,474)	(892,788)
1.1.8 Taxes paid (-)		(164,850)	(203,460)
1.1.9 Other (+/-)	(1)	161,089	(48,515)
<b>1.2 Changes in operating assets and liabilities</b>		<b>(2,529,799)</b>	<b>(908,706)</b>
1.2.1 Net (increase) decrease in financial assets held for trading (+/-)		(23,241)	(40,119)
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		153,310	52,572
1.2.3 Net (increase) decrease in due from banks (+/-)		25,356	(1,430,787)
1.2.4 Net (increase) decrease in loans (+/-)		(3,633,487)	(3,763,546)
1.2.5 Net (increase) decrease in other assets (+/-)	(1)	78,931	337,137
1.2.6 Net increase (decrease) in bank deposits (+/-)		(153,054)	91,861
1.2.7 Net increase (decrease) in other deposits (+/-)		803,174	2,141,479
1.2.8 Net increase (decrease) in funds borrowed (+/-)		325,146	761,842
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	(1)	(105,934)	940,855
<b>I. Net cash provided from / (used in) banking operations (+/-)</b>		<b>(612,344)</b>	<b>891,583</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from / (used in) investing activities (+/-)</b>		<b>(763,696)</b>	<b>(345,485)</b>
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (-)		-	(4,696)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (+)		-	-
2.3 Fixed assets purchases (-)		(706,205)	(102,356)
2.4 Fixed assets sales (+)		235	287
2.5 Cash paid for purchase of financial assets available for sale (-)		(12,743,603)	(6,722,668)
2.6 Cash obtained from sale of financial assets available for sale (+)		13,248,593	6,535,814
2.7 Cash paid for purchase of investment securities (-)		(510,284)	-
2.8 Cash obtained from sale of investment securities (+)		-	-
2.9 Other (+/-)		(52,432)	(51,866)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash provided from / (used in) financing activities (+/-)</b>		<b>1,327,245</b>	<b>(1,419,456)</b>
3.1 Cash obtained from funds borrowed and securities issued (+)		3,901,431	1,480,544
3.2 Cash used for repayment of funds borrowed and securities issued (-)		(2,574,186)	(2,900,000)
3.3 Capital increase (+)		-	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance leases (-)		-	-
3.6 Other (+/-)		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)</b>		<b>88,592</b>	<b>160,143</b>
<b>V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)</b>		<b>39,797</b>	<b>(713,215)</b>
<b>VI. Cash and cash equivalents at the beginning of the period (+)</b>	(1)	<b>2,272,098</b>	<b>3,608,818</b>
<b>VII. Cash and cash equivalents at end of the period (V+VI)</b>	(2)	<b>2,311,895</b>	<b>2,895,603</b>

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



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

**FİNANSBANK ANONİM ŞİRKETİ  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED JUNE 30, 2014**

*(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, 2014 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, which refers to "Turkish Accounting Standards" ("TAS"), put into effect by Public Oversight Accounting and Auditing Standards Authority ("KGK"), and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency ("BRSA"). The format and detail of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué.

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

**Explanation for Convenience Translation to English**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**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 and are consistent with the accounting policies applied in the annual financial statements of the year ended December 31, 2013. The amendments of TAS and TFRS, effective as of January 1, 2014, have no material impact on the the Group's accounting policies, financial position and performance. The aforementioned accounting policies and valuation principles are explained in Notes II to XXVI below.

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value, which are financial assets designated at fair value through profit or loss, available for sale financial assets, trading derivative financial assets, and hedging derivative financial assets and liabilities. In addition, carrying value of assets subject to fair value hedge but are carried at historical cost is adjusted to reflect fair value changes related to risks being hedged.

**(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, 2014**

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

**I. Basis of presentation (continued)**

The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Group management to exercise its judgment on the assets and liabilities of the balance sheet and contingent matters as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but have not been effective yet, have no impact on the accounting policies, financial condition and performance of the Group. Aforementioned standard will mainly effect Group's classification and valuation of financial assets. Its impact has not yet been detected since it will change based on financial asset management model used and financial assets held as of transition date. The Group is still assessing the impact of TFRS 9 Financial Instruments standard.

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

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

The major funding sources of the Parent Bank are customer deposits, bond issues and funds borrowed from international markets. The customer deposits bear fixed interest rate and have an average maturity of 1-3 months in accordance with their sector. Domestic bond issues are realized within the maturity of 6 months and foreign bond issues are based on long maturities with fixed interests. Funds borrowed from abroad 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.

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity using long term swap transactions (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 debt securities are explained in foreign currency risk section and the applications regarding the hedging of interest rate risk resulting from deposits with fixed 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.

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

**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, 2014 are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the Parent Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency nonmonetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement. The Bank’s foreign currency exchange rates for the related period ends are as follows:

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
US Dollar	TL 2.1234	TL 2.1343
Euro	TL 2.8919	TL 2.9365

**III. Information on associates, subsidiaries and entities under common control**

The accompanying consolidated financial statements are prepared in accordance with TFRS 10 “Turkish Financial Reporting Standard in regards to Consolidated Financial Statements” and BRSA’s “Regulation on Preparation of Consolidated Financial Statements of Banks” published on the Official Gazette numbered 26340 and dated November 8, 2006.

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

	<b>Consolidation Method</b>	<b>Place of Establishment</b>	<b>Subject of Operations</b>	<b>Effective Share of the Group (%)</b>		
				<b>July 30, 2014</b>	<b>December 31, 2013</b>	
1.	Finans Yatırım Menkul Değerler A.Ş. (Finans Yatırım)	Full consolidation	Turkey	Securities Intermediary Services	99.74	99.74
2.	Finans Portföy Yönetimi A.Ş. (Finans Portföy)	Full consolidation	Turkey	Portfolio Management	99.71	99.71
3.	Finans Yatırım Ortaklığı A.Ş. (Finans Yatırım Ortaklığı)	Full consolidation	Turkey	Mutual Fund	76.15	76.10
4.	Finans Finansal Kiralama A.Ş. (Finans Leasing)	Full consolidation	Turkey	Financial Leasing	69.01	69.01
5.	Finans Faktoring Hizmetleri A.Ş. (Finans Faktoring)	Full consolidation	Turkey	Factoring Services	100.00	100.00
6.	Cigna Finans Emeklilik ve Hayat A.Ş. ( Cigna Finans Emeklilik)	Equity Method	Turkey	Private Pension and Insurance	49.00	49.00

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 (“CMB”) 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 subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of June 30, 2014.

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**III. Information on associates, subsidiaries and entities under common control (continued)**

**1. Subsidiaries**

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank's returns.

Subsidiaries are consolidated using the full consolidation method based on the size of their asset equity, and result of operations. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank and are put out of consolidation's scope as soon as control is removed. Accounting policies applied by subsidiaries that are included in consolidated financial statements are not different from Parent Bank's accounting policies.

According to full consolidation method, 100% of subsidiaries' asset, liability, income, expense and off balance sheet items are consolidated with the Parent Bank's asset, liability, income, expense and off balance sheet items. Book value of the Group's investment in each subsidiary is netted off with Group's equity shares. Unrealized gains and losses and balances that arise due to transactions between subsidiaries within consolidation scope, have been net off. Non-controlling interests are shown separately from earnings per share on consolidated balance sheet and income statement.

**2. Associates and entities under common control**

The Parent Bank does not have any financial associates that are consolidated in the accompanying financial statements.

The joint venture is established locally, has its primary operations in private pension and insurance, is controlled jointly with another group with a partnership agreement, and is included in Parent Bank's capital. Subject joint venture is included in consolidated financial statements by using equity method.

Equity method is a method of accounting whereby the book value of the investor's share capital in the subsidiary or the joint venture is either added to or subtracted in proportion with investor's share from the change in the subsidiary's or joint venture's equity within the period. The method also foresees that profit will be deducted from the subsidiary's or joint venture's accordingly recalculated value.

**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 fair value and subsequently measured at fair value. 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.

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**IV. Explanations on Forwards, Option Contracts and Derivative Instruments (continued)**

Upon valuation, differences in fair value, except for currency revolution differences, are recorded in the income statement on Gains/Losses from Derivative transactions. 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.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized.

The Parent Bank applies fair value hedge accounting within the framework of TAS 39 using swaps to hedge a portion of its long term, fixed rate mortgage and project finance loans against possible fair value change due to market interest rate fluctuations.

The Parent Bank applies cash flow hedge accounting using interest swaps to hedge its TL and FC customer deposits with an average maturity of 1 month against interest rate fluctuations. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective parts are accounted under equity “Hedging Funds”, whereas the amount concerning ineffective parts is associated with the income statement, as stated in TAS 39.

The Parent Bank applies fair value hedge accounting using fx swaps to hedge long term, fixed rate, foreign currency eurobonds in its portfolio against interest rate fluctuations. The Bank performs effectiveness tests as of balance sheet dates for hedge accounting.

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 payment using swaps as hedging instruments.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments.

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 with option pricing models and the resulting unrealized gains and losses are reflected in the current period income statement.

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

Fair value of credit default swaps is calculated using internal pricing models based on market data and related unrealized gains and losses are reflected to the current period income statement.

At each balance sheet date the Parent Bank applies effectiveness tests for hedge accounting.

**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 or on effective interest rate method except for the certain banking transactions that income is recognized immediately. Income generated through agreements or through the sale and purchases of assets on behalf of third parties, is recorded as income when collected.

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**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 that is 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, and fair value differences are presented as “Securities Trading Gains (Losses) in order to be in compliance with the balance sheet presentation.

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

The fair value of loans presented under “Financial Assets at Fair Value through Profit or Loss” are determined under current market conditions, taking into consideration the estimated price of a transaction at the measurement date depending on sale of an asset or transfer of a liability between market participants (in other words, exit price at measurement date from the perspective of an owner of an asset or from a debtor’s).

**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 “Securities value increase fund” (Unrealized Gains/Losses on Securities). When investment securities available for sale are sold, collected or otherwise disposed of, the cumulative fair value adjustments under equity are transferred to the income statement.

Real coupons of consumer price indexed government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. In addition, payments are made considering the reference index as of the issue date, as stated in the explanations of Republic of Turkey Prime Ministry Under secretariat of Treasury. In this context, cash flows calculated in line with expected inflation are taken into account in the valuation of consumer price indexed government bonds in the Parent Bank’s portfolio.

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

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**VII. Explanations and disclosures on financial assets (continued)**

In cases where fair value hedge operations cannot be effectively performed as described in TAS 39, fair value hedge accounting is ceased. After fair value accounting is ceased, fair value differences, previously reflected to the income statement, are amortized through the 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. Investments 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.

The Bank classified debt securities nominal amounted to TL 1,601,660 as investment securities held-to-maturity which is previously accounted under investment securities available-for-sale in the financial statements as due to the change in the intention of holding as of June 21, 2013. Fair value differences accounted under the equity until the transfer date, will be amortised through the equity until the maturity of the securities. Detailed information regarding the classification given in Section Five I/8.e

**4. Loans and specific provisions**

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

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

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

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

In the case where there is an evidence for the possibility of uncollectibility of loans, the Parent Bank classifies related loans and receivables in non-performing loans and provides specific provision in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No 26333 "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". The Bank provides specific provision for the loans under follow-up regarding credit risk and other factors, in accordance with the aforementioned regulation. Additionally, the Parent Bank provides general provisions in accordance with the Communiqué dated November 1, 2006, published on the Official Gazette No: 28789 "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" and accounts such provision at the liability side of the balance sheet under general loan loss provision.

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.

The general and special provisions provided for loans and other provisions provided for closely monitored 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 and standard and closely monitored loans are recorded under "Other Operating Income" and interest collections are recorded under the "Interest on Loans" account.

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

It is assessed whether there is objective evidence for a financial asset or group of financial assets is impaired at each balance sheet date. Provision for impairment is provided when there is an objective evidence of impairment.

A financial asset or a group of financial assets can be impaired and impairment loss will occur only if there is objective evidence that one or more events (“loss/profit events”) have occurred after the initial recording of subject asset and that subject loss event/s have an impairment effect on future, approximate cash flows which can accurately be guessed. Future events that are expected to occur are not accounted, no matter how probable.

Impairment for held-to-maturity financial assets carried at amortized cost is calculated as the difference between the present value of the expected future cash flows discounted based on the “Effective interest rate method” and its carrying value. Regarding available-for-sale financial assets, impairment loss is reclassified from equity to profit or loss and is the difference between acquisition cost (less all principal repayments and amortization) and fair value, after impairment losses previously accounted for under profit or loss have been deducted.

An explanation about the impairment of loans and receivables is given in Note VII of Section Four.

**IX. Explanations on netting of financial instruments and derecognition of financial assets**

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

**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 lent against securities purchased under agreements to resell (“Reverse repos”) are accounted under “Receivables from reverse repurchase agreements” on the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued over the life of repurchase agreements using the “Effective interest method”.

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TL 3,876,497 (December 31, 2013 - TL 3,834,984).

Securities of the Parent Bank that are subject to lending transactions as at the balance sheet date amounted to TL 242 (December 31, 2013 – TL 6,791).

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

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

In accordance with TFRS 5, assets held for sale are those with highly saleable condition requiring a plan by the management regarding the sale of the asset to be disposed, together with an active program for determination of buyers as well as for the completion of the plan. Also, the asset shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.



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

As at the balance sheet date, the Parent Bank does not have any assets held for sale.

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

The Parent Bank classifies tangible assets that were acquired due to non-performing receivables, and that do not comply with TFRS 5 criteria, in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated 1 November 2006, no.26333 as other assets and accounts for these tangible assets according to the aforementioned Communiqué.

**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.

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

**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 amortization 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).

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

The Parent Bank has purchased a building amounting to TL 931,008 on March 11, 2014 to be used as its Headquarters.

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**XIV. Explanations on leasing transactions**

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

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

The 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 28861 and dated December 24, 2013 “Communique on Accounting Principles and Financial Statements of Leasing, Factoring and Financing Companies”. 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. The provisions for lease receivables are set as per BRSA communiqué numbered 28861 and dated December 24, 2013 “Communique on Accounting Principles and Financial Statements of Leasing, Factoring and Financing Companies”. Those provisions are accounted for under “Factoring Receivables” at the accompanying financial statements.

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

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

Provisions provided during the period other than specific and general provisions for loans and other receivables are recorded under “Other Operating Expenses”; provisions provided in the prior periods but reversed in the current year are accounted for 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”.

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.

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**XVII. Explanations on obligations of the Group for employee benefits (continued)**

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. Amendments to IAS 19 change the accounting for defined benefit plans and termination benefits retrospectively. The most significant change relates to the accounting in defined benefit obligations. Hence, the Group recognizes the changes in defined benefit obligations, “corridor approach” which was permitted in previous version of IAS 19 is eliminated and accelerate the recognition of past service costs. The Group recognizes all actuarial gains and losses immediately through other comprehensive income.

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**

Turkish Tax Legislation does not allow the Parent Company to prepare tax declaration from the financial statements which subsidiaries and investment associates are consolidated into. Therefore, tax provision in accompanying consolidated financial statements is determined by calculating tax provision for each corporation in consolidation scope separately.

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 deducted from the corporate taxes of the current year and shown in financial statements.

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

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

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

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

The provision for corporate and income taxes for the period is recognized as “Current Tax Charge” in the income statement and current tax effect related to transactions directly recognized in equity are reflected to equity.

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

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**2. Deferred taxes**

In accordance with Turkish Accounting Standard on Income Taxes (TAS 12), the Bank accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In calculating deferred tax, legalized tax rates effective as of balance sheet date are used as per tax legislations.

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it's highly probable that these will in the future create taxable profit would be available against which the deferred tax assets can be utilized. Deferred tax asset is not provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004.

According to TAS 12, deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements.

**XIX. Additional explanations on borrowings**

The Parent Bank and consolidated Group companies generate funds from domestically and internationally resident people and institutions by using debt instruments such as syndication, securitization, collateralized debt and bond issuance. Aforementioned transactions are initially recorded at transaction cost plus acquisition cost, reflective of their fair value, and are subsequently measured at amortized cost by using effective interest rate method.

**XX. Explanation on share issues**

During the current period the Bank's paid in capital has been increased by TL 135,000, paid from first dividend as "bonus share". (January 1 – December 31, 2013 - The Bank issued TL 135,000 of bonus shares; where TL 128,250 was from first dividends, TL 6,750 were from share holding disposal funds).

**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**

As of June 30, 2014, the Group does not have any unused investment incentives. (December 31, 2013 – None)

**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 for retail banking (consumer banking and plastic cards), corporate and commercial banking 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.

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**XXIII. Explanation on reporting according to segmentation (continued)**

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.

<b>Current Period (January 1 – June 30, 2014)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Group</b>
Net Interest Income	565,731	291,462	531,859	1,389,052
Net Fees and Commissions Income	1,005,840	84,358	(332,259)	757,939
Other Operating Income and Net Trading Income	81,518	66,900	(27,169)	121,249
Dividend Income	-	-	249	249
<b>Operating Income</b>	<b>1,653,089</b>	<b>442,720</b>	<b>172,680</b>	<b>2,268,489</b>
Other Operating Expenses	911,118	212,614	118,367	1,242,099
Provision for Loan Losses and Other Receivables	470,460	40,859	31,396	542,715
Gain / Loss on joint venture accounted for at equity method	-	-	1,137	1,137
<b>Profit Before Taxes</b>	<b>271,511</b>	<b>189,247</b>	<b>24,054</b>	<b>484,812</b>
<b>Provision for Tax</b>	-	-	-	<b>(118,963)</b>
<b>Net Profit/Loss</b>	-	-	-	<b>365,849</b>
<b>Total Assets</b>	<b>35,684,082</b>	<b>11,460,947</b>	<b>19,314,302</b>	<b>70,973,150</b>
Segment Assets	35,684,082	11,460,947	19,314,302	66,459,331
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	191,605
Undistributed Assets	-	-	-	4,322,214
<b>Total Liabilities</b>	<b>27,027,071</b>	<b>10,164,378</b>	<b>19,344,063</b>	<b>70,973,150</b>
Segment Liabilities	27,027,071	10,164,378	19,344,063	56,535,512
Undistributed Liabilities	-	-	-	6,173,998
Equity	-	-	-	8,263,640
<b>Other Segment Accounts</b>	<b>143,136</b>	<b>74,068</b>	<b>971,597</b>	<b>1,188,801</b>
Capital Expenditures	80,272	41,538	962,167	1,083,977
Depreciation and Amortization	62,864	32,530	9,430	104,824
Value Decrease/ (Increase)	-	-	-	-
<b>Prior Period (January 1 - June 30, 2013)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Group</b>
Net Interest Income	804,858	250,145	642,293	1,697,296
Net Fees and Commissions Income	762,299	56,817	(260,004)	559,112
Other Operating Income and Net Trading Income	97,415	68,263	(46,973)	118,705
Dividend Income	-	-	147	147
<b>Operating Income</b>	<b>1,664,572</b>	<b>375,225</b>	<b>335,463</b>	<b>2,375,260</b>
Other Operating Expenses	705,234	173,954	295,554	1,174,742
Provision for Loan Losses and Other Receivables	283,514	58,908	184,477	526,899
Gain / Loss on joint venture accounted for at equity method	-	-	3,956	3,956
<b>Profit Before Taxes</b>	<b>675,824</b>	<b>142,363</b>	<b>(140,612)</b>	<b>677,575</b>
<b>Provision for Tax</b>	-	-	-	<b>(152,721)</b>
<b>Net Profit/Loss</b>	-	-	-	<b>524,854</b>
<b>Other Segment Accounts</b>	-	-	-	<b>243,929</b>
Capital Expenditures	-	-	-	159,884
Depreciation and Amortization	-	-	-	84,044
Value Decrease/ (Increase)	-	-	-	1
<b>Prior Period (December 31, 2013)</b>	<b>Consumer Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Group</b>
<b>Total Assets</b>	<b>34,525,124</b>	<b>10,008,269</b>	<b>19,618,825</b>	<b>67,665,718</b>
Segment Assets	34,525,124	10,008,269	19,618,825	64,152,218
Associates and Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	199,422
Undistributed Assets	-	-	-	3,314,078
<b>Total Liabilities</b>	<b>26,012,292</b>	<b>10,678,242</b>	<b>17,316,855</b>	<b>67,665,718</b>
Segment Liabilities	26,012,292	10,678,242	17,316,855	54,007,389
Undistributed Liabilities	-	-	-	5,794,868
Equity	-	-	-	7,863,461

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**XXIV. Profit Reserves and profit distribution**

At the General Assembly dated March 27, 2014, the profit distribution of the Parent Bank for the year 2013 is decided as follows:

**2013 profit distribution table:**

<b>Current period income / (loss)</b>	<b>734,239</b>
A – First Legal Reserves (Turkish Commercial Code 519/A) 5%	(36,712)
B – First Dividend to Shareholders <sup>(*)</sup>	(135,000)
D – Extraordinary Reserves	(562,527)

<sup>(\*)</sup>It was decided to distribute the shares issued by adding first dividend to shareholders amounting to TL 135,000 to the share capital.

**XXV. Profit Per Share**

Profit per share listed on income statement is calculated by dividing net profit to weighted average amount of shares issued within respective year.

	<b>Current Period</b>	<b>Prior Period</b>
Group's Net Profit for the Period	357,557	517,189
Weighted Average Amount of Shares Issued (Thousands)	28,350,000	28,350,000
<b>Hisse Başına Kar</b>	<b>0.01261</b>	<b>0.01824</b>

In Turkey, companies can increase capital through “bonus share” distributed from previous year earnings to current shareholders. Such “bonus share” distributions are accounted as issued shares while calculating profit per share. Accordingly, weighted average amount of shares issued used in these calculations is found through taking into consideration retroactive effects of subject share distributions. In case amount of shares issued increases after the balance sheet date but before the date of financial statement preparation due to distribution of “bonus share”, profit per share is calculated taking into consideration new amount of shares.

**XXVI. 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, 2014, the Parent Bank's consolidated capital adequacy ratio is 16.49%. (December 31, 2013 - 17.16%)

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

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

Calculation of the risk weighted assets is made on related assets by net basis after items deducted from capital base and depreciation and provisions are reduced.

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

Balance sheet items and the rates stated in the Article 5 of the Regulation, and non-balance sheet items whose credit equivalent risk amount are calculated, are included in the relevant exposure category defined in the Article 6 of the Regulation and weighted as per Appendix-1 of the Regulation.

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

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

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

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**Consolidated and unconsolidated capital adequacy ratio:**

Current Period	Parent Bank									
	Risk Weightings									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	
<b>Value at Credit Risk</b>	-	-	114,427	8,139,707	13,498,903	20,371,665	2,310,786	8,031,972	761,805	
<b>Exposure Categories:</b>	15,223,292	-	572,133	16,279,413	17,998,537	20,371,665	1,540,524	4,015,986	304,722	
Conditional and unconditional receivables from central governments or central banks	14,192,350	-	-	1,285,602	-	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	5,771	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	206	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	566,353	1,795,117	-	16,562	-	-	-	-
Conditional and unconditional receivables from corporates	-	-	-	-	-	14,659,400	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	17,998,537	2,113,124	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	13,163,376	-	-	-	-	-	-
Past due receivables	-	-	-	35,318	-	456,247	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	1,540,524	4,015,986	304,722	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	44,885	-	-	-	-
Other receivables	1,030,942	-	9	-	-	3,081,241	-	-	-	-

Current Period	Consolidated									
	Risk Weightings									
	0%	10%	20%	50%	75%	100%	150%	200%	250%	
<b>Value at Credit Risk</b>	-	-	113,226	8,128,558	13,498,904	22,783,241	2,368,119	8,031,972	761,805	
<b>Exposure Categories:</b>	15,223,303	-	566,129	16,257,116	17,998,538	22,783,241	1,578,746	4,015,986	304,722	
Conditional and unconditional receivables from central governments or central banks	14,192,351	-	-	1,285,600	-	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	5,771	-	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	206	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	560,349	1,772,792	-	16,562	-	-	-	-
Conditional and unconditional receivables from corporates	-	-	-	-	-	16,949,704	-	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	17,998,538	2,113,124	-	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	13,163,377	-	-	-	-	-	-
Past due receivables	-	-	-	35,347	-	485,084	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	1,578,746	4,015,986	304,722	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	44,885	-	-	-	-
Other receivables	1,030,952	-	9	-	-	3,173,676	-	-	-	-



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<b>Parent Bank</b>									
<b>Risk Weightings</b>									
<b>Prior Period</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>
<b>Value at Credit Risk</b>	-	-	<b>179,588</b>	<b>7,476,755</b>	<b>11,903,243</b>	<b>18,675,739</b>	<b>1,992,405</b>	<b>8,987,942</b>	<b>1,356,358</b>
<b>Exposure Categories:</b>	<b>15,315,268</b>	-	<b>897,940</b>	<b>14,953,510</b>	<b>15,870,990</b>	<b>18,675,739</b>	<b>1,328,270</b>	<b>4,493,971</b>	<b>542,543</b>
Conditional and unconditional receivables from central governments or central banks	14,268,181	-	-	1,333,821	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	2,452	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	1,023	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	895,415	1,608,741	-	27,180	-	-	-
Conditional and unconditional receivables from corporates	-	-	-	16,039	-	12,719,917	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	15,870,990	3,261,960	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	11,952,456	-	-	-	-	-
Past due receivables	-	-	-	42,453	-	454,259	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	1,328,270	4,493,971	542,543
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	23,640	-	-	-
Other receivables	1,047,087	-	73	-	-	2,187,760	-	-	-
<b>Consolidated</b>									
<b>Risk Weightings</b>									
<b>Prior Period</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>200%</b>	<b>250%</b>
<b>Value at Credit Risk</b>	-	-	<b>158,471</b>	<b>7,561,842</b>	<b>12,328,796</b>	<b>20,062,864</b>	<b>2,044,314</b>	<b>8,987,942</b>	<b>1,356,358</b>
<b>Exposure Categories:</b>	<b>15,315,351</b>	-	<b>792,355</b>	<b>15,123,683</b>	<b>16,438,394</b>	<b>20,062,864</b>	<b>1,362,876</b>	<b>4,493,971</b>	<b>542,543</b>
Conditional and unconditional receivables from central governments or central banks	14,268,181	-	-	1,333,821	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	2,452	-	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	1,023	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	789,829	1,717,364	-	27,181	-	-	-
Conditional and unconditional receivables from corporates	-	-	-	16,039	-	13,945,683	-	-	-
Conditional and unconditional retail receivables	-	-	-	-	16,438,394	3,261,959	-	-	-
Conditional and unconditional receivables secured by mortgages	-	-	-	12,012,528	-	-	-	-	-
Past due receivables	-	-	-	43,931	-	486,837	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	1,362,876	4,493,971	542,543
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	23,640	-	-	-
Other receivables	1,047,170	-	74	-	-	2,316,541	-	-	-

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**Summary information related to consolidated and unconsolidated capital adequacy ratio:**

	Parent Bank	Consolidated	Parent Bank	Consolidated
	Current Period <sup>(*)</sup>	Current Period <sup>(*)</sup>	Prior Period	Prior Period
Capital Requirement for Credit Risk (Value at Credit Risk * 0.08) (CRCR)	4,258,341	4,454,866	4,045,762	4,200,047
Capital Requirement for Market Risk (MRCR)	87,735	108,859	80,017	94,166
Capital Requirement for Operational Risk (ORCR)	503,912	532,294	425,090	454,568
Shareholders' Equity	10,180,839	10,504,148	9,642,750	10,188,321
Shareholders' Equity/(CRCR+MRCR+ORCR) * 12.5 * 100	% 16.79	% 16.49	% 16.95	% 17.16
Additional Tier I Capital/((CRCR+CRMR+CROR)*12.5*100)	% 12.77	% 12.48	-	-
Common Equity/((CRCR+CRMR+CROR)*12.5*100)	% 13.05	% 12.76	-	-

CRCR : Capital Requirement for Credit Risk

MRCR : Capital Requirement for Market Risk

ORCR : Capital Requirement for Operational Risk

(\*) As of January 1, 2014 the Bank is calculating its equity according to "Communique on Banks' Equity" published on September 5, 2013 in the Official Gazette no 28756 and calculated Capital Adequacy Standard Ratio accordingly.

**Components of consolidated shareholders' equity items:**

	Current Period June 30, 2014
<b>COMMON EQUITY</b>	
Paid-in capital following all debts in terms of claim in liquidation of the Bank's	2,835,000
Share premium	714
Share cancellation profits	-
Reserves	4,819,292
Gains recognized in equity as per TAS	446,947
Profit	529,289
Current Period Profit	357,557
Prior Period Profit	171,732
Provisions for Possible Risks	-
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures that are not recognized in Profit	2,689
Minority shares	171,216
<b>Common Equity Before Deductions</b>	<b>8,805,147</b>
<b>Deductions from Common Equity</b>	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	500,067
Leasehold improvements (-)	131,940
Goodwill or other intangible assets and deferred tax liability related to these items (-)	44,864
Net deferred tax asset/liability (-)	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law (-)	-
Direct and indirect investments of the Bank in its own common equity (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of mortgage servicing rights exceeding 10% of the common equity (-)	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity (-)	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital (-)	-
Excess amount arising from mortgage servicing rights (-)	-
Excess amount arising from deferred tax assets based on temporary differences (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
<b>Total Deductions From Common Equity</b>	<b>676,871</b>
<b>Total Common Equity</b>	<b>8,128,276</b>

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	June 30, 2014
<b>ADDITIONAL TIER I CAPITAL</b>	
Capital amount and related premiums corresponding to preference shares that are not included in common equity	-
Debt instruments and premiums deemed suitable by BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by BRSA (issued before 1.1.2014)	-
<b>Additional Tier I Capital before Deductions</b>	-
<b>Deductions from Additional Tier I Capital</b>	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital (-)	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Other items to be defined by the BRSA (-)	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-
<b>Total Deductions From Additional Tier I Capital</b>	-
<b>Total Additional Tier I Capital</b>	-
<b>DEDUCTIONS FROM TIER I CAPITAL</b>	<b>179,454</b>
Portion of goodwill and other intangible assets and the related deferred tax liabilities which not deducted from the Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 2 of the Regulation on the Equity of Banks (-)	179,454
Portion of net deferred tax assets/liabilities which is not deducted from the common equity pursuant to Paragraph 1 Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
<b>Total Tier I Capital</b>	<b>7,948,822</b>
<b>TIER II CAPITAL</b>	
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained after 1.1.2014)	-
Debt instruments and premiums deemed suitable by the BRSA (issued/obtained before 1.1.2014)	1,930,360
Sources pledged to the Bank by shareholders to be used in capital increases of the Bank	-
General Loan Loss Provisions	696,073
Share of 3 <sup>rd</sup> parties in Tier II Capital	-
<b>Tier II Capital Before Deductions</b>	<b>2,626,433</b>
<b>DEDUCTIONS FROM TIER II CAPITAL</b>	
Direct and indirect investments of the Bank in its own Tier II Capital (-)	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-).	-
Portion of the total of net long positions of investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank (-).	-
Other items to be defined by the BRSA (-)	-
<b>Total Deductions from Tier II Capital</b>	-
<b>Total Tier II Capital</b>	<b>2,626,433</b>
<b>CAPITAL BEFORE DEDUCTIONS</b>	<b>10,575,255</b>
Loans granted contrary to the 50th and 51th Article of the Law (-)	1,785
Net book value of amounts exceeding the limit mentioned in the 1 <sup>st</sup> Paragraph of Article 57 of the Law and assets acquired against overdue receivables which could not be disposed of even though five years have passed since their acquisition date (-)	16,798
Loans granted to banks and financial institutions, including those established abroad, and to eligible shareholders of the Bank and investments made in the borrowing instruments issued by them (-).	-
Amounts to be deducted from equity as per the 2nd Clause of Article 20 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (-).	-
Other items to be defined by the BRSA (-)	52,524
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier I Capital, Tier II Capital as per the 1 <sup>st</sup> clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier I and Tier II Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier I Capital and Tier II Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks. (-)	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1 <sup>st</sup> and 2 <sup>nd</sup> Paragraph of the 2 <sup>nd</sup> clause of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-
<b>TOTAL CAPITAL</b>	<b>10,504,148</b>
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-
Amounts arising from the net long positions of investments made in Tier I Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-
Amounts arising from mortgage servicing rights	-
Amounts arising from deferred tax assets based on temporary differences	-

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	December 31, 2013
<b>CORE CAPITAL</b>	
Paid-in Capital	2,700,000
Nominal Capital	2,700,000
Capital Commitments (-)	-
Inflation Adjustments to Paid-in Capital	-
Share Premium	714
Share Cancellation Profits	-
Reserves	3,534,548
Inflation Adjustments to Reserves	-
Profit	948,925
Current Period's Profit	746,151
Prior Periods' Profit	202,774
Provision for Possible Losses (up to 25% of Core Capital)	102,025
Income on Sale of Equity Shares and Real Estates	642,551
Primary Subordinated Debts	-
Minority Interest	162,936
Loss (in excess of Reserves) (-)	-
Current Period's Losses	-
Prior Periods' Losses	-
Leasehold Improvements on Operational Leases (-)	140,275
Intangible Assets (-)	200,798
Deferred Tax Asset in Excess of 10% of Core Capital (-)	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-
Goodwill (Net) (-)	8,969
<b>Total Core Capital</b>	<b>7,741,657</b>
<b>SUPPLEMENTARY CAPITAL</b>	
General Provisions	741,997
45% of Revaluation Surplus on Movables	-
45% of Revaluation Surplus on Immovables	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-
Primary Subordinated Debts excluding the Portion included in Core Capital	-
Secondary Subordinated Debts	1,941,738
45% of Securities Value Increase Fund	(222,200)
Inflation Adjustments to Other Capital and Profit Reserves and Prior Periods' Profit/Loss	-
Minority Interest	-
<b>Total Supplementary Capital</b>	<b>2,461,535</b>
<b>CAPITAL</b>	<b>10,203,192</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>14,871</b>
Unconsolidated Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at 10% or more	-
Investments in Entities (Domestic/Foreign) Operating in Banking and Financial Sectors at Less than 10% Exceeding 10% or more of the Total Core and Supplementary Capitals	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments Purchased from Such Parties Qualified as Primary or Secondary Subordinated Debts	-
Loan Granted to Customer against the Articles 50 and 51 of the Banking Law	2,015
Net Book Values of Properties exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained more than Five Years	12,855
Securitization Positions to be Deducted from Equity	-
Other	1
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>10,188,321</b>

**Components of items of shareholders' equity subject to temporary applications:**

	Parent Bank		Consolidated	
	Amount Included in Equity Calculation	Total Amount	Amount Included in Equity Calculation	Total Amount
Minority Interest in Tier I Capital	-	-	-	-
Shares of Third Parties in Additional Core Capital	-	-	-	-
Shares of Third Parties in Tier II Capital	-	-	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued before 1.1.2014)	1,842,457	1,842,457	1,930,360	1,930,360

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**Information on debt instruments included in the calculation of equity:**

	1	2	3	4
Issuer	NATIONAL BANK OF GREECE S.A.	NATIONAL BANK OF GREECE S.A.	NATIONAL BANK OF GREECE S.A.	NATIONAL BANK OF GREECE S.A.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA	BRSA
Regulatory treatment	Supplementary Capital	Supplementary Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	Yes	Yes	Yes	Yes
Eligible at stand-alone / consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated	Stand alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan	Loan
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	688	425	265	552
Par value of instrument (Currency in million)	690	425	265	552
Accounting classification	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost	Liability – Subordinated Loans-amortised cost
Original date of issuance	April 24, 2008	October 06, 2009	December 28, 2009	December 20, 2011
Perpetual or dated	Dated	Dated	Dated	Dated
Original maturity date	12 years	12 years	12 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	-	-	-	-
Subsequent call dates, if applicable	-	-	-	-
Coupons / dividends	6 months	6 months	6 months	6 months
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating
Coupon rate and any related index	EURIBOR + %4.50	EURIBOR + %4.34	EURIBOR + %4.34	EURIBOR + %4.50
Existence of a dividend stopper	-	-	-	-
Fully discretionary, partially discretionary or mandatory	-	-	-	-

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	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Existence of step up or other incentive to redeem	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	None	None	None
If convertible, conversion trigger (s)	-	-	-	-
If convertible, fully or partially	-	-	-	-
If convertible, conversion rate	-	-	-	-
If convertible, mandatory or optional conversion	-	-	-	-
If convertible, specify instrument type convertible into	-	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-	-
Write-down feature	None	None	None	None
If write-down, write-down trigger(s)	-	-	-	-
If write-down, full or partial	-	-	-	-
If write-down, permanent or temporary	-	-	-	-
If temporary write-down, description of write-up mechanism	-	-	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2
Incompliance with article number 7 and 8 of "Own fund regulation"	Yes	Yes	Yes	Yes
Details of incompliances with article number 7 and 8 of "Own fund regulation"	8-2-ğ	8-2-ğ	8-2-ğ	8-2-ğ

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

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

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

**1. Information on consolidated market risk**

		<b>Current Period Amount</b>	<b>Prior Period Amount</b>
(I)	Capital Requirement against General Market Risk - Standard Method	30,505	27,165
(II)	Capital Requirement against Specific Risks – Standard Method	9,982	6,593
	Capital Requirement against Specific Risks of Securitization Positions– Standard Method	-	-
(III)	Capital Requirement against Currency Risk – Standard Method	43,601	34,596
(IV)	Capital Requirement against Commodity Risks - Standard Method	1,375	908
(V)	Capital Requirement against Settlement Risks - Standard Method	-	-
(VI)	Capital Requirement against Market Risks of Options - Standard Method	713	1,762
(VII)	Capital Requirement against Counterparty Credit Risk - Standard Method	22,683	23,142
(VIII)	Capital Requirement against Market Risks of Banks applying Risk Measurement Models	-	-
(IX)	Total Capital Obligations against Market Risk (I+II+III+IV+V+VI+VII+VIII)	108,859	94,166
<b>(X)</b>	<b>Value-At-Market Risk (12,5 x VIII) or (12,5 x IX)</b>	<b>1,360,738</b>	<b>1,177,075</b>

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**III. Explanations Related to the Operational Risk**

Value at operational risk is calculated with basic indicator method by using the gross profits for the last three years' (2013, 2012 and 2011) as per the "Calculation of Value at Operational Risk" of the article (3) of "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" which was published in the Official Gazette No: 28337 dated June 28, 2012. As of June 30,2014, the value at operational risk is amounting to TL 6,653,675 (December 31, 2013 - TL 5,682,100).

<b>Current Period</b>				<b>Total / No.</b>		
<b>Basic Indicator Method</b>	<b>2 PP Amount</b>	<b>1 PP Amount</b>	<b>CP Amount</b>	<b>of Years of Positive Gross</b>	<b>Rate (%)</b>	<b>Total</b>
Gross Income	2,963,312	3,686,775	3,995,793	3,548,627	15	532,294
Value at operational risk (Total*12,5)						6,653,675

  

<b>Prior Period</b>				<b>Total / No.</b>		
<b>Basic Indicator Method</b>	<b>2 PP Amount</b>	<b>1 PP Amount</b>	<b>CP Amount</b>	<b>of Years of Positive Gross</b>	<b>Rate (%)</b>	<b>Total</b>
Gross Income	2,441,279	2,963,312	3,686,775	3,030,455	15	454,568
Value at operational risk (Total*12,5)						5,682,100

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

**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, 2014, the net foreign currency exposure of the Group is TL 427,579 short position (December 31, 2013 – TL – 119,111 short) resulting from on balance sheet short position amounting to TL 6,860,831 (December 31, 2013 – TL 5,744,613 short) and long off balance sheet position amounting to TL 7,288,410 (December 31, 2013 – TL 5,625,502 long). The long off balance sheet position amounting to TL 6,888,172 (December 31, 2013 – TL 5,074,126) 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.

Board of Directors have determined the limits considering the consistency with the "Foreign Currency Net General Position." Positions are being followed daily and limits are reviewed at least once a year depending on economic conditions and Group strategy and updated as deemed necessary.

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 hedges foreign currency borrowings with derivative instruments. The Group does not hedge net foreign currency investments with derivative instruments.



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

US Dollars purchase rate in the balance sheet date	TL 2.1234
Euro purchase rate in the balance sheet date	TL 2.8919

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
June 30, 2014	TL 2.1234	TL 2.8919
June 27, 2014	TL 2.1292	TL 2.8992
June 26, 2014	TL 2.1384	TL 2.9104
June 25, 2014	TL 2.1312	TL 2.9024
June 24, 2014	TL 2.1392	TL 2.9070
June 23, 2014	TL 2.1373	TL 2.9069

**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 purchase rates for June 2014 are TL 2.1166 and TL 2.8770; respectively.

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

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R.Central Bank <sup>(1)</sup>	2,467,213	3,150,681	1,710,682	7,328,576
Due From Banks	132,365	222,340	14,984	369,689
Financial Assets at Fair Value through Profit/Loss <sup>(2)</sup>	54,238	66,867	9,538	130,643
Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	134,093	1,014,143	-	1,148,236
Loans and Receivables <sup>(3)</sup>	3,487,929	4,570,503	59,999	8,118,431
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Securities Held-to-Maturity	-	508,975	-	508,975
Derivative Financial Assets Hedging Purposes	-	36,133	-	36,133
Tangible Assets	-	-	63	63
Intangible Assets	-	-	-	-
Other Assets <sup>(4)</sup>	624,628	384,173	1,253	1,010,054
<b>Total Assets</b>	<b>6,900,466</b>	<b>9,953,815</b>	<b>1,796,519</b>	<b>18,650,800</b>
<b>Liabilities</b>				
Bank Deposits	219,384	644,166	56,695	920,245
Foreign Currency Deposits <sup>(5)</sup>	3,495,611	6,744,773	779,021	11,019,405
Money Market Borrowings	110,097	932,621	-	1,042,718
Funds Provided from Other Financial Institutions <sup>(6)</sup>	2,194,098	4,582,811	565,180	7,342,089
Securities Issued	174,488	2,911,870	-	3,086,358
Sundry Creditors	1,006,186	580,115	33,908	1,620,209
Derivative Fin. Liabilities Hedging Purposes	36,862	78,559	-	115,421
Other Liabilities <sup>(7)</sup>	65,614	292,911	6,661	365,186
<b>Total Liabilities</b>	<b>7,302,340</b>	<b>16,767,826</b>	<b>1,441,465</b>	<b>25,511,631</b>
<b>Net Balance Sheet Position</b>	<b>(401,874)</b>	<b>(6,814,011)</b>	<b>355,054</b>	<b>(6,860,831)</b>
<b>Net Off-Balance Sheet Position</b>	<b>718,271</b>	<b>6,918,504</b>	<b>(348,365)</b>	<b>7,288,410</b>
Financial Derivative Assets	3,657,741	32,785,884	432,686	36,876,311
Financial Derivative Liabilities	2,939,470	25,867,380	781,051	29,587,901
Non-Cash Loans <sup>(8)</sup>	998,224	2,300,163	146,839	3,445,227
<b>Prior Period</b>				
Total Assets	6,814,625	8,939,954	1,848,565	17,603,144
Total Liabilities	7,190,776	15,230,825	926,156	23,347,757
<b>Net Balance Sheet Position</b>	<b>(376,151)</b>	<b>(6,290,871)</b>	<b>922,409</b>	<b>(5,744,613)</b>
<b>Net Off-Balance Sheet Position</b>	<b>632,637</b>	<b>5,873,795</b>	<b>(880,930)</b>	<b>5,625,502</b>
Financial Derivative Assets	4,514,153	27,344,817	182,268	32,041,238
Financial Derivative Liabilities	3,881,516	21,471,022	1,063,198	26,415,736
Non-Cash Loans <sup>(8)</sup>	839,099	1,940,762	168,107	2,947,968

(1) Cash and Balances with TR Central; Other FC include TL 187 (December 31, 2013 – 587 TL) precious metal deposit account.

(2) Does not include TL 24,684 (December 31, 2013 – 4,132 TL) of currency income accruals arising from derivative transactions.

(3) Includes TL 2,565,593 TL (December 31, 2013 – TL 2,098,813 TL) FC indexed loans.

(4) Does not include FC prepaid expenses amounting to TL 5,574 (December 31, 2013 – TL 2,338) as per BRSA's Communiqué published in Official Gazette no 26085 on 19 February 2006. Does not include repealed financial leasing receivables amounting to TL 3,916 (December 31, 2013 – TL 1,402) accounted as FC in balance sheet. Does not include FC indexed factoring receivables amounting to TL 47,187 (December 31, 2013 – TL 34,945) accounted as TL in balance sheet.

(5) Other foreign currency includes TL 662,309 (December 31, 2013 – TL 777,077) of precious metal deposit account.

(6) Includes TL 7,263 (December 31, 2013 – TL 20,097) FC indexed loans accounted as TL in balance sheet.

(7) Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TL 34,805 (December 31, 2013 – TL 1,245) and general loan provision calculated for FC loans and kept in FC accounts due to Uniform Chart of Accounts amounting to TL 92,486 (December 31, 2013 – TL 84,572).

(8) Does not have an effect on Net Off-Balance Sheet Position.

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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.

Parent Bank's asset and liabilities carry positive interest rate income and are repriced every six months. Therefore the Bank holds limited amount of 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 repricing dates)*

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non Interest Bearing<sup>(*)</sup></b>	<b>Total</b>
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	10	-	-	-	-	8,272,412	8,272,422
Due from Banks	62,751	46,945	6,000	-	-	290,054	405,750
Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>	37,115	37,573	60,804	79,764	151,304	2,650,102	3,016,662
Money Market Placements	24,919	-	-	-	-	-	24,919
Inv. Securities Available for Sale	724,124	1,646,963	1,464,203	397,468	1,226,489	(25,804)	5,433,443
Loans and Receivables	10,656,298	4,582,908	12,886,467	12,223,774	3,842,089	1,323,950	45,515,486
Inv. Securities Held to Maturity	-	932,474	1,593,439	607,529	161,411	34,711	3,329,564
Other Assets	221,884	328,414	428,304	730,549	9,143	3,256,610	4,974,904
<b>Total Assets</b>	<b>11,727,101</b>	<b>7,575,277</b>	<b>16,439,217</b>	<b>14,039,084</b>	<b>5,390,436</b>	<b>15,802,035</b>	<b>70,973,150</b>
<b>Liabilities</b>							
Bank Deposits	843,239	279,375	4,427	-	-	22,475	1,149,516
Other Deposits	16,219,798	11,239,729	3,694,949	74,521	-	6,035,846	37,264,843
Money Market Borrowings	3,359,876	419,520	-	-	-	3,045	3,782,441
Sundry Creditors	1,572,344	-	-	-	-	1,537,523	3,109,867
Securities Issued	461,712	1,342,197	569,101	2,705,603	-	56,922	5,135,535
Funds Borrowed	819,765	942,948	5,551,193	384,856	68,670	31,054	7,798,486
Other Liabilities <sup>(***)</sup>	78	158	650	6,806	-	12,724,770	12,732,462
<b>Total Liabilities</b>	<b>23,276,812</b>	<b>14,223,927</b>	<b>9,820,320</b>	<b>3,171,786</b>	<b>68,670</b>	<b>20,411,635</b>	<b>70,973,150</b>
On Balance Sheet Long Position	-	-	6,618,897	10,867,298	5,321,766	-	22,807,961
On Balance Sheet Short Position	(11,549,711)	(6,648,650)	-	-	-	(4,609,600)	(22,807,961)
Off-Balance Sheet Long Position	2,624,056	6,512,960	164,376	-	-	-	9,301,392
Off-Balance Sheet Short Position	-	-	-	(7,849,784)	(1,765,916)	-	(9,615,700)
<b>Total Position</b>	<b>(8,925,655)</b>	<b>(135,690)</b>	<b>6,783,273</b>	<b>3,017,514</b>	<b>3,555,850</b>	<b>(4,609,600)</b>	<b>(314,308)</b>

<sup>(\*)</sup> Non Interest Bearing column includes accruals and derivative financial instruments' fair value valuation difference.

<sup>(\*\*)</sup> Financial Assets at Fair Value Through Profit/Loss include TL 1,412,127 derivative financial assets used for hedging purposes.

<sup>(\*\*\*)</sup> Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 373,054.

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non Interest Bearing <sup>(*)</sup>	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	13	-	-	-	-	8,208,469	8,208,482
Due from Banks	90,812	77,697	4,144	-	-	303,501	476,154
Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>	2,965	153,499	47,243	29,547	151,514	3,219,594	3,604,362
Money Market Placements	3,433	-	-	-	-	-	3,433
Inv. Securities Available for Sale	1,100,642	1,990,745	752,897	616,251	1,343,457	(61,007)	5,742,985
Loans and Receivables	9,474,287	4,610,988	12,621,186	11,295,599	3,353,664	1,315,581	42,671,305
Inv. Securities Held to Maturity	-	726,128	1,461,877	426,414	183,148	28,212	2,825,779
Other Assets	352,283	255,471	454,554	686,507	12,142	2,372,261	4,133,218
<b>Total Assets</b>	<b>11,024,435</b>	<b>7,814,528</b>	<b>15,341,901</b>	<b>13,054,318</b>	<b>5,043,925</b>	<b>15,386,611</b>	<b>67,665,718</b>
<b>Liabilities</b>							
Bank Deposits	891,681	407,569	16,286	-	-	25,957	1,341,493
Other Deposits	18,515,174	10,291,432	2,083,492	12,200	373	5,862,838	36,765,509
Money Market Borrowings	3,392,340	385,695	-	-	-	2,457	3,780,492
Sundry Creditors	1,984,510	-	-	-	-	1,465,217	3,449,727
Securities Issued	710,291	370,997	1,054,971	1,752,158	-	66,162	3,954,579
Funds Borrowed	723,982	997,749	4,489,359	519,124	18,035	23,421	6,771,670
Other Liabilities <sup>(***)</sup>	-	-	652	10,601	-	11,590,995	11,602,248
<b>Total Liabilities</b>	<b>26,217,978</b>	<b>12,453,442</b>	<b>7,644,760</b>	<b>2,294,083</b>	<b>18,408</b>	<b>19,037,047</b>	<b>67,665,718</b>
On Balance Sheet Long Position	-	-	7,697,141	10,760,235	5,025,517	-	23,482,893
On Balance Sheet Short Position	(15,193,543)	(4,638,914)	-	-	-	(3,650,436)	(23,482,893)
Off-Balance Sheet Long Position	3,427,681	9,295,931	-	-	-	-	12,723,612
Off-Balance Sheet Short Position	-	-	(2,125,543)	(8,387,856)	(1,831,338)	-	(12,344,737)
<b>Total Position</b>	<b>(11,765,862)</b>	<b>4,657,017</b>	<b>5,571,598</b>	<b>2,372,379</b>	<b>3,194,179</b>	<b>(3,650,436)</b>	<b>378,875</b>

(\*) Non Interest Bearing column includes accruals and derivative financial instruments' fair value valuation difference.

(\*\*) Financial Assets at Fair Value Through Profit/Loss include TL 1,927,795 derivative financial assets used for hedging purposes.

(\*\*\*) Other Liabilities include derivative financial liabilities used for hedging purposes amounting to TL 82,749.

**Average interest rates applied to monetary financial instruments**

Current Period	EUR %	USD %	JPY %	TL %
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	0.25	0.72	-	10.40
Financial Assets at Fair Value Through Profit/Loss	3.91	4.69	-	9.30
Money Market Placements	-	-	-	-
Investment Securities Available for Sale	4.73	5.37	-	9.18
Loans and Receivables	5.32	4.48	5.01	13.22(*)
Investment Securities Held for Trading	-	5.39	-	9.97
<b>Liabilities</b>				
Bank Deposits	1.67	1.68	-	10.04
Other Deposits	2.21	2.15	0.25	10.27
Money Market Borrowings	0.57	0.66	-	9.66
Sundry Creditors	0.08	0.08	-	10.60
Securities Issued	-	5.69	-	10.68
Funds Borrowed	3.34	3.99	-	10.17

(\*) The yield of loans and receivables is 11.13% excluding credit cards.

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**Average interest rates applied to monetary financial instruments**

<b>Prior Period</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	1.46	0.21	-	8.73
Financial Assets at Fair Value Through Profit/Loss	3.33	4.15	-	8.35
Money Market Placements	-	-	-	7.07
Investment Securities Available for Sale	4.81	5.19	-	7.02
Loans and Receivables	5.54	4.58	5.26	14.90 (*)
Investment Securities Held to Maturity	-	5.79	-	7.24
<b>Liabilities</b>				
Bank Deposits	2.14	2.29	-	8.37
Other Deposits	2.96	3.05	2.09	8.91
Money Market Borrowings	0.85	0.77	-	7.27
Sundry Creditors	0.12	0.08	-	-
Securities Issued	-	5.36	-	8.24
Funds Borrowed	1.16	2.89	-	8.40

(\*) The yield of loans and receivable is 12.62% excluding credit cards.

**Interest rate risk on banking book**

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

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

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

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

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

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

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Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity- Losses/Equity
1. TL	(+) 500	(749,778)	%(7.36)
	(-) 400	738,498	%7.25
2. EURO	(+) 200	(49,959)	%(0.49)
	(-) 200	57,999	%0.57
3. USD	(+) 200	(27,717)	%(0.27)
	(-) 200	39,041	%0.38
<b>Total (of negative shocks)</b>		<b>835,538</b>	<b>%8.20</b>
<b>Total (of positive shocks)</b>		<b>(827,454)</b>	<b>% (8.12)</b>

**Position risk of equity securities in banking book**

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Market Value
<b>1. Equity Investments Group A</b>	<b>39,310</b>	-	<b>39,130</b>
Quoted Securities	39,310	-	39,130
<b>2 Equity Investments Group B</b>	<b>3</b>	-	<b>3</b>
Quoted Securities	3	-	3
<b>3. Equity Investments Group C</b>	-	-	-
Quoted Securities	-	-	-
<b>4. Equity Investments Group Other<sup>(*)</sup></b>	<b>191,605 (*)</b>	<b>194,916(**)</b>	-

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

(\*\*) Refers to entity under common control accounted at fair value but not traded at the quoted markets.

Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses	
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital
1. Private Equity Investments	-	-	-	-	-
2. Quoted Shares	2,761	-	-	968	-
3. Other Shares	-	-	-	-	-
<b>4. Total</b>	<b>2,761</b>			<b>968</b>	

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**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.

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

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

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

**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 12% (December 31, 2013 – 12%) 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**

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Un-Allocated<sup>(*)</sup></b>	<b>Total</b>
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank	1,885,151	6,387,271	-	-	-	-	-	8,272,422
Due from Banks	267,002	85,419	47,101	6,228	-	-	-	405,750
Financial Assets at Fair Value Through Profit/Loss <sup>(**)</sup>	-	149,794	260,819	877,929	1,433,372	294,748	-	3,016,662
Money Market Placements	-	24,919	-	-	-	-	-	24,919
Investment Securities Available for Sale	49,302	46,198	15,947	460,565	1,635,590	3,225,841	-	5,433,443
Loans and Receivables	-	10,893,026	4,577,290	13,057,873	12,926,395	3,528,521	532,381	45,515,486
Investment Securities Held to Maturity	-	-	-	478,586	794,835	2,056,143	-	3,329,564
Other Assets	15,042	1,206,685	283,420	436,142	898,777	9,163	2,125,675	4,974,904
<b>Total Assets</b>								
<b>Liabilities</b>	<b>2,216,497</b>	<b>18,793,312</b>	<b>5,184,577</b>	<b>15,317,323</b>	<b>17,688,969</b>	<b>9,114,416</b>	<b>2,658,056</b>	<b>70,973,150</b>
Bank Deposits	20,291	844,429	280,307	4,489	-	-	-	1,149,516
Other Deposits	5,800,321	16,305,957	11,316,065	3,767,403	75,097	-	-	37,264,843
Funds Borrowed	-	418,294	769,399	3,786,979	823,939	1,999,875	-	7,798,486
Money Market Borrowings	-	3,362,388	420,053	-	-	-	-	3,782,441
Securities Issued	-	235,836	632,226	1,181,115	2,940,950	145,408	-	5,135,535
Sundry Creditors	9,179	3,067,368	852	-	-	32,468	-	3,109,867
Other Liabilities <sup>(***)</sup>	5,580	1,863,397	554,010	469,401	80,897	154,580	9,604,597	12,732,462
<b>Total Liabilities</b>	<b>5,835,371</b>	<b>26,097,669</b>	<b>13,972,912</b>	<b>9,209,387</b>	<b>3,920,883</b>	<b>2,332,331</b>	<b>9,604,597</b>	<b>70,973,150</b>
<b>Liquidity Gap</b>	<b>(3,618,874)</b>	<b>(7,304,357)</b>	<b>(8,788,335)</b>	<b>6,107,936</b>	<b>13,768,086</b>	<b>6,782,085</b>	<b>(6,946,541)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	2,156,311	17,631,803	5,145,605	14,234,719	18,442,561	8,364,040	1,690,679	67,665,718
Total Liabilities	5,718,911	28,648,859	12,290,769	6,092,770	4,240,779	1,618,909	9,054,721	67,665,718
<b>Net Liquidity Gap</b>	<b>(3,562,600)</b>	<b>(11,017,056)</b>	<b>(7,145,164)</b>	<b>8,141,949</b>	<b>14,201,782</b>	<b>6,745,131</b>	<b>(7,364,042)</b>	<b>-</b>

- (\*) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, common shares unquoted on stock exchange, office stationery, and prepaid expenses are classified under this column.  
Unallocated other liabilities include shareholders' equity amounting to TL 8,263,640, unallocated provisions amounting to TL 1,285,912 and tax liability amounting to TL 55,045.
- (\*\*) Financial Assets at Fair Value Through Profit/Loss include derivative financial assets held for hedging purposes amounting to TL 1,412,127.
- (\*\*\*) Other Liabilities also include derivative financial liabilities held for hedging purposes amounting to TL 373,054.

**VII. Explanations Related to Securitization Positions**

As of June 30, 2014 the Group has no securitization positions.



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**VIII. Explanations Related to Credit Risk Mitigation Techniques**

The Group applies Comprehensive Financial Collateral Method with Standard Volatility Adjustment Approach in compliance with the Article 34 and 37 of the "Regulation on Credit Risk Mitigation Techniques". In this method, the volatility adjustments regarding the exposures and collaterals are made as per the standard deduction ratio that attached to the Regulation.

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

<b>Exposure Categories (**)</b>	<b>Amount(*)</b>	<b>Financial Collaterals</b>	<b>Other/Physical Collaterals</b>	<b>Guaranties and Credit Derivatives</b>
Conditional and unconditional receivables from central governments or central banks	15,477,952	-	-	-
Conditional and unconditional receivables from regional or local governments	5,814	43	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	665	35	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	3,567,675	1,005,382	-	-
Conditional and unconditional receivables from corporates	24,622,427	518,562	-	-
Conditional and unconditional retail receivables	38,118,461	251,941	-	-
Conditional and unconditional receivables secured by mortgages	13,600,090	-	-	-
Past due receivables	520,515	84	-	-
Receivables defined in high risk category by BRSA	5,964,172	64,718	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	44,885	-	-	-
Other receivables	4,204,637	-	-	-
<b>Total</b>	<b>106,127,293</b>	<b>1,840,765</b>	-	-

(\*) Includes total risk amounts before credit risk mitigation and liquidity conversions.

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

**IX. Explanations Related to Risk Management Objectives and Policies**

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

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

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

The general objectives of the Group's Risk Management:

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

**X. Explanations related to transactions carried out on behalf of customers, items held in trust**

The Group 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.

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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	615,779	391,628	633,575	413,150
T.R. Central Bank	304,590	6,936,751	253,764	6,906,881
Others	23,477	197	451	661
<b>Total</b>	<b>943,846</b>	<b>7,328,576</b>	<b>887,790</b>	<b>7,320,692</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	304,590	549,480	253,764	499,042
Restricted Time Deposits	-	6,387,271	-	6,407,839
<b>Total</b>	<b>304,590</b>	<b>6,936,751</b>	<b>253,764</b>	<b>6,906,881</b>

As of June 30, 2014, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11.5% depending on the maturity of deposits (December 31, 2013 – 5% to 11.5%) and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 13% depending on the maturity of deposits (December 31, 2013 – 6% and 13%).

**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 <sup>(*)</sup>	31,972	-	103	-
Other	-	-	-	-
<b>Total</b>	<b>31,972</b>	<b>-</b>	<b>103</b>	<b>-</b>

<sup>(\*)</sup> Government bonds given as collateral are classified under Held-for-Trading Financial Assets in the financial statements.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds <sup>(*)</sup>	6,117	2,360	140,916	-
Treasury Bills <sup>(*)</sup>	-	-	-	-
Other Debt Securities	-	-	-	-
Bonds Issued and Guaranteed by Banks	5,061	-	4,818	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>11,178</b>	<b>2,360</b>	<b>145,734</b>	<b>-</b>

<sup>(\*)</sup> Government bonds and treasury bills subject to repurchase agreements presented above are classified under Held-for-Trading Financial Assets in the financial statements.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	55,501	-	107,327	-
Swap Transactions	1,021,941	73,597	922,629	61,661
Futures	-	199	-	486
Options	-	77,795	-	189,378
Other	-	-	-	-
<b>Total</b>	<b>1,077,442</b>	<b>151,591</b>	<b>1,029,956</b>	<b>251,525</b>

3. a) **Information on banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	33,995	1,204	5,985	2,301
Foreign	2,066	368,485	2	302,327
Foreign Head Offices and Branches	-	-	-	165,539
<b>Total</b>	<b>36,061</b>	<b>369,689</b>	<b>5,987</b>	<b>470,167</b>

b) **Information on foreign bank accounts**

	Unrestricted Amount		Restricted Amount <sup>(**)</sup>	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	61,506	44,881	1,720	1,730
USA and Canada	194,405	233,566	1,481	1,528
OECD Countries <sup>(*)</sup>	4,210	17,147	-	-
Off-shore Banking Regions	103,287	165,538	-	-
Other	3,942	3,478	-	-
<b>Total</b>	<b>367,350</b>	<b>464,610</b>	<b>3,201</b>	<b>3,258</b>

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

(\*\*) Includes blocked placements at foreign banks amounting to TL 3,201 (December 31, 2013 - TL 3.258).

4. **Information on receivables from reverse repurchase agreements**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Domestic Transactions</b>	<b>5,667</b>	<b>-</b>	<b>3,433</b>	<b>-</b>
T.R. Central Bank	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	5,667	-	3,433	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
<b>Foreign Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
<b>Total</b>	<b>5,667</b>	<b>-</b>	<b>3,433</b>	<b>-</b>

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**5. Information on investment securities available for sale**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar marketable securities	484,721	-	393,114	-
Other	-	-	-	-
<b>Total</b>	<b>484,721</b>	<b>-</b>	<b>393,114</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	1,404,700	817,336	1,290,612	973,547
Treasury bills	-	-	-	-
Other debt securities	-	-	-	-
Bonds issued or bank guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>1,404,700</b>	<b>817,336</b>	<b>1,290,612</b>	<b>973,547</b>

**c) Investment securities available for sale**

	Current Period	Prior Period
<b>Debt securities</b>	<b>5,430,413</b>	<b>5,444,796</b>
Quoted on a stock exchange (*)	5,420,499	5,429,359
Unquoted on a stock exchange	9,914	15,437
<b>Share certificates</b>	<b>45,290</b>	<b>512,730</b>
Quoted on a stock exchange (**)	44,993	512,570
Unquoted on a stock exchange	297	160
<b>Impairment provision (-)</b>	<b>(42,260)</b>	<b>(214,541)</b>
<b>Total</b>	<b>5,433,443</b>	<b>5,742,985</b>

(\*) The Eurobond Portfolio amounting to TL 910,741 (December 31, 2013 - TL 851,341) 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 104,101 which is accounted for as investment securities available for sale was hedged under fair value hedge accounting starting from August 2011. The mentioned financial assets are accounted for as Investment Securities Available for Sale in order to be in line with balance sheet presentation.

(\*\*) Share certificates that are quoted on a stock exchange include "exchange traded mutual funds" amounting to TL 44,884 (December 31, 2013 - TL 505,309).

**6. Information related to loans**

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	38,340	-	32,895
Corporate Shareholders	-	38,340	-	32,895
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	69,076	-	71,031	-
<b>Total</b>	<b>69,076</b>	<b>38,340</b>	<b>71,031</b>	<b>32,895</b>

(\*) Include the advances given to the bank personnel.

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

Cash Loans <sup>(*)</sup>	Performing Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms		Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	
		Extension of Repayment Plan	Other		Extension of Repayment Plan	Other
<b>Non-specialized Loans</b>	<b>42,133,022</b>	<b>1,116,489</b>	-	<b>2,987,460</b>	<b>712,698</b>	-
Discount Notes	767,491	-	-	11,801	-	-
Export Loans	1,219,611	-	-	35,928	-	-
Import Loans	5,994	-	-	-	-	-
Loans Given to Financial Sector	532,917	-	-	-	-	-
Retail Loans	12,401,034	238,103	-	1,153,022	272,816	-
Credit Cards	8,747,345	465,864	-	570,021	244,765	-
Other	18,458,630	412,522	-	1,216,688	195,117	-
<b>Specialized Loans</b>	-	-	-	-	-	-
<b>Other Receivables</b>	-	-	-	-	-	-
<b>Total</b>	<b>42,133,022</b>	<b>1,116,489</b>	-	<b>2,987,460</b>	<b>712,698</b>	-

(\*) The loans and other receivables amounting to 137,377 (December 31, 2013 – TL 185,074) are classified under “Loans at Fair Value Through Profit/Loss” in the financial statements.

No. of Extensions	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
1 or 2 times	1,115,944	709,482
3, 4 or 5 times	545	2,659
Over 5 times	-	557
<b>Total</b>	<b>1,116,489</b>	<b>712,698</b>

Extension Periods	Performing Loans and Other Receivables	Loans and Other Receivables under Follow-up
0 - 6 months	245,772	46,849
6 -12 months	66,920	53,035
1 - 2 years	260,945	193,550
2 - 5 years	299,795	341,854
5 years and over	243,057	77,410
<b>Total</b>	<b>1,116,489</b>	<b>712,698</b>

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

Cash Loans <sup>(*)</sup>	Performing Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms	Loans and Other Receivables	Loans and Receivables with Revised Contract Terms
<b>Short-term Loans</b>	<b>20,442,289</b>	<b>465,864</b>	<b>570,021</b>	<b>244,765</b>
Non-specialized Loans	20,442,289	465,864	570,021	244,765
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Medium and Long-term Loans</b>	<b>21,690,733</b>	<b>650,625</b>	<b>2,417,439</b>	<b>467,933</b>
Non-specialized Loans	21,690,733	650,625	2,417,439	467,933
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>42,133,022</b>	<b>1,116,489</b>	<b>2,987,460</b>	<b>712,698</b>

(\*) The loans and other receivables amounting to TL 137,377 (December 31, 2013 – TL 185,074) 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
<b>Consumer Loans-TL</b>	<b>183,409</b>	<b>11,754,870</b>	<b>11,938,279</b>	<b>222,796</b>
Housing Loans	2,285	6,101,988	6,104,273	168,353
Automobile Loans	712	58,707	59,419	520
Personal Need Loans	176,990	5,594,175	5,771,165	53,923
Other	3,422	-	3,422	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>41,752</b>	<b>41,752</b>	<b>32,468</b>
Housing Loans	-	40,173	40,173	31,003
Automobile Loans	-	-	-	-
Personal Need Loans	-	1,579	1,579	1,465
Other	-	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Individual Credit Cards-TL</b>	<b>7,739,324</b>	<b>478,062</b>	<b>8,217,386</b>	<b>82,606</b>
Installment	3,262,864	478,062	3,740,926	37,604
Non- Installment	4,476,460	-	4,476,460	45,002
<b>Individual Credit Cards-FC</b>	<b>2,945</b>	<b>-</b>	<b>2,945</b>	<b>20</b>
Installment	-	-	-	-
Non- Installment	2,945	-	2,945	20
<b>Personnel Loans-TL</b>	<b>3,696</b>	<b>31,022</b>	<b>34,718</b>	<b>174</b>
Housing Loans	-	233	233	1
Automobile Loans	-	54	54	-
Personal Need Loans	3,696	30,735	34,431	173
Other	-	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>29,350</b>	<b>-</b>	<b>29,350</b>	<b>-</b>
Installment	13,146	-	13,146	-
Non-Installment	16,204	-	16,204	-
<b>Personnel Credit Cards-FC</b>	<b>70</b>	<b>-</b>	<b>70</b>	<b>-</b>
Installment	-	-	-	-
Non-Installment	70	-	70	-
<b>Overdraft Accounts-TL (Real Persons)</b>	<b>1,320,259</b>	<b>-</b>	<b>1,320,259</b>	<b>78,494</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>9,279,053</b>	<b>12,305,706</b>	<b>21,584,759</b>	<b>416,558</b>

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

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
<b>Commercial Loans with Installment Facility – TL</b>	<b>700,756</b>	<b>6,835,143</b>	<b>7,535,899</b>	<b>103,042</b>
Real Estate Loans	193	158,609	158,802	3,791
Automobile Loans	4,944	302,130	307,074	5,553
Personal Need Loans	695,619	6,374,404	7,070,023	93,698
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC Indexed</b>	<b>58,313</b>	<b>1,067,827</b>	<b>1,126,140</b>	<b>110,928</b>
Real Estate Loans	-	28,241	28,241	3,498
Automobile Loans	433	73,662	74,095	9,309
Personal Need Loans	57,880	965,924	1,023,804	98,121
Other	-	-	-	-
<b>Commercial Loans with Installment Facility - FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
<b>Corporate Credit Cards –TL</b>	<b>973,300</b>	<b>1,470</b>	<b>974,770</b>	<b>9,764</b>
Installment	283,121	1,470	284,591	2,851
Non-Installment	690,179	-	690,179	6,913
<b>Corporate Credit Cards –FC</b>	<b>452</b>	<b>-</b>	<b>452</b>	<b>3</b>
Installment	-	-	-	-
Non-Installment	452	-	452	3
<b>Overdraft Accounts-TL (Legal Entities)</b>	<b>805,734</b>	<b>-</b>	<b>805,734</b>	<b>1,090</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2,538,555</b>	<b>7,904,440</b>	<b>10,442,995</b>	<b>224,827</b>

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

	Current Period	Prior Period
Public	149,309	150,108
Private	44,971,173	42,197,546
<b>Total</b>	<b>45,120,482</b>	<b>42,347,654</b>

(\*) The loans and other receivables amounting to TL 137,377 (December 31, 2013 – TL 185,074) 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	44,966,128	42,155,909
Foreign Loans	154,354	191,745
<b>Total</b>	<b>45,120,482</b>	<b>42,347,654</b>

(\*) The loans and other receivables amounting to TL 137,377 (December 31, 2013 – TL 185,074) are classified under “Loans at Fair Value Through Profit/Loss” in the financial statements.

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**h) Loans granted to subsidiaries and associates**

There are no loans granted to subsidiaries and associates

**i) Specific provisions for loans**

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectability	74,661	167,353
Loans and Receivables with Doubtful Collectability	420,205	483,952
Uncollectible Loans and Receivables	1,570,554	1,805,823
<b>Total</b>	<b>2,065,420</b>	<b>2,457,128</b>

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

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Current Period</b>			
(Gross Amounts Before the Specific Provisions)	22	10,385	103,662
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	22	10,385	103,662
<b>Prior Period</b>			
(Gross Amounts Before the Specific Provisions)	221	1,700	159,808
Restructured Loans and Other Receivables	-	-	-
Rescheduled Loans and Other Receivables	221	1,700	159,808

**j.2) Movement of non-performing loans<sup>(\*)</sup>:**

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
<b>Prior Period End Balance</b>	<b>419,095</b>	<b>740,935</b>	<b>1,805,823</b>
Additions (+)	601,209	53,545	98,327
Transfers from Other Categories of Non-Performing Loans (+)	-	593,787	631,947
Transfers to Other Categories of Non-Performing Loans (-)	593,787	631,947	-
Collections (-)	61,118	86,951	146,765
<b>Write-offs (-) (**)</b>	<b>61</b>	<b>7,460</b>	<b>818,778</b>
Corporate and Commercial Loans	61	7,449	268,847
Consumer Loans	-	11	223,555
Credit Cards	-	-	326,376
Others	-	-	-
<b>Current Period End Balance</b>	<b>365,338</b>	<b>661,909</b>	<b>1,570,554</b>
Specific Provision (-)	74,661	420,205	1,570,554
<b>Net Balances on Balance Sheet</b>	<b>290,677</b>	<b>241,704</b>	<b>-</b>

(\*) Based on the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside", the Parent Bank provided specific provisions for its 3rd group commercial loans with 100% provision rate in the prior period, whereas in the current period the Parent Bank provided provision by using minimum provision ratios. After the stated change, the Bank has provided TL 79,169 less provision in the current period as compared to the provisioning method used in the prior period.

(\*\*) In current period, legally nonperforming loan receivables amounting to TL 571,958 have been sold for TL 127,600 whereas loan receivables amounting to TL 254,341 have been sold for TL 8,550 cash and share from future collections.



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

None (December 31, 2013 – None).

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>290,677</b>	<b>241,704</b>	-
Loans to Real Persons and Legal Entities (Gross)	365,338	661,909	1,561,058
Specific provision (-)	(74,661)	(420,205)	(1,561,058)
Loans to Real Persons and Legal Entities (Net)	290,677	241,704	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	9,496
Specific provision (-)	-	-	9,496
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>251,742</b>	<b>256,983</b>	-
Loans to Real Persons and Legal Entities (Gross)	419,095	740,935	1,804,591
Specific provision (-)	(167,353)	(483,952)	(1,804,591)
Loans to Real Persons and Legal Entities (Net)	251,742	256,983	-
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	1,232
Specific provision (-)	-	-	(1,232)
Other Loans and Receivables (Net)	-	-	-

**k) Liquidation policies for uncollectible loans and other receivables**

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

**l) Explanations on write-off policy**

Unrecoverable non-performing loans 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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**7. Information on factoring receivables**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	396,991	12,776	512,851	7,806
Medium and Long Term	2,586	-	-	-
<b>Total</b>	<b>399,577</b>	<b>12,776</b>	<b>512,851</b>	<b>7,806</b>

As of June 30, 2014 and June 30, 2013, changes in provision for non-performing factoring receivables are as follows:

	Current Period	Prior Period
Prior Period End Balance	7,120	2,936
Provided Provision / (reversal), Net	3,123	2,112
Collections	(45)	(732)
Written off	-	-
<b>Current Period End Balance</b>	<b>10,198</b>	<b>4,316</b>

**8. Information on investment securities held-to-maturity**

**a) Information on held-to-maturity financial assets held as collateral/blocked**

	Cari Dönem		Önceki Dönem	
	TP	YP	TP	YP
Share certificates	-	-	-	-
Bond, Treasury bill and similar marketable securities	407,354	-	126,049	-
Other	-	-	-	-
<b>Toplam</b>	<b>407,354</b>	<b>-</b>	<b>126,049</b>	<b>-</b>

**b) Information on held-to-maturity financial assets subject to repurchase agreements**

Held-to-maturity financial assets subject to repurchase agreements amount to TL 1,640,923 TL (31December 2013: TL 1,425,091) as of balance sheet date.

**c) Information on financial government debt securities held-to-maturity**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	2,791,433	31,292	2,446,859	20,820
Treasury Bill	29,156	-	-	-
Other Public Sector Debt Securities	-	-	-	-
<b>Total</b>	<b>2,820,589</b>	<b>31,292</b>	<b>2,446,859</b>	<b>20,820</b>

**d) Information on investment securities held-to-maturity**

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	<b>2,820,589</b>	<b>508,975</b>	<b>2,446,859</b>	<b>378,920</b>
Publicly-traded	2,820,589	508,975	2,446,859	378,920
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
<b>Total</b>	<b>2,820,589</b>	<b>508,975</b>	<b>2,446,859</b>	<b>378,920</b>

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e) **Movement of held-to-maturity investments**

	Current Period	Prior Period
Value at the beginning of the period	2,825,779	-
Exchange differences on monetary assets	(1,908)	-
Acquisitions during the year (*)	408,169	2,825,779 <sup>(*)</sup>
Disposals through sales and redemptions	-	-
Provision for losses (-)	-	-
Valuation Effect	97,524	-
<b>The sum of end of the period</b>	<b>3,329,564</b>	<b>2,825,779</b>

<sup>(\*)</sup> Debt securities with the nominal value of TL 1,601,660 reclassified to held-to-maturity investments from available for sale financial assets on June 21, 2013 are classified under acquisitions during the year.

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

9.1. **Investments in associates**

Description	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Bankalararası Kart Merkezi (BKM) <sup>(*)</sup>	Istanbul/Turkey	%9.23	%9.23

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
52,481	26,563	33,270	364	-	4,212	1,116	-

<sup>(\*)</sup> Current period information is obtained from financial statements as of June 30, 2014, prior period profit and loss information is obtained from financial statements as of June 30, 2013.

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

a) **Information on the Parent Bank's unconsolidated subsidiaries:**

Subsidiaries below have not been consolidated since they are non financial investments, they are instead valued by cost method.

Title	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1. Ibttech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. Ve Tic. A.Ş.	Istanbul/Turkey	%99.91	%99.91
2. EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	Istanbul/Turkey	%51.00	%51.00

(*)	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
1.	33,517	19,155	17,726	-	-	4,038	5,279	-
2. <sup>(**)</sup>	7,854	6,731	5,079	161	-	731	-	-

<sup>(\*)</sup> Current period information is obtained from financial statements as of June 30, 2014, prior period profit and loss information is obtained from financial statements as of June 30, 2013.

<sup>(\*\*)</sup> Represents the investment for the foundation of EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. amounting to TL 3,060. In the Board of Directors meeting on August 22, 2013, it has been decided that the Bank shall participate with 51% share and TL 3,060 capital in the foundation of EFINANS Elektronik Ticaret ve Bilişim Hizmetleri Anonim Şirketi which is located in Istanbul and is founded with a total of TL 6,000 capital. The foundation of the Company has been announced in Commercial Registry Gazette, dated September 16, 2013 and numbered 8405.

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**b) Information on the consolidated subsidiaries**

**b.1) Information on the consolidated subsidiaries**

Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1. Finans Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	99.60	99.74
2. Finans Finansal Kiralama A.Ş.	İstanbul/Turkey	51.06	69.01
3. Finans Yatırım Ortaklığı A.Ş. (**)	İstanbul/Turkey	76.06 <sup>(*)</sup>	76.15
4. Finans Portföy Yönetimi A.Ş.	İstanbul/Turkey	0.01	99.71
5. Finans Faktoring Hizmetleri A.Ş.	İstanbul/Turkey	99.99	100.00

(\*) The share of the Parent Bank is 10.01 %, the remaining 66.05% shareholding represents the purchases of publicly traded shares on the Borsa Istanbul (BIST).

(\*\*) As per Board of Directors meeting dated 21 May 2014, it has been decided for the liquidation of Finans Investment Trust. Liquidation decision will be presented for the approval of the shareholders at the General Board Meeting and those who vote unfavorably and oppose will be granted the right to resign from the Company. As of 30 May 2014, the Company has informed Capital Markets Board of Turkey requesting necessary authorization.

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. (*)	324,623	162,458	11,220	7,307	1,769	2,989	1,569	-
2. (*)	1,843,296	535,186	997	70,780	-	25,520	25,060	568,100
3. (*)	21,523	21,252	2	569	421	1,611	(808)	19,980
4. (*)	11,279	10,456	753	648	4	728	661	-
5. (*)	422,348	30,089	722	26,059	-	1,667	1,241	-

(\*) Current period information represents June 30, 2014 figures, and prior period profit/loss amounts represent June 30, 2013 figures as per the financial statements prepared in accordance with the BRSA regulations.

(\*\*) Fair values of publicly traded subsidiaries reflect their Borsa Istanbul (BIST) values as of the balance sheet date.

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

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	<b>405,170</b>	<b>476,617</b>
<b>Movements during the Period</b>	<b>2,820</b>	<b>(71,447)</b>
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	(1,069)
Changes Due to Reclassification	-	-
Revaluation Difference	2,820	(70,378)
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>407,990</b>	<b>405,170</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the end of the Period (%)</b>	-	-

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	20,000	20,000
Leasing Companies	290,072	284,787
Finance Companies	-	-
Other Subsidiaries	97,918	100,383
<b>Total</b>	<b>407,990</b>	<b>405,170</b>

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	305,269	302,448
Quoted on International Stock Exchanges	-	-
<b>Total</b>	<b>305,269</b>	<b>302,448</b>

**b.5) Explanation to capital adequacy of the significant subsidiaries**

None.

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

	The Parent Bank's Share	The Group's Share	Current Assets	Fixed Assets	Long Term Debt	Current Period Profit/Loss	Prior Year Profit/Loss
Cigna Finans Emeklilik ve Hayat A.Ş. <sup>(*)</sup>	%49.00	%49.00	654,992	7,085	67,912	17,045	6,886
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. <sup>(*)</sup>	%33.33	%33.33	12,891	9,267	454	(320)	948

<sup>(\*)</sup> Current period information represents June 30, 2014 figures, and prior period profit/loss amounts represent June 30, 2013 figures.

**12. Information on finance lease receivables (Net)**

**12.1. Maturity analysis of financial lease receivables**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	667,941	571,522	629,447	543,853
Between 1-4 years	842,000	743,872	797,021	706,442
Over 4 years	52,250	49,335	56,266	52,493
<b>Total</b>	<b>1,562,191</b>	<b>1,364,729</b>	<b>1,482,734</b>	<b>1,302,788</b>

Finance lease receivables include non-performing finance lease receivables amounting to TL 134,826 (December 31, 2013 – TL 133,655) and specific provisions amounting to TL 87,378 (December 31, 2013 – TL 83,006).

Changes in non-performing finance lease receivables provision as of June 30, 2014 and June 30, 2013, are as follows:

	Current Period	Prior Period
End of prior period	83,006	64,549
Provided provision / (reversal), Net	9,605	2,876
Collections	(5,233)	(2,615)
<b>Provision at the end of the period</b>	<b>87,378</b>	<b>64,810</b>

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**12.2. Information on net investments in finance leases**

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross Finance Lease Investments	1,562,191		1,482,734	
Unearned Finance Income (-)	(197,462)		(179,946)	
Cancelled Leasing Agreements (-)	-		-	
<b>Net Investment on Leases</b>	<b>1,364,729</b>		<b>1,302,788</b>	

**12.3. 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.

**13. Information on hedging purpose derivatives:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge <sup>(*)</sup>	1,065,443	36,133	1,487,743	61,426
Cash Flow Hedge	310,551	-	378,626	-
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>1,375,994</b>	<b>36,133</b>	<b>1,866,369</b>	<b>61,426</b>

<sup>(\*)</sup> Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. As of June 30, 2014, TL 53,124 (December 31, 2013 - TL 84,918) represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in securities and TL 1,048,452 (December 31, 2013 - TL 1,464,251) represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value changes in loans.

**14. Information on tax asset**

As of June 30, 2014, the Group doesn't have any tax asset according to related regulations. Deferred tax asset amount is TL 40,156 (December 31, 2013- TL 107,583). The information about current tax and deferred tax liability is presented in the disclosures and explanations about liability accounts in footnote numbered 10.1.1 and 10.2.

**15. Information on assets held for sale and discontinued operations**

None. (December 31, 2013 - None)

**16. Information on other assets:**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Other Prepaid Expenses	364,643		299,361	
Cheques Receivables from Other Banks	412,101		188,161	
Miscellaneous Receivables	112,165		83,362	
Assets Held for Resale (net)	151,736		159,080	
Prepaid rent expenses	30,971		30,352	
Collateral Given for Derivative Transactions	56,277		109,767	
Advances Given	4,196		307,905	
Prepaid Agency Commissions	1,691		3,643	
Other	122,770		77,324	
<b>Total</b>	<b>1,256,550</b>		<b>1,258,955</b>	

**16.2 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 16.1 section of disclosure.

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**17. Accrued interest and income**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Assets on Trading Derivatives	1,375,994	36,133	1,866,369	61,426
Derivative Financial Instruments Held for Hedging	1,077,442	153,039	1,029,956	251,525
Loans	561,159	92,614	632,960	73,137
Investment Securities Available for Sale	136,513	56,055	95,011	11,539
Investment securities held to maturity	29,157	5,554	23,336	4,876
Lease Receivables	4,490	7,495	4,135	6,869
Banks and Other Financial Institutions	537	-	143	-
Trading Securities	2,215	81	(1,164)	37
Other Accruals	7,867	339	1,418	105
<b>Total</b>	<b>3,195,374</b>	<b>351,310</b>	<b>3,652,164</b>	<b>409,514</b>

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

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

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>1,355,168</b>	-	<b>2,153,148</b>	<b>10,079,537</b>	<b>1,259,609</b>	<b>430,341</b>	<b>1,354,064</b>	<b>3,877</b>	<b>16,635,744</b>
<b>Foreign Currency Deposits</b>	<b>1,787,836</b>	-	<b>1,168,314</b>	<b>6,163,465</b>	<b>493,636</b>	<b>175,621</b>	<b>564,195</b>	<b>4,029</b>	<b>10,357,096</b>
Residents in Turkey	1,745,999	-	1,157,256	6,040,094	466,318	155,699	517,149	4,029	10,086,544
Residents Abroad	41,837	-	11,058	123,371	27,318	19,922	47,046	-	270,552
<b>Public Sector Deposits</b>	<b>659,926</b>	-	<b>5,839</b>	<b>47,661</b>	<b>775</b>	<b>975,835</b>	-	-	<b>1,690,036</b>
<b>Commercial Deposits</b>	<b>1,358,720</b>	-	<b>1,324,080</b>	<b>2,950,798</b>	<b>669,839</b>	<b>181,075</b>	<b>71,563</b>	-	<b>6,556,075</b>
<b>Other Ins. Deposits</b>	<b>25,885</b>	-	<b>31,287</b>	<b>393,969</b>	<b>104,132</b>	<b>762,134</b>	<b>46,176</b>	-	<b>1,363,583</b>
<b>Precious Metal Deposits</b>	<b>612,786</b>	-	<b>20,158</b>	<b>26,650</b>	<b>2,460</b>	<b>255</b>	-	-	<b>662,309</b>
<b>Bank Deposits</b>	<b>20,291</b>	-	<b>844,430</b>	<b>280,307</b>	<b>4,198</b>	<b>290</b>	-	-	<b>1,149,516</b>
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	2,530	-	96,316	7,200	-	-	-	-	106,046
Foreign Banks	16,423	-	748,114	273,107	4,198	290	-	-	1,042,132
Participation Banks	1,338	-	-	-	-	-	-	-	1,338
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,820,612</b>	-	<b>5,547,256</b>	<b>19,942,387</b>	<b>2,534,649</b>	<b>2,525,551</b>	<b>2,035,998</b>	<b>7,906</b>	<b>38,414,359</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>1,633,745</b>	-	<b>1,986,642</b>	<b>10,796,200</b>	<b>979,428</b>	<b>436,045</b>	<b>312,848</b>	<b>5,859</b>	<b>16,150,767</b>
<b>Foreign Currency Deposits</b>	<b>1,531,397</b>	-	<b>781,342</b>	<b>6,221,329</b>	<b>644,676</b>	<b>461,652</b>	<b>351,038</b>	<b>5,695</b>	<b>9,997,129</b>
Residents in Turkey	1,483,341	-	768,882	6,120,438	597,287	441,805	283,983	5,695	9,701,431
Residents Abroad	48,056	-	12,460	100,891	47,389	19,847	67,055	-	295,698
<b>Public Sector Deposits</b>	<b>304,915</b>	-	<b>607</b>	<b>49,520</b>	<b>254</b>	<b>1,352,508</b>	-	-	<b>1,707,804</b>
<b>Commercial Deposits</b>	<b>1,457,168</b>	-	<b>1,748,841</b>	<b>3,706,500</b>	<b>209,984</b>	<b>123,627</b>	<b>52,502</b>	-	<b>7,298,622</b>
<b>Other Ins. Deposits</b>	<b>22,666</b>	-	<b>149,047</b>	<b>511,418</b>	<b>104,932</b>	<b>45,464</b>	<b>613</b>	-	<b>834,140</b>
<b>Precious Metal Deposits</b>	<b>734,417</b>	-	<b>24,330</b>	<b>11,191</b>	<b>6,948</b>	<b>161</b>	-	-	<b>777,047</b>
<b>Bank Deposits</b>	<b>21,521</b>	-	<b>893,646</b>	<b>409,845</b>	<b>11,499</b>	<b>4,982</b>	-	-	<b>1,341,493</b>
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	2,101	-	-	48,672	4,103	2,045	-	-	56,921
Foreign Banks	19,419	-	893,646	361,173	7,396	2,937	-	-	1,284,571
Participation Banks	1	-	-	-	-	-	-	-	1
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,705,829</b>	-	<b>5,584,455</b>	<b>21,706,003</b>	<b>1,957,721</b>	<b>2,424,439</b>	<b>717,001</b>	<b>11,554</b>	<b>38,107,002</b>



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

	Covered by		Exceeding the	
	Deposit Insurance Fund		Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	8,932,339	7,860,834	7,702,846	8,280,585
Foreign Currency Savings Deposits	1,788,175	1,653,084	5,168,551	5,382,496
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>10,720,514</b>	<b>9,513,918</b>	<b>12,871,397</b>	<b>13,663,081</b>

**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	37,481	32,736
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	17,668	32,652
<b>Total</b>	<b>55,149</b>	<b>65,388</b>

**2. Information on trading purpose derivatives**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	47,054	-	108,202	-
Swaps	841,572	93,292	1,004,649	62,406
Futures	-	793	-	168
Options	-	48,926	-	135,472
Other	-	-	-	-
<b>Total</b>	<b>888,626</b>	<b>143,011</b>	<b>1,112,851</b>	<b>198,046</b>

**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	358,105	392,349	391,541	313,408
Foreign Banks, Institutions and Funds	98,292	5,007,286	150,500	3,965,502
<b>Total</b>	<b>456,397</b>	<b>5,399,635</b>	<b>542,041</b>	<b>4,278,910</b>

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**b) Maturity information on funds borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	372,185	3,807,830	461,350	2,553,062
Medium and Long-Term	84,212	1,591,805	80,691	1,725,848
<b>Total</b>	<b>456,397</b>	<b>5,399,635</b>	<b>542,041</b>	<b>4,278,910</b>

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

The Bank obtained securitization loan amounting to USD 167 million in November 27, 2013 and EUR 264.5 million in November 28, 2013 with one year maturity according to the Board of Directors' decision No: 261 dated September 17, 2013.

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

As of June 30, 2014, the Group's liabilities comprise; 54% deposits (December 31, 2013 – 56%), 8% funds borrowed (December 31, 2013 – 7%), 7% issued bonds (December 31, 2013 – 6%) and 5% funds provided under repurchase agreements (December 31, 2013 – 5%).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From domestic transactions</b>	<b>2,669,988</b>	-	<b>2,518,556</b>	-
Financial institutions and organizations	2,643,870	-	2,470,009	-
Other institutions and organizations	9,671	-	32,319	-
Real persons	16,447	-	16,228	-
<b>From foreign transactions</b>	<b>10,068</b>	<b>1,042,718</b>	<b>8,165</b>	<b>1,141,561</b>
Financial institutions and organizations	-	1,042,718	-	1,141,561
Other institutions and organizations	10,068	-	8,165	-
Real persons	-	-	-	-
<b>Total</b>	<b>2,680,056</b>	<b>1,042,718</b>	<b>2,526,721</b>	<b>1,141,561</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	1,970,847	-	2,057,078	-
Bills	78,330	3,086,358	103,734	1,793,767
<b>Total</b>	<b>2,049,177</b>	<b>3,086,358</b>	<b>2,160,812</b>	<b>1,793,767</b>

During the current period, on March 14, 2014 the Parent Bank has issued TL 60,196 nominal amount of bond with 13.50% interest rate and 364 days maturity, on March 26, 2014 with a nominal of TL 63,400, 12.24% interest rate and 345 days maturity, on April 9, 2014 with a nominal of TL 311,142, 11.15% interest rate and 330 days maturity, on April 16, 2014 with a nominal of TL 186,860, 10.30% interest rate and 91 days maturity, on April 30, 2014 with a nominal of TL 500,000, 10.87% interest rate and 156 days maturity, on May 9, 2014 with a nominal of TL 295,240, 10.30% interest rate and 91 days maturity, on May 27, 2014 with a nominal of TL 36,188, 10.53% interest rate and 338 days maturity, on May 30, 2014 with a nominal of TL 217,810, 9.75% interest rate and 91 days maturity, on June 23 2014 with a nominal of TL 125,332, 10.20% interest rate and 87 days maturity. Additionally on April 30, 2014 the Parent Bank has issued USD 500 million nominal amount of bond with 6.25% interest rate and 5 years 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 does not exceed 10% of total liabilities excluding the off-balance sheet items (December 31, 2013 – Does not exceed 10%).

**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, 2013 – 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, 2013 – None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge <sup>(*)</sup>	56,767	115,421	-	75,101
Cash Flow Hedge <sup>(**)</sup>	200,866	-	7,648	-
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>257,633</b>	<b>115,421</b>	<b>7,648</b>	<b>75,101</b>

<sup>(\*)</sup> Derivative financial instruments for hedging purposes include swaps. As of June 30, 2014, TL 82,436 (December 31, 2013 – TL 20,901) represents the fair value of derivatives which are the hedging instruments of hedged loan portfolio TL 89,753 (December 31, 2013 – TL 54,200) represents the fair value of derivatives which are the hedging instruments of hedged investment securities available for sale portfolio.

<sup>(\*\*)</sup> Represents the fair values 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	651,922	608,997
-Additional Provision for Loans and Receivables with Extended Maturities	51,263	56,116
Provisions for Loans and Receivables in Group II	131,125	88,573
-Additional Provision for Loans and Receivables with Extended Maturities	32,709	30,920
Provisions for Non - Cash Loans	70,138	63,599
Other	58,881	55,122
<b>Total</b>	<b>912,066</b>	<b>816,291</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Foreign Exchange Provision for Foreign Currency Indexed Loans <sup>(*)</sup>	29,699	146

(\*) 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 52,954 (December 31,2013 - TL 53,760).

**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, 2014, TL 96,556 (December 31, 2013 - TL 90,390) reserve for employee termination benefits was provided in the accompanying financial statements.

As of June 30, 2014, the Group accrued TL 36,976 (December 31, 2013 - TL 30,354) for the unused vacations under reserve for employee benefits account in the accompanying financial statements.

As of June 30, 2014, TL 35,522 (December 31, 2013 – TL 99,584) bonus and premium provisions have been provided under reserve for employee benefits account in the accompanying financial statements.

**9.4.1 Movement of employee termination benefits**

	<b>Current Period</b>	<b>Prior Period</b>
	<b>01.01-30.06.2014</b>	<b>01.01-30.06.2013</b>
As of January 1	90,390	85,065
Service cost	7,324	7,101
Interest Cost	4,321	3,149
Settlement / curtailment / termination loss	1,216	-
Paid during the period	(6,695)	(3,110)
<b>Total</b>	<b>96,556</b>	<b>92,205</b>

**9.5. Information on other provisions**

**9.5.1. Information on other provisions**

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

	<b>Current Period</b>	<b>Prior Period</b>
Provision for Closely Monitored Loans	108,025	102,025
Provision for Promotion Expenses of Credit Cards	17,820	20,138
Other Provisions	92,147	79,258
<b>Total</b>	<b>217,992</b>	<b>201,421</b>

**10. Taxation**

**10.1. Current taxes**

**10.1.1. Current tax liability**

As of June 30, 2014, the Group has current tax liability of TL 60,975 (December 31, 2013 - TL 319,023) and advance taxes of TL 7,694 (December 31, 2013 - TL 210,715).

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**10.1.2. Information on taxes payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate taxes payable	53,281	108,308
Banking and Insurance Transaction Tax (BITT)	36,093	32,349
Taxation on Securities Income	38,224	33,750
Taxation on Real Estates Income	2,392	1,803
VAT Payable	1,970	2,080
Other	18,066	18,403
<b>Total</b>	<b>150,026</b>	<b>196,693</b>

The Parent Bank presents The “Corporate Taxes Payable” balance in the “Current Tax Liability” account and other taxes are presented in the “Other Liabilities” account in the accompanying unconsolidated financial statements.

**10.1.3 Information on premiums**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums - Employee Share	7,624	7,336
Social Security Premiums - Employer Share	8,224	7,881
Pension Fund Fee and Provisions – Employee Share	3	-
Pension Fund Fee and Provisions – Employer Share	11	-
Unemployment Insurance - Employee Share	536	517
Unemployment Insurance - Employer Share	1,071	1,032
Other	3	11
<b>Total</b>	<b>17,472</b>	<b>16,777</b>

**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 40,156 (December 31, 2013 – TL 107,583) and deferred tax liability is TL 1,764 (December 31, 2013 – 1,330) 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 liability amounting to TL 38,570 is netted under equity (December 31, 2013 –TL 28,697 deferred tax liability).

	<b>Temporary Differences</b>		<b>Deferred Tax Asset / (Liability)</b>	
	<b>June 30, 2014</b>	<b>Dec. 31, 2013</b>	<b>June 30, 2014</b>	<b>Dec. 31, 2013</b>
Reserve for employee benefits	169,054	220,328	33,811	44,066
The differences between carrying and taxable amounts of financial assets	551,364	457,250	110,273	91,450
Unused investment incentive certificates	-	-	-	-
Other	331,096	392,946	66,219	78,590
<b>Deferred Tax Asset</b>			<b>210,303</b>	<b>214,106</b>
The differences between carrying and taxable amounts of tangible assets	(561,837)	(144,882)	(112,367)	(28,976)
The differences between carrying and taxable amounts of financial assets	(226,622)	(145,362)	(45,324)	(29,072)
Other	(71,098)	(249,018)	(14,220)	(49,805)
<b>Deferred Tax Liability</b>			<b>(171,911)</b>	<b>(107,853)</b>
<b>Deferred Tax Asset / (Liability), Net</b>			<b>38,392</b>	<b>106,253</b>

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	<b>Current Period</b>	<b>Prior Period</b>
	<b>01.01-30.06.2014</b>	<b>01.01-30.06.2013</b>
Deferred Tax Asset / (Liability) as of January 1 (Net)	106,253	(4,852)
Deferred Tax (Charge) / Benefit	(57,988)	(47,758)
Deferred Tax Items Accounted for under the Equity	(9,873)	72,748
<b>Deferred Tax Asset/ (Liability) as of June 30 (Net)</b>	<b>38,392</b>	<b>20,138</b>

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

None. (December 31, 2013: None)

**12. Information on subordinated loans**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Domestic Banks	-	-	--	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	1,942,454	-	1,950,719
From Other Foreign Institutions	-	-	-	-
<b>Total</b>	-	<b>1,942,454</b>	-	<b>1,950,719</b>

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 loan amounting to USD 325 million which was received in 2008 was paid back in 2010 to be used in capital increase. In addition, the Parent Bank received USD 260 million of subordinated loans in 2011 from National Bank of Greece S.A. Aforementioned loans are subject to interest payment every 6 months and principal payment at maturity. USD 585 million of existing subordinate loans will mature in 2021, USD 325 million will mature in 2020.

**13. Information on shareholder's equity**

**13.1. Paid-in capital**

	<b>Current Period</b>	<b>Prior Period</b>
Common Stock	2,835,000	2,700,000
Preferred Stock	-	-

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

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling</b>
Registered Capital System	2,835,000	6,000,000

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

<b>Increase Date</b>	<b>Increase Amount</b>	<b>Profit Reserves held</b>		<b>Capital Reserves held</b>	
		<b>Cash</b>	<b>subject to the Increase</b>	<b>subject to the Increase</b>	<b>subject to the Increase</b>
June 24, 2014	135,000	-	135,000	-	-

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

None (December 31, 2013 - None).

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**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, 2013 - 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)	28,350,000	27,000,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums <sup>(*)</sup>	714	714
Common Stock Withdrawal Profits	-	-

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

**15. Marketable securities value increase fund**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Associates, Subsidiaries and Entities under Common Control</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>
Valuation Differences	12	-	-	-
Foreign Exchange Rate Differences	-	-	-	-
<b>Securities Available-for-Sale</b>	<b>(216)</b>	<b>(52,914)</b>	<b>(85,632)</b>	<b>(136,568)</b>
Valuation Differences	(216)	(52,914)	(85,632)	(136,568)
Foreign Exchange Rate Differences	-	-	-	-
<b>Total</b>	<b>(204)</b>	<b>(52,914)</b>	<b>(85,632)</b>	<b>(136,568)</b>

**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
Deposits	217,366	19,777	157,980	25,541
Derivative Financial Liabilities Held for Trading	888,626	143,011	1,112,851	198,046
Funds Borrowed	14,358	42,912	6,281	31,700
Money Market Borrowings	2,329	716	821	1,660
Derivative Financial Liabilities Held for Hedging	257,633	115,421	7,648	75,101
Other Accruals	85,488	46,170	27,734	41,583
<b>Total</b>	<b>1,465,800</b>	<b>368,007</b>	<b>1,313,315</b>	<b>373,631</b>

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

**1. Information related to consolidated off-balance sheet contingencies**

**1.1. Type and amount of irrevocable commitments**

	<b>Current Period</b>	<b>Prior Period</b>
Letters of Guarantee in FC	1,880,231	1,777,802
Letters of Guarantee in TL	4,672,709	4,162,774
Letters of Credit	744,511	548,606
Bank Loans	812,992	609,831
Other Guarantees	19,300	19,399
<b>Total</b>	<b>8,129,743</b>	<b>7,118,412</b>

**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 52,954 (December 31, 2013 – TL 53,760) followed in the off-balance sheet accounts that are not indemnified and not liquidated yet.

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

	<b>Current Period</b>	<b>Prior Period</b>
Provisional Letters of Guarantee	351,377	290,037
Final Letters of Guarantee	3,674,737	3,640,553
Advance Letters of Guarantee	139,818	191,920
Letters of Guarantee Given to Customs Offices	280,731	198,665
Other Letters of Guarantee	2,106,277	1,619,401
<b>Total</b>	<b>6,552,940</b>	<b>5,940,576</b>

**2. Total amount of non-cash loans**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Non-Cash Loans granted for Obtaining Cash Loans</b>	<b>358,580</b>	<b>317,804</b>
Less Than or Equal to One Year with Original Maturity	29,387	14,451
More Than One Year with Original Maturity	329,193	303,353
<b>Other Non-Cash Loans</b>	<b>7,771,163</b>	<b>6,800,608</b>
<b>Total</b>	<b>8,129,743</b>	<b>7,118,412</b>



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

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>27,344</b>	<b>0.58</b>	<b>6,198</b>	<b>0.18</b>	<b>16,207</b>	<b>0.39</b>	<b>2,362</b>	<b>0.08</b>
Farming and Raising Livestock	25,045	0.53	985	0.03	13,627	0.33	2,033	0.07
Forestry	389	0.01	-	-	1,440	0.03	-	-
Fishing	1,910	0.04	5,213	0.15	1,140	0.03	329	0.01
<b>Manufacturing</b>	<b>1,028,821</b>	<b>21.94</b>	<b>1,837,603</b>	<b>53.73</b>	<b>882,213</b>	<b>21.15</b>	<b>1,523,356</b>	<b>52.02</b>
Mining and Quarrying	25,932	0.55	1,098	0.03	25,599	0.61	771	0.03
Production	698,636	14.9	1,519,643	44.43	554,277	13.29	1,213,207	41.43
Electricity, gas and water	304,253	6.49	316,862	9.26	302,337	7.25	309,378	10.56
<b>Construction</b>	<b>1,142,635</b>	<b>24.36</b>	<b>500,325</b>	<b>14.63</b>	<b>932,925</b>	<b>22.37</b>	<b>369,150</b>	<b>12.61</b>
<b>Services</b>	<b>2,428,472</b>	<b>51.78</b>	<b>1,067,308</b>	<b>31.21</b>	<b>2,256,615</b>	<b>54.1</b>	<b>1,016,629</b>	<b>34.72</b>
Wholesale and Retail Trade	1,437,726	30.65	486,088	14.21	1,289,108	30.91	504,487	17.23
Hotel, Food and Beverage Services	44,313	0.94	39,959	1.17	36,356	0.87	13,353	0.46
Transportation&Communication	90,055	1.92	73,552	2.15	94,292	2.26	97,140	3.32
Financial Institutions	571,426	12.18	435,155	12.72	491,441	11.78	301,735	10.3
Real Estate and Renting Services	2,747	0.06	2,046	0.06	2,684	0.06	1,868	0.06
Self Employment Services	97,267	2.07	25,633	0.75	155,682	3.73	84,051	2.87
Educational Services	4,457	0.10	9	-	4,044	0.1	9	-
Health and Social Services	180,481	3.85	4,866	0.14	183,008	4.39	13,986	0.48
<b>Other <sup>(*)</sup></b>	<b>63,001</b>	<b>1.34</b>	<b>8,736</b>	<b>0.26</b>	<b>82,007</b>	<b>1.99</b>	<b>17,071</b>	<b>0.57</b>
<b>Total</b>	<b>4,690,273</b>	<b>100.00</b>	<b>3,420,170</b>	<b>100.00</b>	<b>4,169,967</b>	<b>100.00</b>	<b>2,928,568</b>	<b>100.00</b>

<sup>(\*)</sup> Does not include foreign currency balance of "Other Guarantees" amounting to TL 19,300 (December 31, 2013 - TL 19,399).

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

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of Guarantee	4,524,407	1,802,050	120,061	53,888
Bill of Exchange and Acceptances	17,564	784,067	-	11,074
Letters of Credit	-	744,050	-	328
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	19,300	-	-
<b>Non-cash Loans</b>	<b>4,541,971</b>	<b>3,349,467</b>	<b>120,061</b>	<b>65,290</b>

<sup>(\*)</sup> Does not include non-cash loans amounting to TL 52,954, 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**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Types of trading transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>81,802,201</b>	<b>67,641,092</b>
Forward transactions (*)	7,053,404	7,677,470
Swap transactions	63,326,496	44,046,170
Futures transactions	62,926	42,982
Option transactions	11,359,375	15,874,470
<b>Interest Related Derivative Transactions (II)</b>	<b>8,848,070</b>	<b>8,707,332</b>
Forward rate transactions	-	-
Interest rate swap transactions	8,805,342	8,707,332
Interest option transactions	-	-
Futures interest transactions	42,728	-
Security option transactions	-	-
<b>Other trading derivative transactions (III)</b>	<b>-</b>	<b>-</b>
<b>A. Total Trading Derivative Transactions (I+II+III)</b>	<b>90,650,271</b>	<b>76,348,424</b>
<b>Types of hedging transactions</b>	<b>29,841,719</b>	<b>24,005,643</b>
Fair value hedges	17,969,623	17,234,950
Cash flow hedges	11,872,096	6,770,693
Net investment hedges	-	-
<b>B. Total Hedging Related Derivatives</b>	<b>29,841,719</b>	<b>24,005,643</b>
<b>Total Derivative Transactions (A+B)</b>	<b>120,491,990</b>	<b>100,354,067</b>

(\*) 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 balance sheet date; the mortgage loans amounting to TL 5,356,414 (December 31, 2013 – TL 5,098,190) were subject to hedge accounting by swaps with a nominal of TL 6,086,903 (December 31, 2013 – TL 6,557,217). On June 30, 2014 the net market valuation difference loss amounting to TL 10,257 due to the gains from the loans amounting to TL 154,049 (June 30, 2013 – TL 332,660 loss) and loss from swaps amounting to TL 143,793 (June 30, 2013 – TL 318,955 income) is accounted for under “gains / (losses) from financial derivatives transactions” line in the accompanying financial statements.

As of balance sheet date project finance loans amounting to TL 157,305 (December 31, 2013 – TL 164,290) have been subject to hedge accounting with swaps with a nominal amount of TL 152,470 (December 31, 2013 – TL 159,732). In 2014 TL 777 net fair valuation difference income, net of TL 5,610 (June 30, 2013 – TL 16,636 income) income from loans and TL 4,834 (June 30, 2013 – TL 16,005 loss) expense from swaps has been recorded under “Gains / (losses) from financial derivatives transactions” on accompanying financial statements.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Parent Bank has booked the valuation effect amounting to TL 16,527 (June 30, 2013 – TL 31,358) related to the loans that are ineffective for hedge accounting under “gains / (losses) from financial derivatives 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 Bank using swaps as hedging instruments. As at the balance sheet date; Eurobonds with a nominal of USD 312 million and EUR 26 million (December 31, 2013 – USD 333 million and EUR 26 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On June 30, 2014, the net market valuation difference loss amounting to TL 78 due to income from Eurobonds amounting to TL 58,164 (June 30, 2013 – TL 76,196 loss) and loss from swaps amounting to TL 58,242 (June 30, 2013 – TL 76,001 gain) is accounted for under “gains / (losses) from financial derivatives transactions” line in the accompanying financial statements.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon held by the Bank using swaps as hedging instruments. As at the balance sheet date; government bonds with a nominal of TL 102,030 (December 31, 2013 – TL 198,305) were subject to hedge accounting by swaps with the same nominal value. On June 30, 2014, the net market valuation difference loss amounting to TL 159 due to losses from government bonds amounting to TL 1,407 (June 30, 2013 – TL 7,562 loss) and gains from swaps amounting to TL 1,566 (June 30, 2013 – 8,667 gain) is accounted for under “gains / (losses) from financial derivatives transactions” line in the accompanying financial statements.

**c) Bonds issued**

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of USD 857 million (December 31, 2013 – USD 367 Million) have been subject to hedge accounting with the same nominal amount of swaps. As of June 30, 2014, TL 131 net fair valuation difference loss, net of TL 5,924 (June 30, 2013 – TL 8,030) income from issued bonds and TL 6,055 (June 30, 2013 – TL 8,144) expense from swaps, has been recorded under “Gains / (losses) from financial derivatives transactions” on accompanying financial statements.

**5.2 Cash flow hedge accounting**

**a) Deposit**

The Parent Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity of 1 month, the Parent Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to TL 990,273 are subject to hedge accounting as hedging instruments (December 31, 2013 – TL 169,643). As a result of the mentioned hedge accounting, fair value loss before taxes amounting to TL 20,463 are accounted for under equity during the current period (June 30, 2013 – TL 9,801 gain). The ineffective portion of loss amounting to TL 884 (June 30, 2013 – TL 124 loss) is accounted for at the income statement.

As at the balance sheet date, swaps amounting to USD 2,206 million are subject to hedge accounting as hedging instruments (December 31, 2013 – USD 1,470 million). As a result of the mentioned hedge accounting, fair value loss before taxes amounting to TL 147,961 are accounted for under equity during the current period (June 30, 2013 – TL 43,658 gain). The gains amounting to TL 4,220 (June 30, 2013 – TL 47 gain) concerning for the ineffective portions are accounted for at the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. Effective parts classified under equity due to hedge accounting are amortized through income statement until the maturity of swaps in case of ineffectiveness at periods when the expected cash flows subject to hedge accounting affect profit or loss (as in periods when interest income or expense is recognized). In the current period there is no transferred amount from equity to income statement due to ineffectiveness or matured swaps. (June 30, 2013 – TL 4,684 loss).

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As of June 30, 2014, 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 <sup>(**)</sup>	Forward Sell <sup>(**)</sup>	Swap Buy <sup>(*)</sup>	Swap Sell <sup>(*)</sup>	Option Buy	Option Sell	Future Buy	Future Sell
<b>Current Period</b>								
TL	1,656,603	1,536,547	19,162,700	26,370,007	2,248,496	2,691,585	430	430
USD	1,173,611	1,374,059	30,104,505	22,800,441	1,434,136	2,022,695	52,397	52,397
EURO	664,586	586,917	1,265,364	1,607,103	1,727,790	745,451	-	-
Other	37,089	23,992	114,152	549,285	281,447	207,775	-	-
<b>Total</b>	<b>3,531,889</b>	<b>3,521,515</b>	<b>50,646,721</b>	<b>51,326,836</b>	<b>5,691,869</b>	<b>5,667,506</b>	<b>52,827</b>	<b>52,827</b>

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

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

	Forward Buy <sup>(**)</sup>	Forward Sell <sup>(**)</sup>	Swap Buy <sup>(*)</sup>	Swap Sell <sup>(*)</sup>	Option Buy	Option Sell	Future Buy	Future Sell
<b>Prior Period</b>								
TL	1,564,585	1,786,489	13,399,384	18,547,585	3,031,745	3,225,306	255	255
USD	1,379,951	1,493,252	23,467,275	17,336,298	2,476,355	2,961,723	21,236	21,236
EURO	852,426	533,866	1,326,918	1,653,592	2,334,809	1,694,057	-	-
Other	43,473	23,428	22,485	1,005,608	116,312	34,163	-	-
<b>Total</b>	<b>3,840,435</b>	<b>3,837,035</b>	<b>38,216,062</b>	<b>38,543,083</b>	<b>7,959,221</b>	<b>7,915,249</b>	<b>21,491</b>	<b>21,491</b>

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

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

As of June 30, 2014, the Group has no derivative transactions for hedge of net investment.

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

As of June 30, 2014, in the Bank's "other irrevocable commitments", there are commitments for "credit linked notes" with a nominal of USD 9,089,264 (December 31, 2013: USD 9,089,264).

As of June 30, 2014, "Credit Default Swaps" with nominal amount of USD 180,000,000 (December 31, 2013: USD 160,000,000) are included in Parent Bank's "Swap Interest Sell Transactions." In aforementioned transaction, Bank is the seller of the protection.

As of June 30, 2014, "Credit Default Swaps" with nominal amount of USD 10,000,000 (December 31, 2013: none) are included in Parent Bank's "Swap Interest Buy Transactions." In aforementioned transaction, Bank is the buyer of the protection.

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

None (December 31, 2013 – None).

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

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

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

MOODY'S December 2013	FITCH April 2014	CI February 2013			
Long-Term Deposit Rating (FC)	Ba2	Long-Term Foreign Curr.	BBB-	Long-Term Foreign Curr.	BB+
Long-Term Deposit Rating (TL)	Ba2	Short-Term Foreign Curr.	F3	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (TL)	NP	Long-Term TL	BBB-	Financial Strength at local market	BBB+
Financial Strength	E+	Short-Term TL	F3	Support	3
		Long-Term National	AAA(tur)		
		Support	3		
		Individual	bbb-		

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**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	1,211,140	27,558	1,352,634	19,713
Medium and Long-Term Loans	1,281,141	101,889	1,047,407	70,579
Non-Performing Loans	50,404	-	52,592	-
Resource Utilization Support Fund Premiums	-	-	-	-
<b>Total</b>	<b>2,542,685</b>	<b>129,447</b>	<b>2,452,633</b>	<b>90,292</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank	-	-	-	-
Domestic Banks	456	5	228	2
Foreign Banks	300	3,111	2,011	353
Foreign Headquarters and Branches	-	-	-	-
<b>Total</b>	<b>756</b>	<b>3,116</b>	<b>2,239</b>	<b>355</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Held-for-Trading Financial Assets	4,501	37	5,308	103
Financial Assets at FVTPL	4	-	5	-
Investment Securities Available for Sale	191,987	31,816	179,339	30,789
Investment Securities Held to Maturity	134,760	10,887	3,485	-
<b>Total</b>	<b>331,252</b>	<b>42,740</b>	<b>188,137</b>	<b>30,892</b>

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

None (June 30, 2013 – None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	20,485	112,285	10,862	82,295
T.R. Central Bank	-	-	-	-
Domestic Banks	14,454	5,902	7,223	3,184
Foreign Banks	6,031	106,383	3,639	79,111
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>20,485</b>	<b>112,285</b>	<b>10,862</b>	<b>82,295</b>

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	2,888	2,020

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

As of June 30, 2014 the interest amount paid to securities issued is TL 134,866 (June 30, 2013 – TL 127,640)

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

Account Name	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	3,059	5,147	2,375	-	97	-	10,678
Saving Deposits	3	64,802	608,449	57,151	20,193	36,023	103	786,724
Public Sector Deposits	-	103	1,915	13	69,301	-	-	71,332
Commercial Deposits	-	78,922	225,568	9,412	8,258	2,368	-	324,528
Other Deposits	-	1,625	29,731	11,357	28,691	285	-	71,689
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>148,511</b>	<b>870,810</b>	<b>80,308</b>	<b>126,443</b>	<b>38,773</b>	<b>103</b>	<b>1,264,951</b>
<b>Foreign Currency</b>								
Deposits	-	9,403	84,137	6,181	4,658	6,569	47	110,995
Bank Deposits	22	839	13,057	309	46	41	-	14,314
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	820	1,085	100	10	-	-	2,015
<b>Total</b>	<b>22</b>	<b>11,062</b>	<b>98,279</b>	<b>6,590</b>	<b>4,714</b>	<b>6,610</b>	<b>47</b>	<b>127,324</b>
<b>Grand Total</b>	<b>25</b>	<b>159,573</b>	<b>969,089</b>	<b>86,898</b>	<b>131,157</b>	<b>45,383</b>	<b>150</b>	<b>1,392,275</b>

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

Account Name	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	184	6,164	2,324	117	331	-	9,120
Saving Deposits	-	67,086	279,836	81,783	39,930	1,197	249	470,081
Public Sector Deposits	-	25	2,004	56	1	-	-	2,086
Commercial Deposits	-	56,206	121,324	21,778	4,891	413	-	204,612
Other Deposits	-	1,561	14,979	12,355	37,258	11	-	66,164
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>125,062</b>	<b>424,307</b>	<b>118,296</b>	<b>82,197</b>	<b>1,952</b>	<b>249</b>	<b>752,063</b>
<b>Foreign Currency</b>								
Deposits	-	14,566	69,103	20,710	8,346	50	56	112,831
Bank Deposits	14	838	4,767	637	148	-	-	6,404
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	122	72	3	2	-	199
<b>Total</b>	<b>14</b>	<b>15,404</b>	<b>73,992</b>	<b>21,419</b>	<b>8,497</b>	<b>52</b>	<b>56</b>	<b>119,434</b>
<b>Grand Total</b>	<b>14</b>	<b>140,466</b>	<b>498,299</b>	<b>139,715</b>	<b>90,694</b>	<b>2,004</b>	<b>305</b>	<b>871,497</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Repurchase Agreements <sup>(*)</sup>	108,769	3,681	35,771	2,851

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

**f) Information on finance lease expenses**

None (June 30, 2013 – None).

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

None (June 30, 2013 – None).

**3. Information on dividend income**

	Current Period	Prior Period
Financial Assets Held for Trading	249	-
Financial Assets at Fair Value Through Profit or Loss	-	140
Financial Assets Available for Sale	-	7
Other	-	-
<b>Total</b>	<b>249</b>	<b>147</b>

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

	Current Period	Prior Period
<b>Trading Gain</b>	<b>6,165,245</b>	<b>3,635,039</b>
Gains on Capital Market Operations	63,520	214,160
Derivative Financial Instruments	2,008,003	1,173,442
Foreign Exchange Gains	4,093,722	2,247,437
<b>Trading Loss (-)</b>	<b>(6,277,588)</b>	<b>(3,722,894)</b>
Losses on Capital Market Operations	(58,407)	(51,332)
Derivative Financial Instruments	(2,085,259)	(1,433,193)
Foreign Exchange Losses	(4,133,922)	(2,238,369)
<b>Net Trading Income/Loss</b>	<b>(112,343)</b>	<b>(87,855)</b>

**5. Information on other operating income**

The Group recorded the current year collections from loans written off in the previous periods, portfolio management fees and commissions and expense accruals in "Other Operating Income" account. In current period, the Parent Bank has recorded a sales profit of TL 132,377 from the sale of its legally nonperforming loan receivables and the amount was recorded under "Other Operating Income."

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**6. Provision for losses on loans and other receivables**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Specific Provisions For Loans and Other Receivables</b>	<b>433,748</b>	<b>395,426</b>
Loans and Receivables in Group III	28,849	(2,907)
Loans and Receivables in Group IV	198,866	95,873
Loans and Receivables in Group V	206,033	302,460
<b>Doubtful Fee, Commission and Other Receivables</b>	-	-
<b>General Provisions</b>	<b>95,775</b>	<b>101,757</b>
<b>Provision for Free Reserves on Possible Losses</b>	<b>6,000</b>	<b>17,931</b>
<b>Impairment Losses on Securities</b>	-	465
Financial assets at fair value through profit or loss	-	-
Investment Securities available for sale	-	465
<b>Impairment Losses on Associates, Subsidiaries and Investment Securities Held-to-Maturity</b>	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held-to-maturity	-	-
<b>Other</b>	<b>7,192</b>	<b>11,320</b>
<b>Total</b>	<b>542,715</b>	<b>526,899</b>

**7. Information on other operating expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel costs	490,042	459,717
Reserve for employee termination benefits	6,278	7,517
Provision for pension fund deficits	-	-
Impairment losses on tangible assets	-	-
Depreciation charge of tangible assets	64,711	50,595
Impairment losses on intangible assets	-	-
Impairment losses on goodwill	-	-
Amortization charge of intangible assets	38,063	31,925
Impairment losses on investments under equity method of accounting	-	-
Impairment losses on assets to be disposed of	-	1
Depreciation on assets to be disposed	2,050	1,524
Impairment charge of assets held for sale and discontinued operations	-	-
Other operating expenses	452,992	406,204
Operational lease related expenses	102,535	81,460
Repair and maintenance expenses	35,688	28,618
Advertisement expenses	48,404	56,602
Other expenses	266,365	239,524
Losses on sales of assets	28	38
Other	187,935	217,221
<b>Total</b>	<b>1,242,099</b>	<b>1,174,742</b>



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

For the period ended June 30, 2014, net interest income of TL 1,389,052 (June 30, 2013 - TL 1,697,296), net fees and commission income of TL 757,939 (June 30, 2013 – TL 559,112) and other operating income of TL 233,592 (June 30, 2013 – TL 206,560) 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, 2014, the Group recorded current tax charge of TL 60,975 (June 30, 2013 - TL 104,963) and a deferred tax charge of TL 57,988 (June 30, 2013 – TL 47,758 deferred tax gain).

	<b>Current Period</b>	<b>Prior Period</b>
Current Tax Provision	(60,975)	(104,963)
Correction in regards to Corporate Tax from Prior Period	-	-
Deferred Tax Income/Expense	(57,988)	(47,758)
<b>Total</b>	<b>(118,963)</b>	<b>(152,721)</b>

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

None (June 30, 2013 – None).

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

Net profit of the Group from continued operations is TL 365,849 (June 30, 2013 – TL 524,854).

**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, 2013 – 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**

	<b>Current Period</b>	<b>Prior Period</b>
Profit / Loss Attributable to Minority Shares	8,292	7,665

**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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**V. EXPLANATIONS AND DISCLOSURES RELATED TO CONSOLIDATED CASH FLOWS STATEMENT**

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>January 1, 2014</b>	<b>January 1, 2013</b>
<b>Cash</b>	<b>1,047,250</b>	<b>653,081</b>
Cash in TL	633,575	439,800
Cash in Foreign Currencies	413,150	212,819
Other	525	462
<b>Cash Equivalents</b>	<b>1,224,848</b>	<b>2,955,737</b>
Balances with the T.R. Central Bank	752,806	965,102
Banks and Other Financial Institutions	472,895	205,237
Money Market Placements	3,433	1,786,785
Less: Placements with Banks with Maturities Longer than 3 Months	-	-
Less: Accruals	(4,286)	(1,387)
<b>Cash and Cash Equivalents</b>	<b>2,272,098</b>	<b>3,608,818</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>June 30, 2014</b>	<b>June 30, 2013</b>
<b>Cash</b>	<b>1,030,894</b>	<b>733,886</b>
Cash in TL	615,779	492,393
Cash in Foreign Currencies	391,628	210,881
Other	23,487	30,612
<b>Cash Equivalents</b>	<b>1,281,001</b>	<b>2,161,717</b>
Balances with the T.R. Central Bank	854,070	1,110,203
Banks and Other Financial Institutions	402,549	139,273
Money Market Placements	24,919	912,786
Less: Placements with Banks with Maturities Longer than 3 Months	-	-
Less: Accruals	(537)	(545)
<b>Cash and Cash Equivalents</b>	<b>2,311,895</b>	<b>2,895,603</b>

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

A portion of foreign bank accounts amounting to TL 3,201 (December 31, 2013- TL 3,259) includes blocked cash for foreign money and capital market transactions and for 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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**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, 2014, the Parent Bank's risk group has deposits amounting to TL 204,559 (December 31, 2013 – TL 180,605), non cash loans amounting to TL 38,340 (December 31, 2013 – TL 32,895). There are no cash loans granted to the risk group (31 Aralık 2013- None).

**Current Period**

Parent Bank's Risk Group <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	-	-	32,895	-	-
Balance at the End of the Period	-	-	-	38,340	-	284
Interest and Commission Income	-	-	3	24	-	2

**Prior Period**

Parent Bank's Risk Group <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	-	-	29,498	-	-
Balance at the End of the Period	-	-	-	32,895	-	-
Interest and Commission Income <sup>(**)</sup>	-	1	-	-	-	-

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

<sup>(\*\*)</sup> Represents June 30, 2013 balance.

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

Parent Bank's Risk Group <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposits</b>						
Balance at the Beginning of the Period	145,235	186,538	18,776	18,692	16,594	8,186
Balance at the End of the Period	174,053	145,235	15,313	18,776	15,193	16,594
Interest on deposits <sup>(**)</sup>	2,888	2,020	-	-	322	247

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

<sup>(\*\*)</sup> Prior Period represents June 30, 2013 balance.

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

Parent Bank's Risk Group <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes</b>						
Beginning of the Period	-	-	130,397	393,221	177,748	4,711
End of the Period	-	-	126,411	130,397	122,098	177,748
Total Income/Loss <sup>(**)</sup>	-	-	(2,748)	10,170	869	(550)
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss <sup>(**)</sup>	-	-	-	-	-	-

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

<sup>(\*\*)</sup> Prior Period represents June 30, 2013 balance.

**1.4.** As of June 30, 2014, the total amount of remuneration and bonuses paid to top management of the Group is TL 37,538 (June 30, 2013- TL 34,971).

**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**

As of June 30, 2014, there are no cash loans of the risk group.(December 31, 2013 – None) the deposits represented 0.5% (December 31, 2013 – 0.5%) of the Parent Bank's total deposits and the derivative transactions represented 0.2% (December 31, 2013 – 0.3%) 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.

Total of investment 20 funds established by The Parent Bank are all managed by 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 in regards to subordinate loans the Bank received from National Bank of Greece S.A. is explained in Section 5 Note II. 12.

The Parent Bank offers agency services to Cigna Finans Emeklilik and Hayat A.Ş. that is 49.00% jointly controlled for its insurance services.

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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**

The Parent Bank has issued, on July 16, 2014, bonds with a nominal amount of TL 147,530 with 8.76% interest rate and 91 days maturity, on July 22, 2014 bonds with a nominal amount of TL 79,933, 9.16% interest rate and 87 days maturity.

In addition, the Parent Bank has issued, on July 8, 2014, bonds with a nominal amount of USD 40 million with 2.30% interest rate and 365 days maturity, on July 15, 2014 bonds with a nominal amount of USD 3 million, 1.68% interest rate and 177 days maturity.

As per Board of Directors decision dated 9 June 2014, Finans Financial Leasing has applied to Capital Markets Board of Turkey in order to obtain necessary permits to issue TRY bonds with maturity up to 3 years and an issuance ceiling of TRY 500.000.000 within one year, for the purpose of being sold to qualified investors. On 18 July 2014 permit subject to bond issuance has been received from Capital Markets Board of Turkey. Subject bond issuance has not occurred as of balance sheet date.

**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**

**INDEPENDENT LIMITED REVIEW REPORT**

**I. Explanations on Independent Limited Review Report**

The consolidated financial statements for the period ended June 30, 2014 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). The auditor's review report dated July 25, 2014 is presented preceding the consolidated financial statements.

**II. Explanations on the notes prepared by Independent Auditors**

None (December 31, 2013 – None).